

Impact of discounts on medicine prices

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Outline

Background

Methodology

Results

Limitations & Conclusions

Background

- » External price referencing (EPR) is the most common pricing mechanism among European countries
 - » Price information from other countries are used as a benchmark
- » Methodology of price comparisons used for EPR
 - » Only list prices are taken into account
 - » Since discounts (and similar price arrangements) are typically confidential
 - » However, discounts are a widespread practice in European countries

Background

Aim of this study

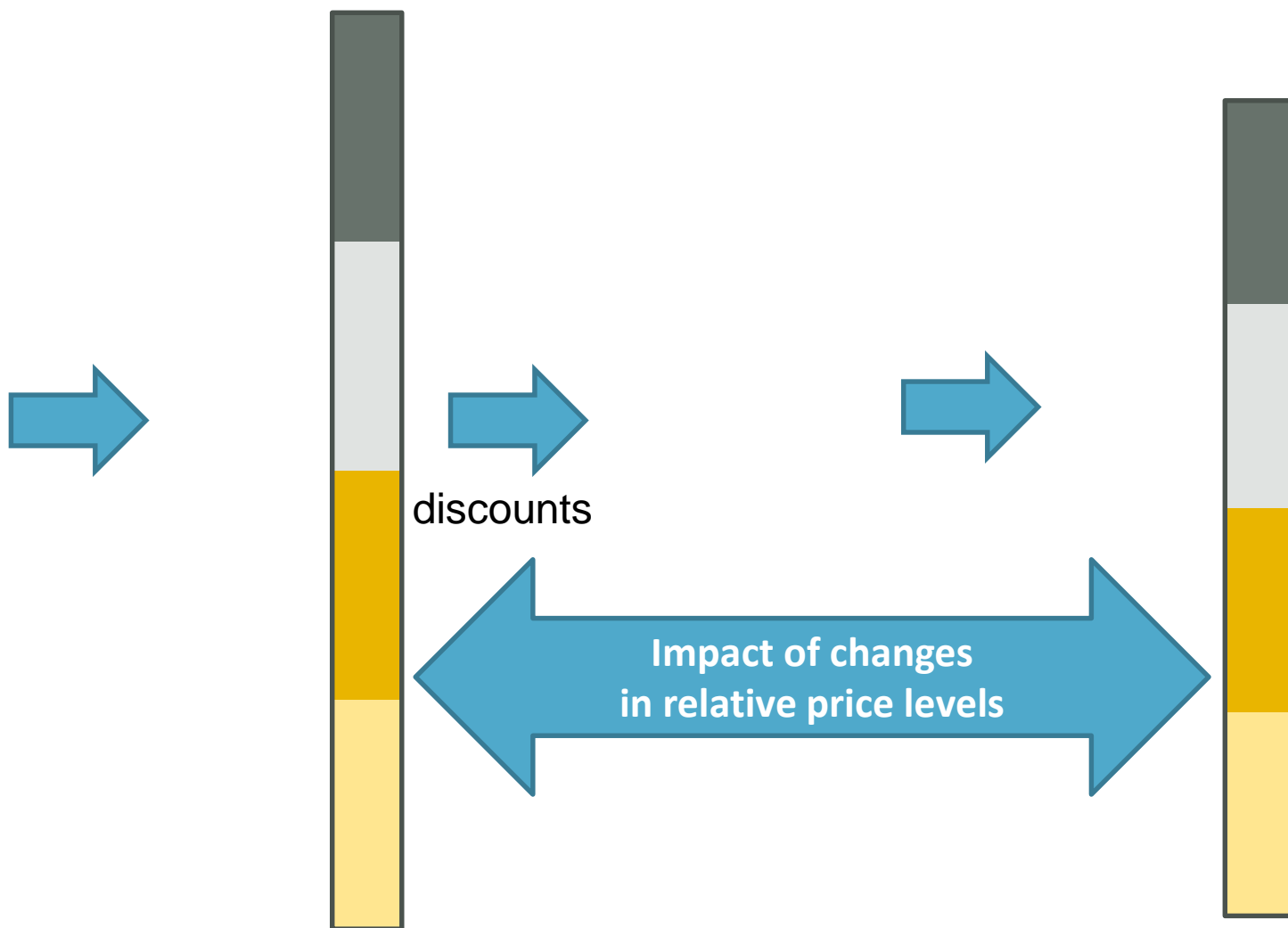
- » to assess the possible impact on medicine prices if discounts were considered
 - » Based on an illustrative example
 - » For one country (Germany – discounts are published)

Methodology

- » Prices collection through the Pharma Price Information (PPI) service of the Austrian Public Health Institute
- » Selection of 30 medicines
 - » in-patient and out-patient sector
- » Scope
 - » 16 European countries
(AT, BE, DE, DK, EL, ES, FI, FR, HU, IE, IT, NL, PT, SE, SK, UK)
- » Price type
 - » Ex-factory prices
 - » List ex-factory prices per unit (all 16 countries)
 - » In addition: discounted prices for Germany based on the statutory discount (7% for sickness funds)

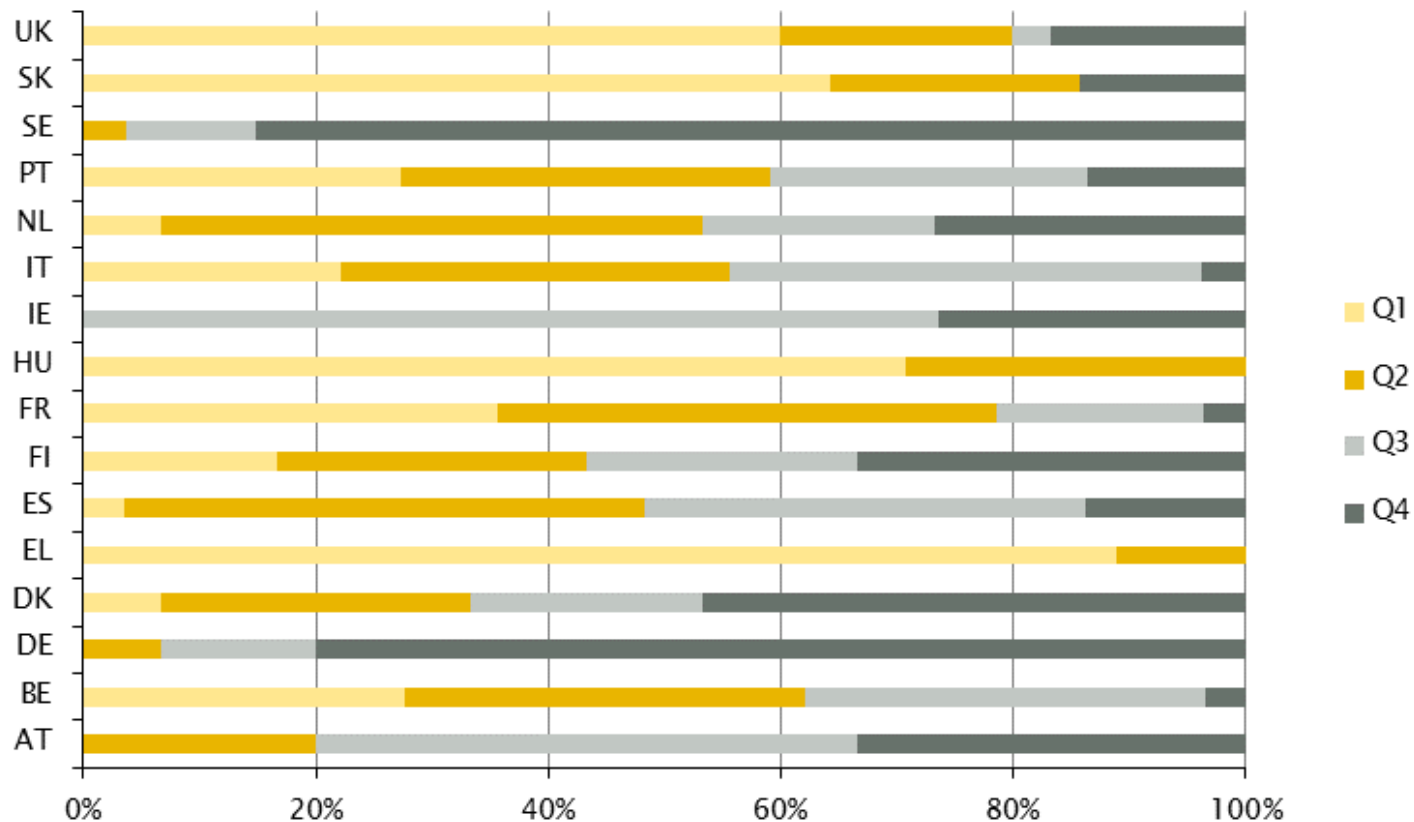


Methodology



Results – all countries, only list prices

» Distribution (in %) of the 30 medicines to the quartiles per country

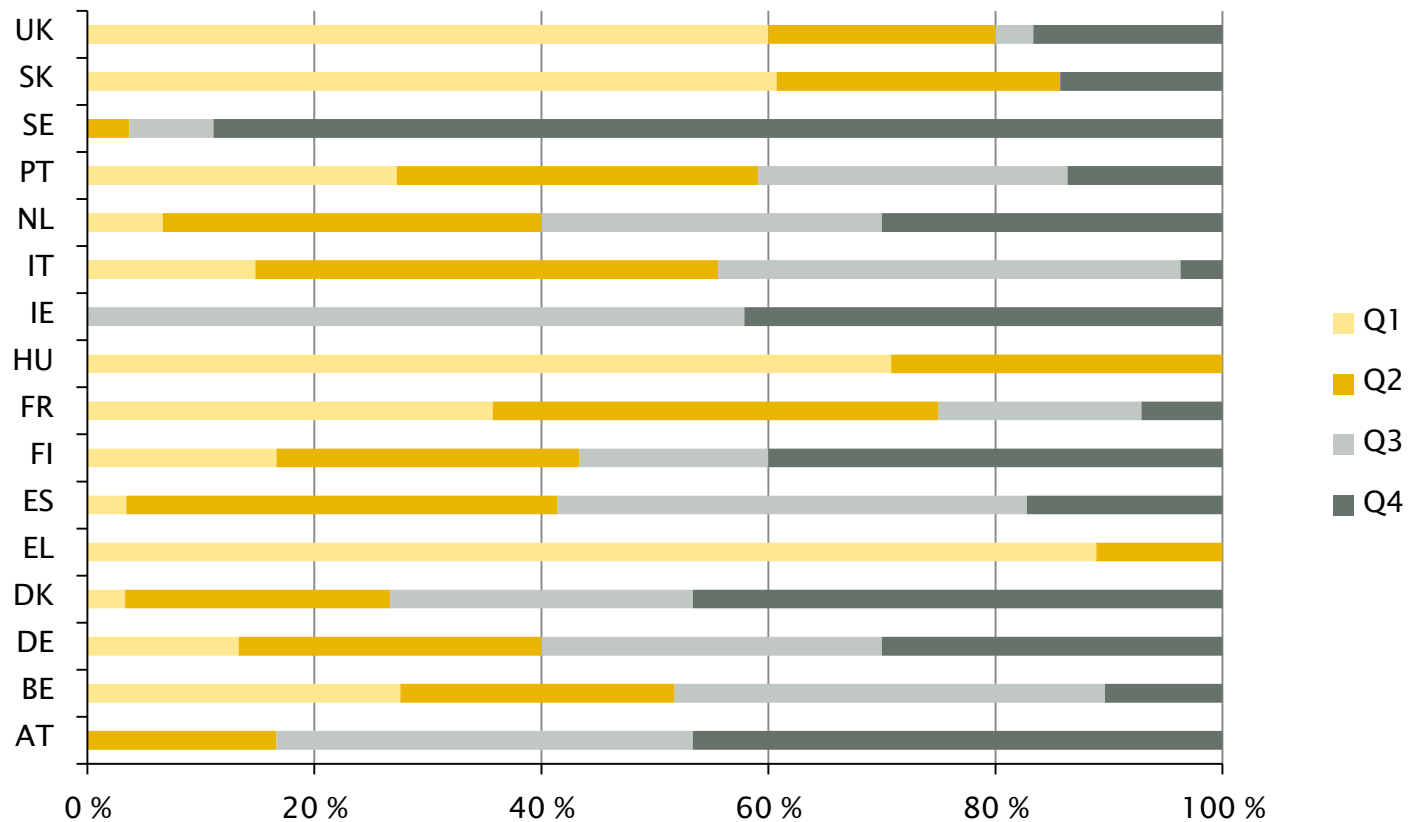


Results – all countries, only list prices

- » Greece is a low-price country
 - » Lowest price for 53% of all assessed medicines
- » Three countries could be identified as high-price countries
 - » Germany had highest price for 40% of medicines
 - » Sweden had highest price for 23% of medicines
 - » Denmark had highest price for 13% of medicines

Results – consideration of discounted prices in DE

» Distribution (in %) of the 30 medicines to the quartiles per country

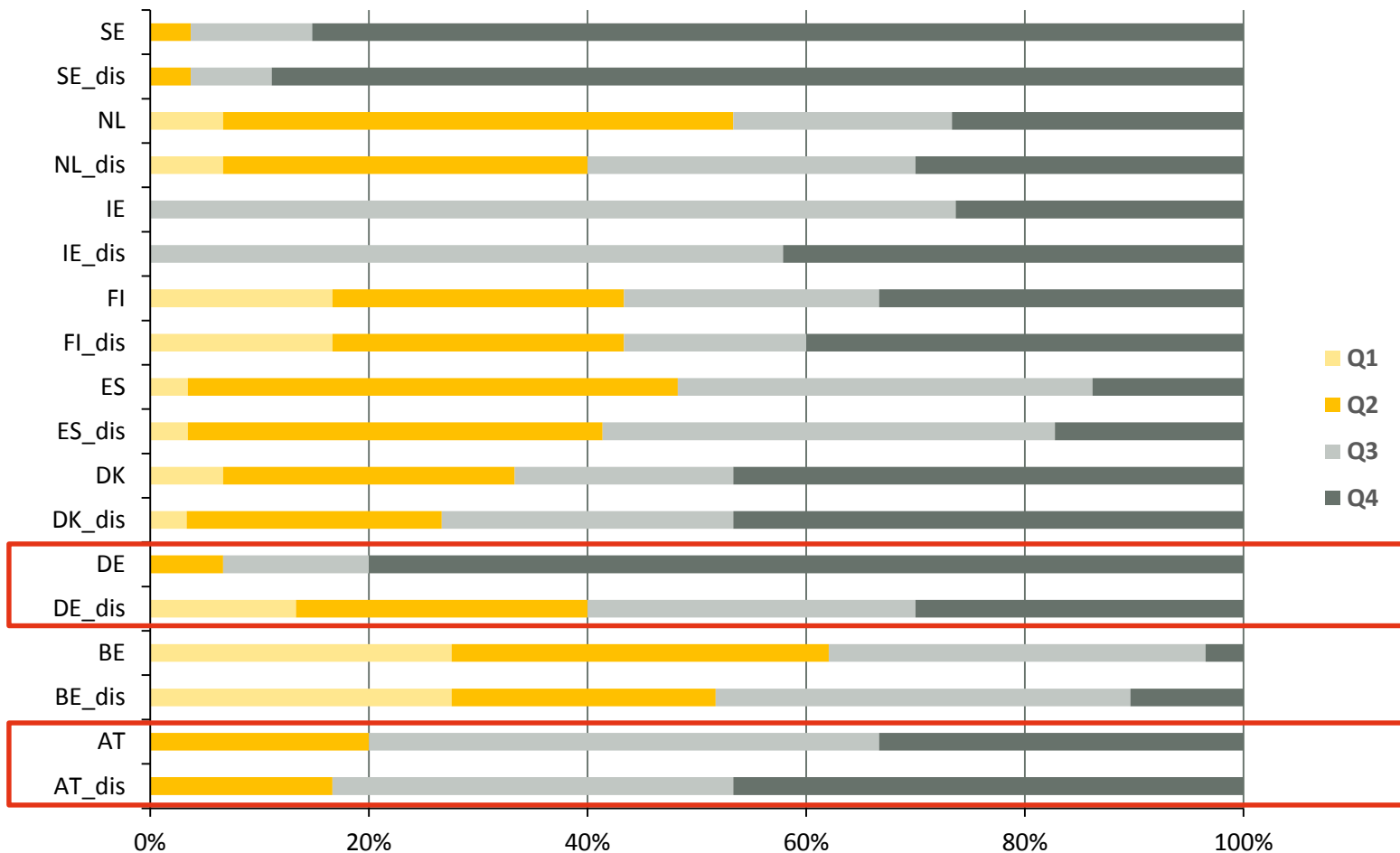


Results – consideration of discounted prices in DE

- » Greece was still the country with the lowest prices
- » Germany was superseded by Sweden as the country with the highest prices
 - » In 37% of all medicines Sweden had the highest price
- » Denmark had the highest prices for 17% of the medicines
- » Germany, UK and Austria had for 10% of the medicines the highest price

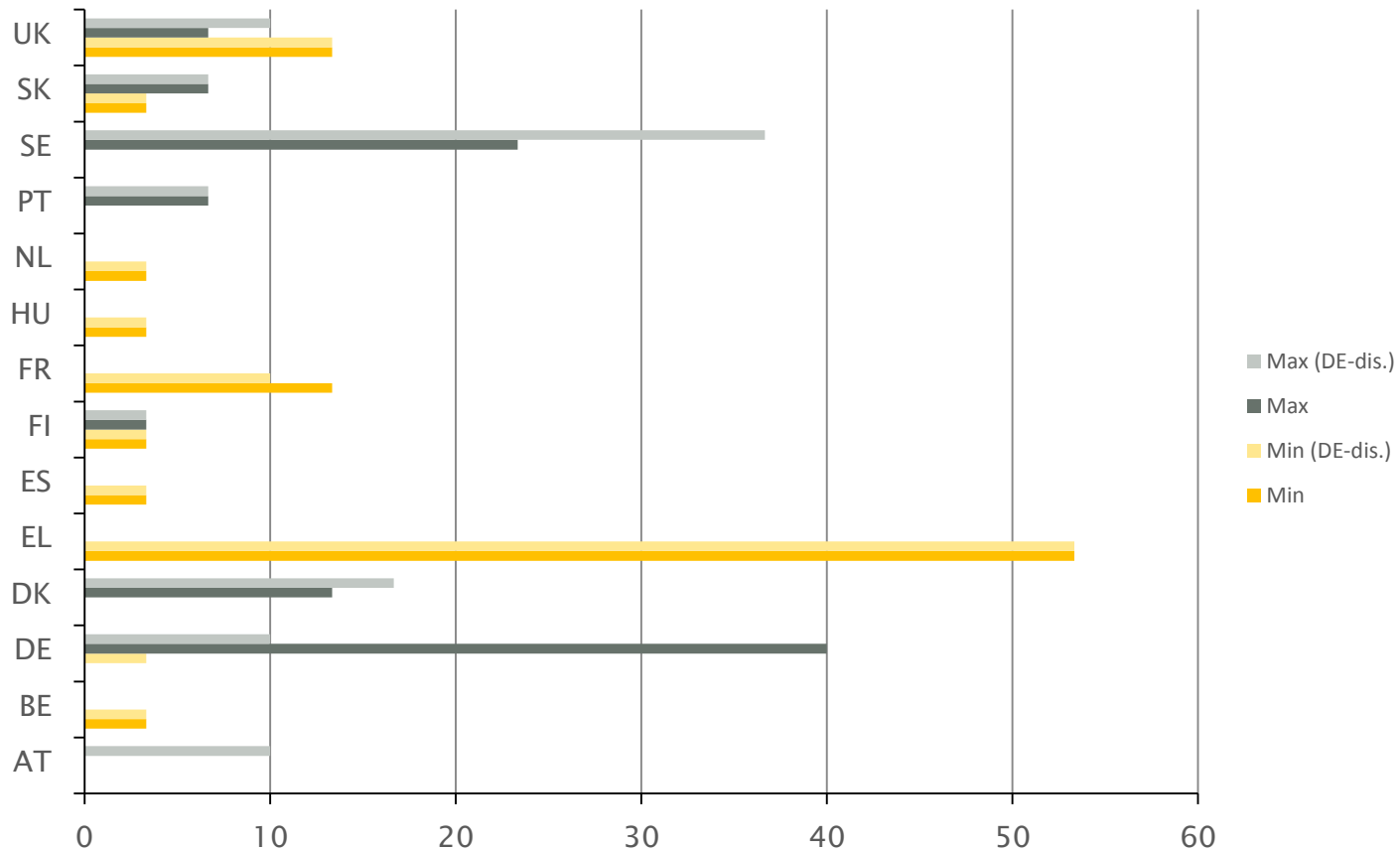
Results

» Countries with the highest impact of the change



Results

» Consideration of discounted prices in DE impacted which countries had lowest or highest prices in comparison



Limitations

- » Selection of medicines
 - » 30 medicines
 - » Representative for other countries?
- » Country basket
 - » Prices of 16 European countries
 - » Non-consideration of further European countries
- » The study is rather an illustrative example, since discounts of only one country are considered

Conclusions

- » This case study on published discounts for a sole country suggests a high impact on medicine prices if discounts in other countries were considered
- » In several further countries public payers are granted confidential discounts (or similar price reducing arrangements) by industry
- » Discrepancies between list prices and real prices
- » Price comparison for EPR based on list prices are likely to result in payers' overpaying
- » Possible approaches could include
 - » a disclosure of confidential discounts and similar arrangements (politically sensitive) and/or
 - » consideration of published statutory discounts



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