

## Pharmaceutical system in Latvia

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## Declaration of conflict of interests

Hereby I declare, that I have no conflict of  
interest

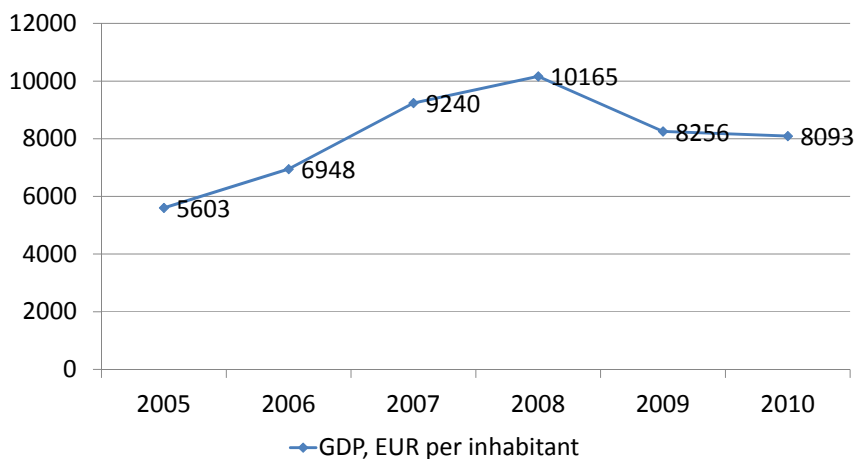


### Latvia. General information

- **Population** 2 229 500 (2011)
- **Territory** 64 589 km<sup>2</sup>
- **GDP per capita** 8093 EUR (2010)
- **Wage (netto)** 487 EUR (2009)



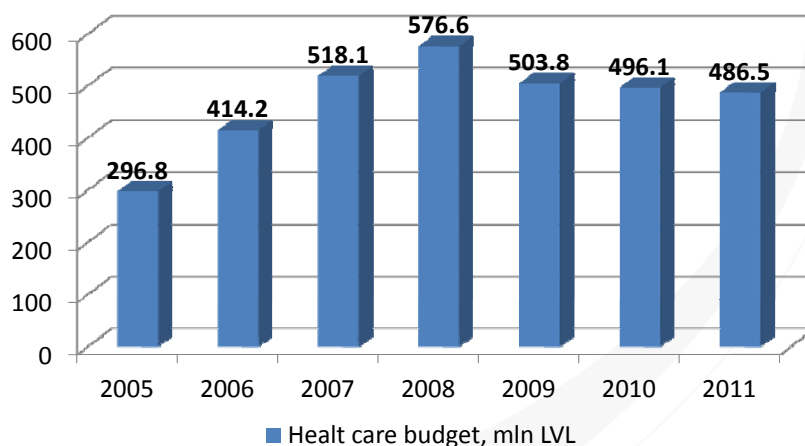
### GDP, EUR per inhabitant in Latvia, 2005-2010



Data source: Central Statistical Bureau of Latvia



## Health care budget in Latvia, mln LVL, 2004-2011



Data source: Ministry of Health of Latvia



## The Centre of Health Economics

- **The Centre of Health Economics (CHE)** was established on 1 October 2009. The CHE is one of the three state institutions directly responsible to the Ministry of Health of Latvia.
- The CHE took over the functions formerly executed by the State Medicines Pricing and Reimbursement Agency as well as those functions carried out by the Public Health Agency, the Health Statistics and Medical Technologies State Agency and the Compulsory Health Insurance Agency.



## State Agency of Medicines

- Responsibilities of State Agency of Medicines
  - Decision on market authorisation
  - Classification
  - Pharmacovigilance
  - Licensing
  - Evaluation of the conformity of pharmaceutical enterprises

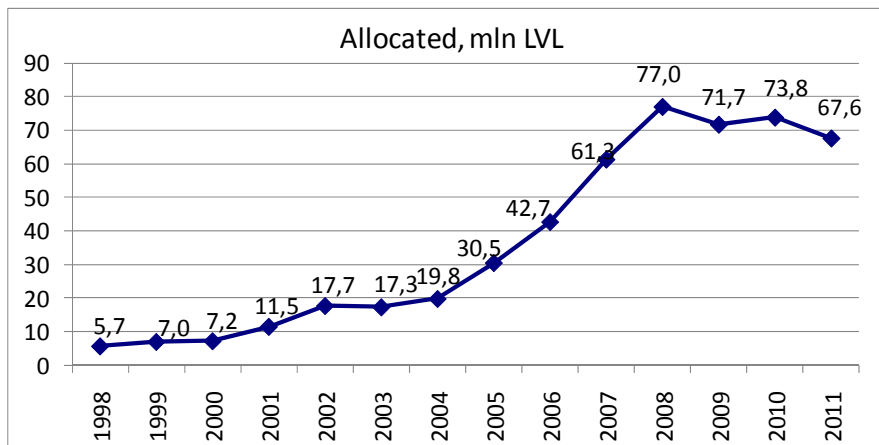


## Health Payment Centre

- to administrate the state budgetary funds prescribed for health care;
- to supervise the expenditures of state budgetary funds in medical institutions and pharmacies submitted to the administration of Health Payment Center;
- to analyze the financial and quantity indices of health care services;
- to organize and carry out the state centralized purchases of medications and medical equipment in the field of health care.



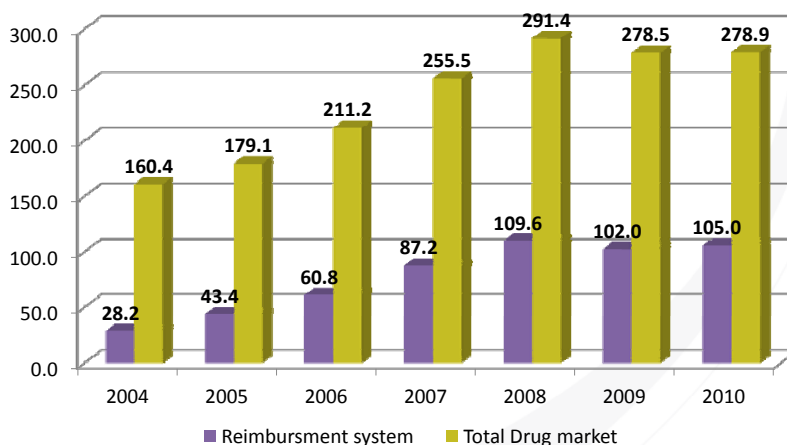
### Budget for reimbursement of pharmaceuticals in Latvia, 2000-2011, mln. LVL



The source of date: The Centre of Health Economics



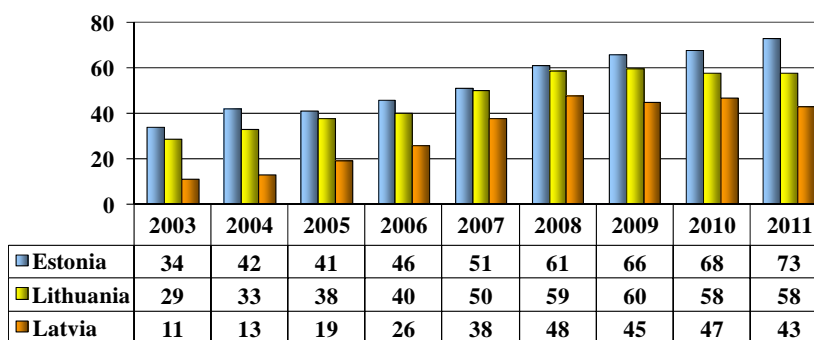
### Total pharmaceutical market and drug reimbursement budget, 2004-2010, mln.EUR



Data source: The Centre of Health Economics, The State Agency of Medicines



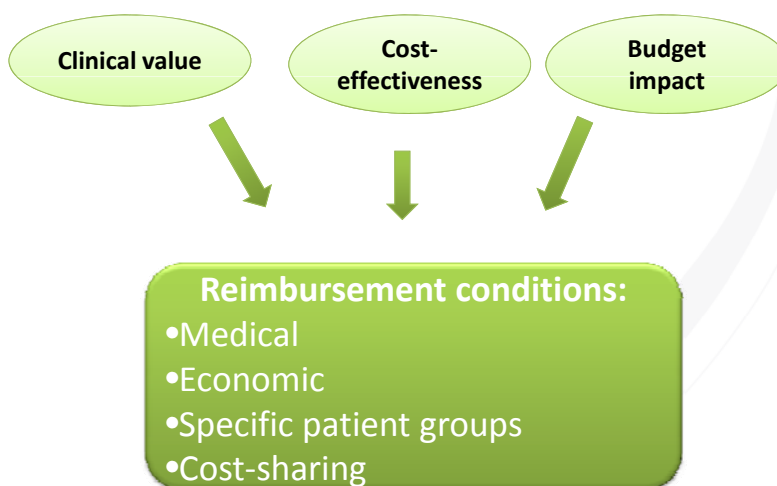
### Expenditure for reimbursement of pharmaceuticals in the Baltics, EUR/inhabitant, 2003-2011



Data source: The Centre of Health Economics data review



### Reimbursement criteria

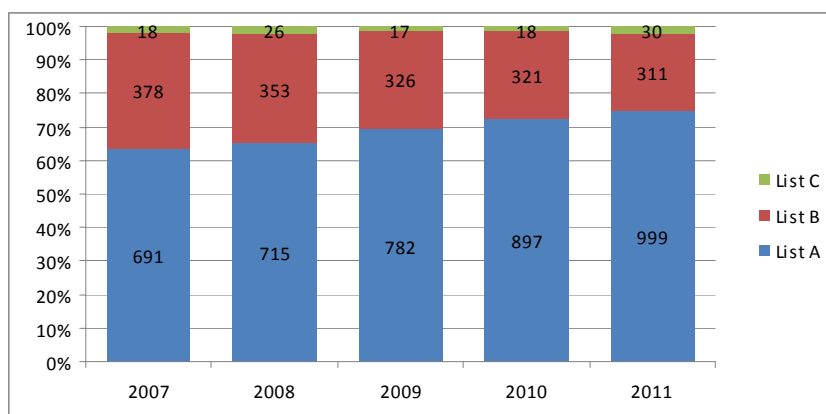


## Principles of reimbursement

- Reimbursement categories (100%; 75%; 50%)
- List A, B and C
- a reference pricing mechanism for medicinal products of equal therapeutic efficacy is used, including generic substitution
- External price referencing. Price cannot be higher than the third lowest price in other EU countries and cannot exceed the prices in Estonia and Lithuania



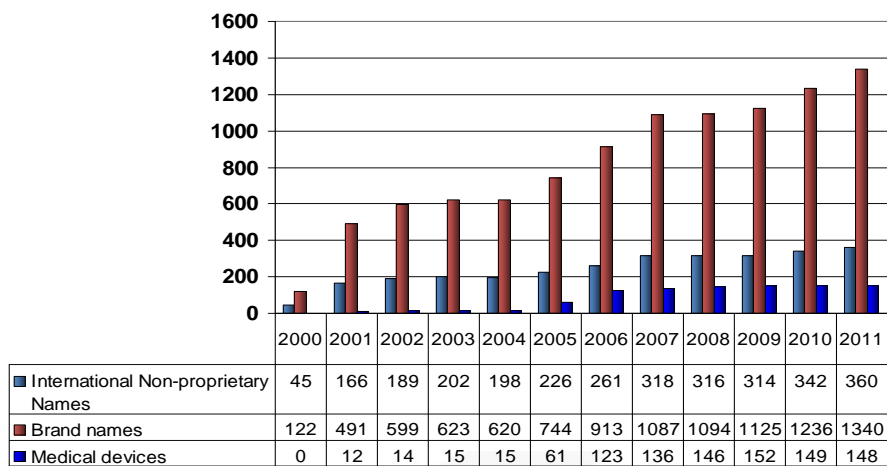
## Division of reimbursed pharmaceuticals by Lists A, B, C, 2007-2011



Data source: The Centre of Health Economics



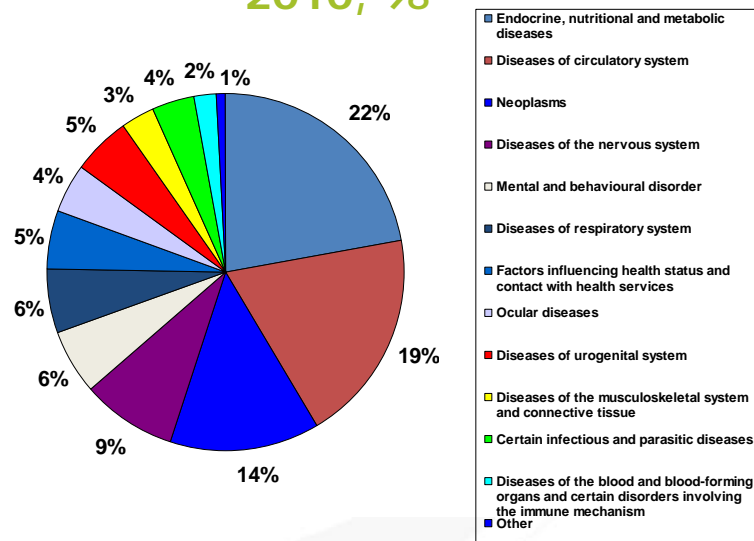
### Structure of the Positive List - number of pharmaceuticals and medical devices included in the Positive List 2000 – 2011



Data source: The Centre of Health Economics



### Reimbursement by diagnosis, Latvia, 2010, %



Data source: The Centre of Health Economics data review





## Effects of the economic crisis

- Increase of VAT for medicines from 5% to 10% in 2009 and from 10% to 12% in 2011
- Reduction of Health care and reimbursement budget
- Changes in the percentage of reimbursement
- Implementation of the Social Safety Net strategy
- Publication - Pharmaceutical policy and the effects of the economic crisis: Latvia
- <http://www2.lse.ac.uk/LSEHealthAndSocialCare/LSEHealth/pdf/eurohealth/VOL17No1/Vol17No1.pdf>



## Savings, 2010

	Decrease in %	Savings, LVL	% of total savings
First generic introduction	28%-60%	1 188 000	37,6
Further generic competition	2%-51%	772 000	24,4
External reference pricing	3%-47%	623 000	19,7
Price reduction, manufacturers initiative	5%-37%	578 000	18,3
<b>Total</b>		<b>3 161 000</b>	<b>100,0</b>

Data source: The Centre of Health Economics



## Inpatient sector

- Hospital Drug List developed by CHE (since 2009)
- Purchases of medicines are based on Public Procurement Law
- Payer for medicines – HPC or hospitals themselves
- Costs of medicines are included in the health service tariffs



Thank you for your attention

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