

## Cost containment interventions introduced on the community drug schemes in Ireland

Evaluation of expenditure trends using a national prescription claims  
database



Cara Usher, Kathleen Bennett, Lesley Tilson & Michael Barry  
National Centre for Pharmacoeconomics, Ireland

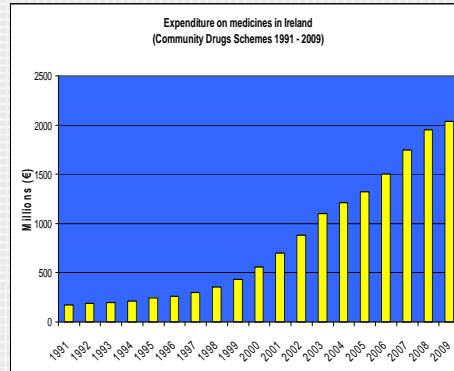
## Outline

- Background:
  - ❖ Pharmaceutical expenditure
  - ❖ Pharmaceutical policy
- Drug utilisation, expenditure & drug cost trends
- Conclusion



## Pharmaceutical Expenditure in Ireland

- Annual pharmaceutical expenditure > €2.25 billion.
- Accounts for ~15% of total health expenditure.
- Community Drug Schemes account for 85% of pharmaceutical expenditure.
- Six-fold increase in expenditure over a decade.

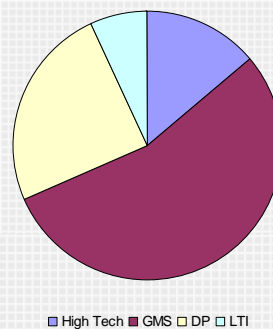


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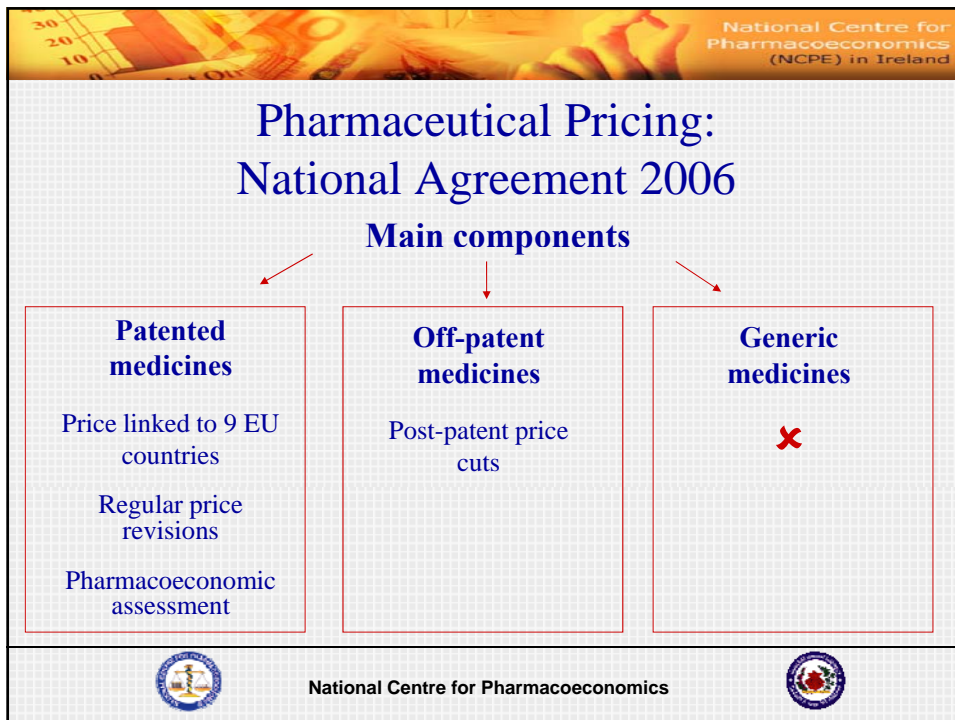
## Pharmaceutical Reimbursement: Community Drugs Schemes

- Four main schemes:
  - ❖ General Medical Services (GMS)
  - ❖ Drugs Payment (DP)
  - ❖ Long-term illness (LTI)
  - ❖ High Tech Drugs (HTD)
- GMS means tested and full reimbursement.
- DP co-payment up to €120 / family / month.



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## Post-Patent Price Cuts

- Commenced in March 2007.
- Two-stepped price cut on patent expiry:
  - ❖ 20% initially and 15% after 22 months.
- February 2010:
  - ❖ 40% price cut applied to off-patent medicines.

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## Interventions

Date	Policy Intervention	Patent	Off patent	Generic
March 2007	20% price Reduction		√	
January 2009	15% price Reduction		√	
July 2009	<ul style="list-style-type: none"> <li>•Wholesale Margin revised.</li> <li>•Pharmacy mark-up reduced.</li> <li>•Dispensing fee rearranged</li> </ul>	√	√	√
February 2010	40% price reduction		√	



## Aim

To analyse volume, expenditure and drug cost trends on the Community Drug Schemes from 2005 -2010.



## Methods

- Source of data:
  - ❖ National primary care prescription database
  - ❖ Primary Care Reimbursement Service (HSE)
- Scope of analysis:
  - ❖ GMS, DP and LTI schemes
- Classification of drugs:
  - ❖ Patented, off-patent and generic medicines



## Methods

- Volume and expenditure from 2005 to 2010
- Total expenditure
  - ingredient cost of drug item
  - pharmacy dispensing fee
  - VAT on pharmacy dispensing fee
  - (+20% mark-up on DP/LTI scheme)
- Segmented Regression used to compare the different interventions throughout the time period.



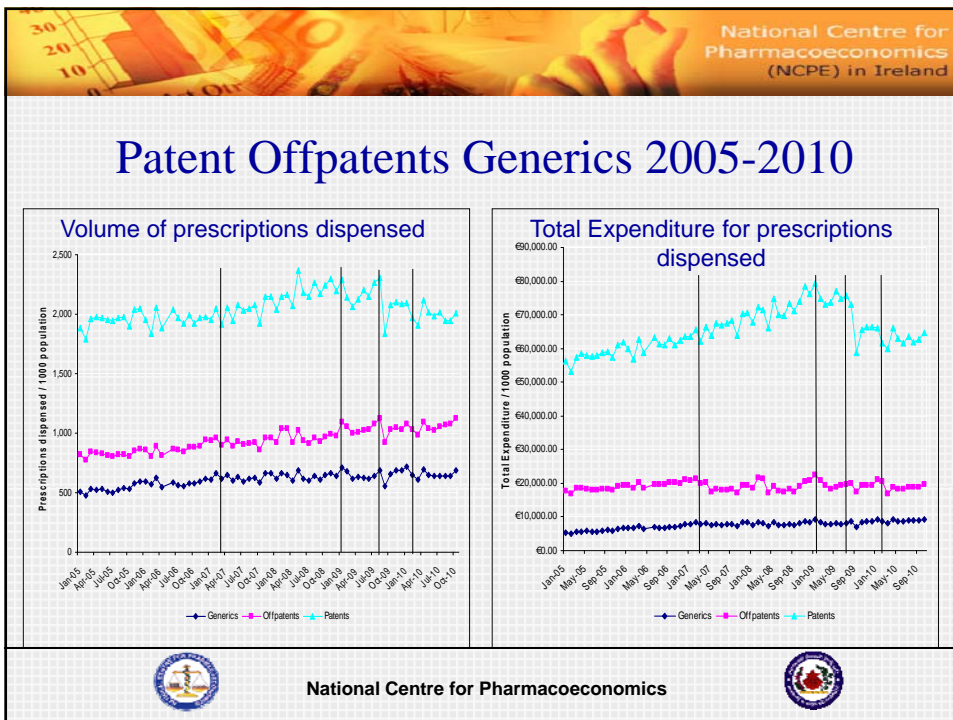
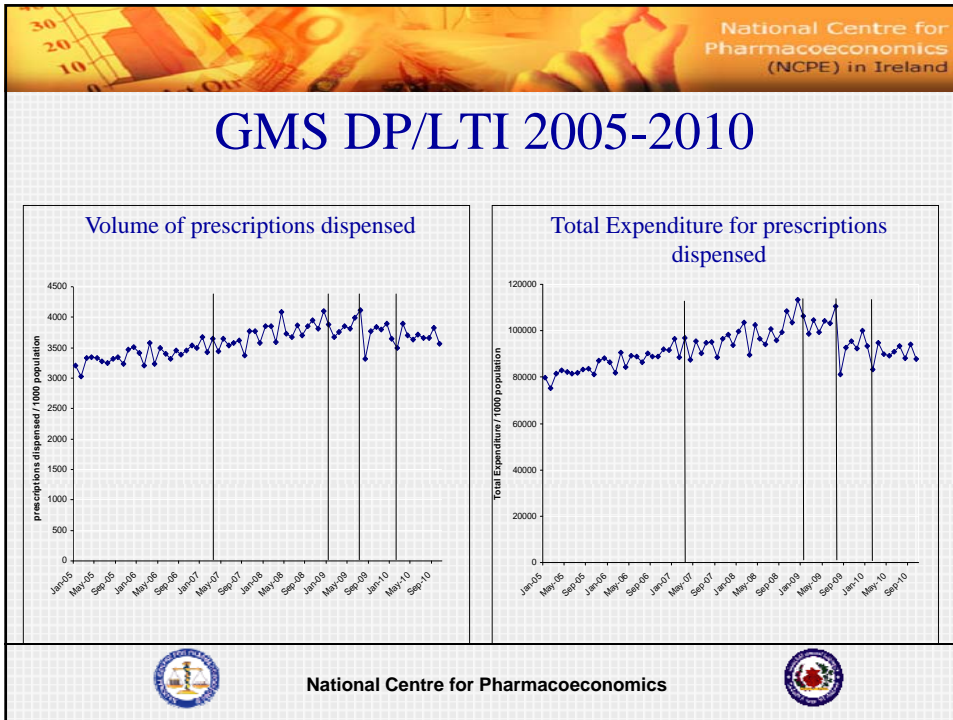
## Methods

- Interventions:
  - ❖ March 2007
  - ❖ January 2009
  - ❖ July 2009
  - ❖ February 2010
  
- Data presented on expenditure trends are adjusted for eligible population in each scheme.



## Results



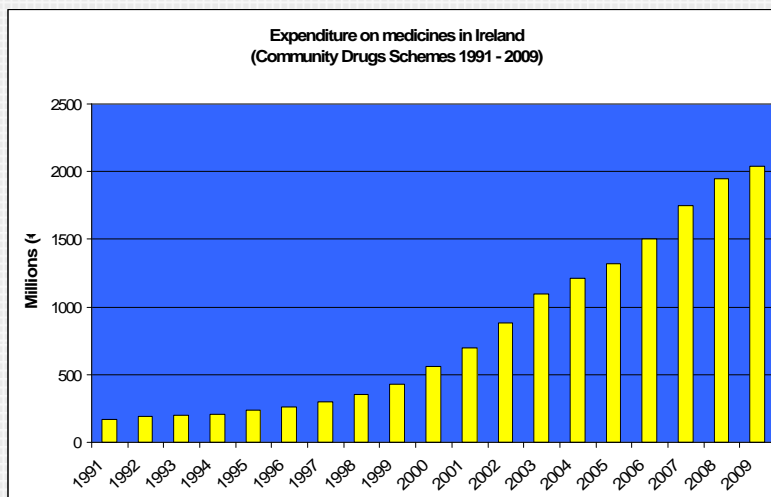


## Conclusion

1. Volume & expenditure peaked Dec 2008 then declined
2. Generics – no change
3. Off patents – positive effect of interventions
4. Patents – patents expiring, prescribing habits, economic evaluations prior to reimbursement
5. Distribution margin effect



## Conclusion





## Conclusion

Continued efforts required to fund increased volumes of new innovative medicines

### Patented medicines

Price linked to 9 EU countries

Regular price revisions

Pharmacoeconomic assessment

### Off-patent medicines

Post-patent price cuts

### Generic medicines

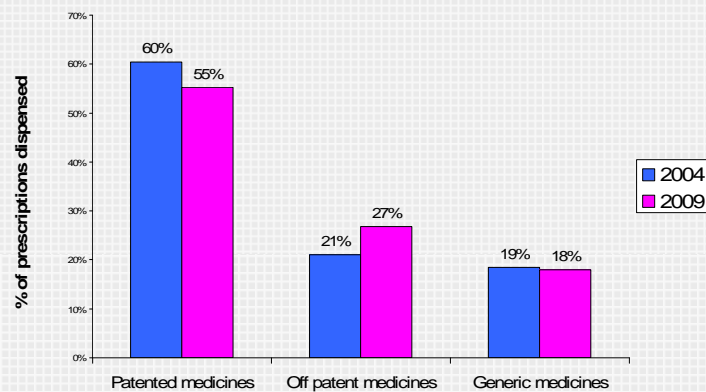


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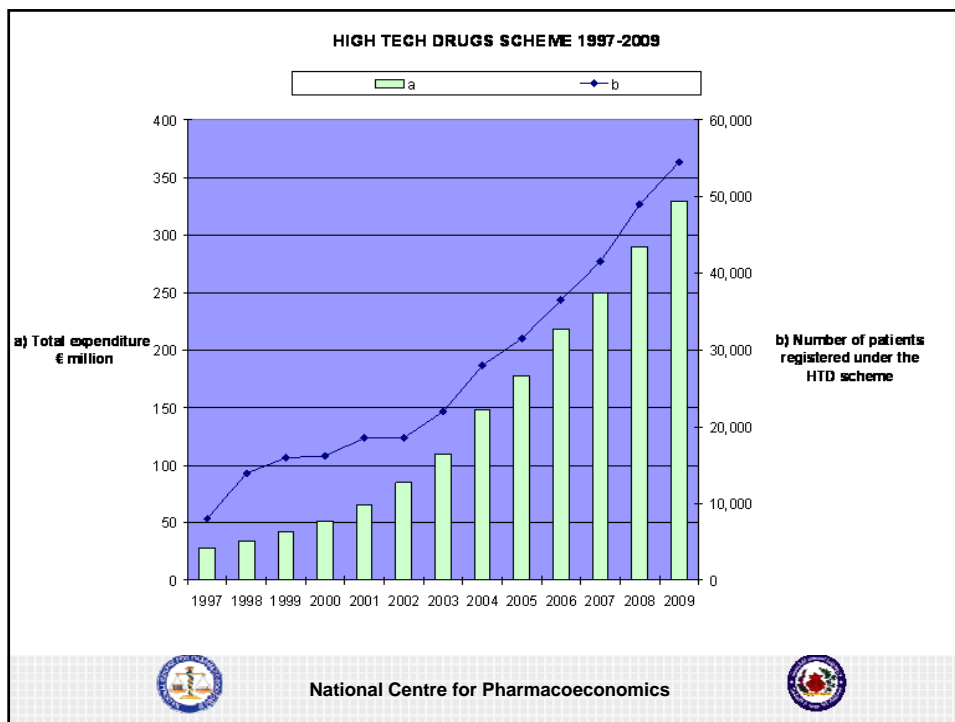
## Conclusion 3

Future policy changes to promote the generics market



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