



Pharmaceutical policies in response to the financial crisis – results from policy monitoring in the EU

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Objective and outline

- » To provide an overview which pharmaceutical policies were undertaken by European countries in response to the global financial crisis
- » Specifications – focus on:
 - Pricing and reimbursement
 - EU Member States
 - Year 2010 plus follow-up in the first half of 2011
- » To present the policy monitoring exercise developed by the PPRI network

Pls. note: Country case studies will be presented in other sessions

Methods

- » Policy monitoring exercise of the PPRI network – 2 cycles
 - Launch: 1 September 2010 (coverage 1/2010 – 9/2010 plus outlook)
 - 2 February 2011 (coverage 8/2010 – 2/2011 plus outlook)
- » Response rate
 - Launch: 15 of the (then) 33 European PPRI countries
 - First update: 12 of the (then) 33 European PPRI countries
- » Additional information from further country surveys (e.g. PHIS Pharma Profiles), in particular for EU Member States
- » Third round of pharmaceutical policy analysis – on-going (September 2011)

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Disclaimer and acknowledgements

The information and data provided in this presentation was collected and analyzed by the WHO Collaborating Centre for Pharmaceutical Pricing and Reimbursement Policies. This is not a publication of WHO. The authors are responsible for the views expressed in this presentation, and they do not necessarily represent the decisions and policies of the World Health Organization.

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- The members of the PPRI network

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Which pharmaceutical policies
do you expect
to be most commonly undertaken
in European countries
in response to the financial crisis?

Which countries implemented most measures?

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Top measures & countries (2010/beginning 2011)

- Overall results
 - Nearly 90 policy measures identified in 23 of the 33 survey countries
 - More than a dozen countries reported about measures planned or under discussion
- Most common policy measures
 - Price reductions
 - Changes in the co-payments
 - VAT rate changes on medicines
 - Changes in distribution margins
- Countries
 - Greece, Spain and Portugal
 - Germany, Poland
 - Baltic states (Estonia, Latvia, Lithuania)

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Price cuts, reductions, reviews

- Most frequent measure
 - 16 times
 - 11 countries
- Case examples
 - Czech Republic: 7% temporary price cut on reimbursable medicines (Jan. 2010, Jan. 2011)
 - UK: 1.9% on branded NHS medicines as part of 2009 PPRS (Jan. 2010)
 - Spain: Price cuts on expensive generics of 30% (March 2010)
 - Greece: Price cuts (implemented in May 2010)
 - Ireland: Price reductions on generics (Feb. & Oct. 2010)
 - Germany: price freeze on medicines in the RPS (August 2010)
 - Lithuania: Price cuts of 11% on non-reimbursable medicines (April 2010; non-reimbursable medicines got regulated) and 10% on reimbursable medicines (Sept. 2010)
 - Turkey: price cut (under reference price) on 20 years old medicines

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Discounts, rebates, clawbacks, paybacks

- » Discounts and rebates
 - Spain: Discounts (instead of price cuts) of 7.5% on original products and 4% on orphan medicines (March 2010)
 - Germany: increase in manufacturers' rebates to SHI from 6% to 16% (Aug. 2010)
 - Portugal: 6% rebate for reimbursable medicines (autumn 2010)
- » Claw-backs and pay-backs
 - Romania: Introduction of claw-back system (June 2010)
 - Italy: Choice between pack-system and price cuts (autumn 2010)
 - Poland: obligatory pay-back in case of budget excess provided for in the new reimbursement law 2011 (valid from 2012 on)

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External price referencing

» Introduction

- Malta (Jan. 2010)
- EPR like procedures: Germany (starting from 2011 on)
- » Country basket (extended)
 - Lithuania: basket extended from 6 → 8 countries; new: Bulgaria and Romania (April 2010)
 - Switzerland: basket extended from 4 to 6; new: AT & FR (March 2010)
 - Spain: Specification in law to refer to European countries (March 2010)
- » Change in methodology regarding price
 - Island: change in calculation method for H medicines; lowest price (June 2010)
 - Slovakia: 6 lowest prices of EU-26 → 2 lowest prices of EU-26 (currently in Parliament)

Changes in EPR (country basket, price calculation) were undertaken also in the years before (e.g. Italy, Slovakia)

Mark-ups

» Wholesale mark-up changes

- Greece: WS mark-up was reduced (summer 2010)
- Latvia: WS mark-up was reduced (January 2011)
- » Pharmacy mark-up changes
 - Switzerland: pharmacy margin was reduced (March 2010)
 - Belgium: new pharmacy remuneration (spring 2010)
 - Spain: higher pharmacy mark-up for more expensive medicines (spring 2010)
- » Wholesale and pharmacy mark-up changes
 - Italy: WS mark up was decreased, while pharmacy mark-up was raised → change in PPP, discounts (summer 2010)
 - Portugal: increase of pharmacy margin for non-reimbursable medicines (back to old situation)

Changes in mark-ups were undertaken also in the years before

VAT on medicines

- » VAT increases
 - 2009: LT (5% → 10%)
 - First half 2010: CZ (9% → 10%), UK - H and OTC (15% temporarily reverted in 2008 → 17.5), EL (9% → 10%)
 - Second half 2010: FI (8% → 9%), PT (5% → 6%), EL (10% → 11%)
 - 2011: LV (10% → 12%), UK - H and OTC (17% → 20%), PL (7% → 8%)

- » VAT decreases
 - AT: 20% → 10% (2009, before crisis)
 - SK: 19% → 10% (2007)

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Reimbursement lists & rates

- » Reimbursement lists and reviews
 - Czech Republic: ongoing revision of all medicines
 - Greece: re-introduction of positive and negative list (summer 2010)
 - Iceland: changes for reimbursement status (general → individual) on specific groups of medicines
 - Germany: value assessment for new medicines (Jan. 2011)
 - Czech Republic: discussion about introduction of negative list
- » Reimbursement rates, (de-)listing
 - Malta: Listing of new medicines
 - France: decrease of reimbursement rate (35% → 30%)
 - Latvia: increase of reimbursement rate (50% → 75%; previous level before 2009) for CV medicines

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Co-payments

- » Annual adjustments
 - Annual increases in Austria
 - Yearly indexation of co-payment in Belgium
- » Specific measures, e.g.
 - Lithuania: change in minimum obligatory co-payment (summer 2010)
 - Latvia: new co-payments (April 2011)
- » Exemptions for vulnerable groups
 - Example of Portugal – temporary exemption (6/2009 – 5/2010) of co-payments for low-income pensioners for low-priced generics

Changes for reimbursement rates or co-payments planned or under discussion: CZ, FR, LV, PL = new law

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Reference price systems and generics promotion

- » Moving to TRP
 - Romania: broader clustering (ATC 3) (July 2010)
- » Changes in methodology in reference price
 - Spain: change in procedure of setting reference price (the lowest priced in the group; before: 3 lowest prices) (spring 2010)
 - Portugal: higher reference price for more patients (April 2010)
- » Changes in generics price links (new rules)
 - Lithuania: generics at least 30% lower than original products, – 10% for 2nd and 3rd generics (January 2010)
 - Latvia: at least 30%, 20% and 10% price cut on the 1st, 2nd, 3rd generics (January 2011)
 - Belgium: reference price level reduced (30% → 31% below) (Feb. 11)
- » INN prescribing
 - Lithuania: INN prescribing became mandatory (Jan. 2011)
 - Slovakia: Draft law about mandatory INN prescribing

Summary about policy measures in the crisis /1

- » **Price cuts** appear to be applied rather often and continue to be considered as a key policy option.
- » Some countries apply price cuts more than once.
- » We know about **price reviews** from only a few countries. Price reviews might be accompanied with price cuts.
- » **Discounts** (hidden „price cuts“) seem to supplement price cuts or to be undertaken instead of price cuts. However, there is lack of information on discounts.
- » **Changes in margins** are a common instrument. Retailers (pharmacies) are equally targeted as wholesalers by changes. The changes in the margin are often, but not necessarily cuts.
- » A very common policy applied in 2010 is a change in the **VAT rates on medicines** (usually an increase).

Summary about policy measures in the crisis /2

- » **Increase in co-payments** appear to be a rather common measure, however exemptions from co-payment are possible.
- » There appear to be **fewer changes** in the reimbursement system (exemption: co-payments) compared to quick pricing measures.
- » However, a lot of changes on reimbursement are **planned** or discussed.
- » In several countries changes were in reaction to the crisis, but they are **not always linked to the crisis** (e.g. Germany, France, Poland).
- » The Baltic states, which were hit by the crisis **earlier** and implemented cost-containment in 2009, were focused on improving a RUM in 2010, in some cases cancelling strict measures of the year before

Conclusions on policy monitoring exercise

- » Future changes in policy measures will be followed up by PPRI bi-annual policy monitoring exercises
- » Appropriate tool, response rate
- » Basis for pharmaceutical policy analysis
- » Further information: <http://whocc.goeg.at>

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