

Impact of Generic Price Linkage System and Reference Price System on Prices of Pharmaceuticals – Comparison of Austria and Finland

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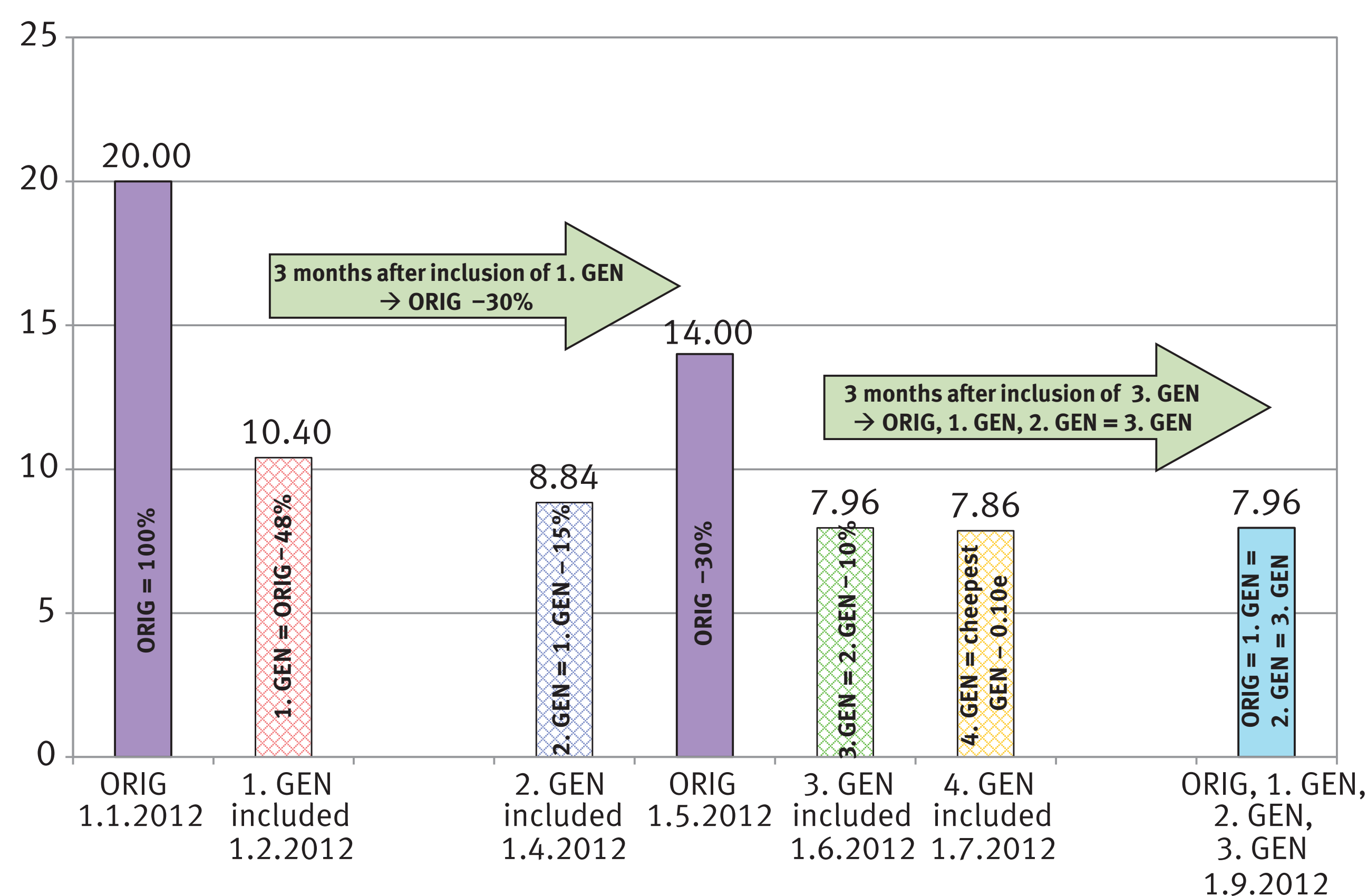
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BACKGROUND

Policies aiming to lower prices and to enhance the utilization of generics have been introduced in many countries.

In **Austria** prices of the generics are controlled by a Generic Price Linkage (GPL) System (Fig. 1).

Fig. 1. Example of the Austrian GPL System.



In **Finland** the price of the first generic has to be 40% lower than the price of the originator. The originator and the generics are included in the Generic Reference Price System (RPS).

AIM OF THE STUDY

To assess the effect of Generic Price Linkage System and a mixed system that includes GPL, generic substitution and reference pricing by comparing number of generic products entering the market, prices of generics and prices of original products in Austria and in Finland.

DATA OF THE STUDY

Products (10) included into the Finnish Reference Price System in 2010–2012:

- active ingredients with highest expenditures
- reimbursable and generics available also in Austria
- most used strength and package size in both countries

Wholesale prices (EUR/DDD) during the 6 months before and 12 months after generic entry in 2009–2013.

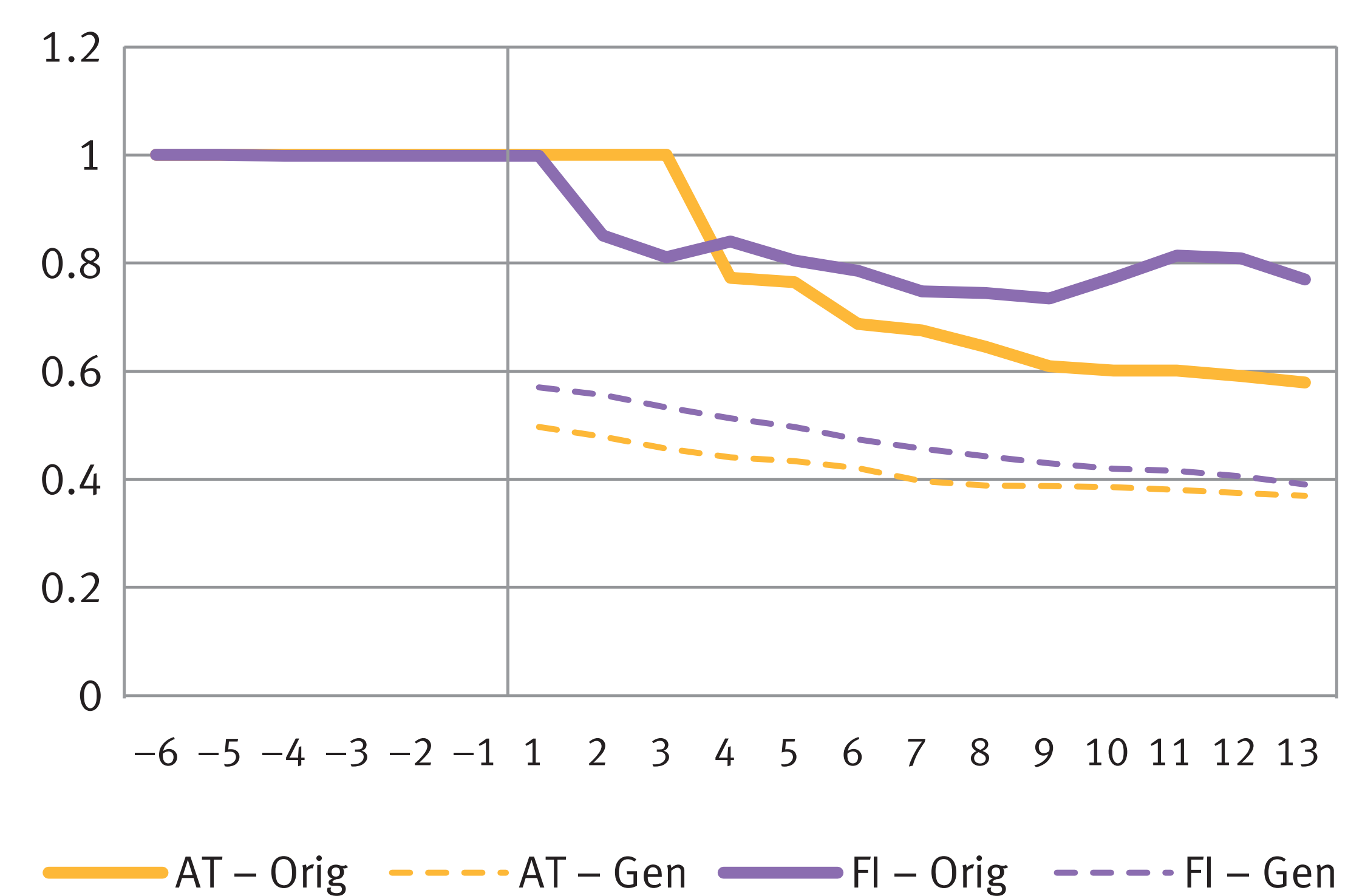
Table 1. Active ingredients of the study.

| Active ingredient | Indication | Expenditure in Finland in 2009, million € |
|--------------------|-------------------|---|
| Esomeprazole | Peptic ulcer | 34.3 |
| Candesartan | Hypertension | 23.3 |
| Clopidogrel | Antithrombotic | 14.0 |
| Rivastigmine | Dementia | 12.5 |
| Lercanidipine | Hypertension | 10.7 |
| Pramipexole | Parkinson disease | 10.4 |
| Valsartan | Hypertension | 10.3 |
| Galantamine | Dementia | 8.5 |
| Latanoprost | Glaucoma | 8.5 |
| Mycophenol mofetil | Transplantation | 7.5 |

RESULTS

In both countries substantial price reductions took place after generic entry (Fig. 2).

Fig. 2. Mean monthly prices of originators and generics as indices, all study products (1 = price of the originator before generic entry).



- Prices of the 10 original products had fallen, on the average, in 12 months after generic entry

46% in Austria (range 10–70%) and 21% in Finland (range 0–60%)

- One year after generic entry mean prices of the generics were, compared to prices of the originators before generic entry,

66% (range 50–70%) lower in Austria and 59% (range 40–90%) lower in Finland

- Mean number of generics per active ingredient on the market was

6.3 in Austria and 5.1 in Finland

DISCUSSION

It seems that the Austrian pricing system is more efficient to lower the prices of both originators and generics.

Possible weaknesses of the Finnish system are:

- prices of originators can stay at high level
- maximum prices of generics are not reviewed but stay permanent
- competition between products is short-term and only few products stay on the market leading to quite concentrated generic markets

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