

Are hospital medicines prices influenced by discounts and rebates?

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Rationale

Information on the pharmaceutical sector has **usually been focused on the out-patient sector**. Only **little information** was available on the **hospital sector** regarding medicines.

Objective

To **identify and understand the actual hospital medicines prices**

Methodology:

→ **Qualitative survey** with **competent authorities** and **hospital pharmacists** about purchasing strategies for hospital medicines in the EU and two further European countries (Norway, Turkey)
→ **Price survey (study visits)** of **12 active ingredients** in **25 hospitals** in Austria, Netherlands, Norway, Portugal, Slovakia

About the PHIS project

The **survey** mentioned was conducted in the framework of the **PHIS (Pharmaceutical Health Information System) project** (<http://phis.goeg.at>), which ran between September 2008 to April 2011. The project aimed at **increasing knowledge** and **exchange of information on pharmaceutical policies**, in particular on **pricing and reimbursement**, in the EU Member States, covering both the out-patient and with a **special focus on the in-patient sector**. PHIS was an European Commission funded project, commissioned by the Executive Agency for Health and Consumers and co-funded by the Austrian Ministry of Health.

Definition: Discounts and rebates

Discount: A price reduction granted to specified purchasers under specific conditions prior to purchase

Rebate: Rebate is a payment made to the purchaser after the transaction has occurred. Purchasers (either hospitals or pharmacies) receive a bulk refund from a wholesaler, based on sales of a particular product or total purchases from that wholesaler or manufacturer over a particular period of time.
(PHIS Glossary, <http://phis.goeg.at>)

Definition: Hospital prices

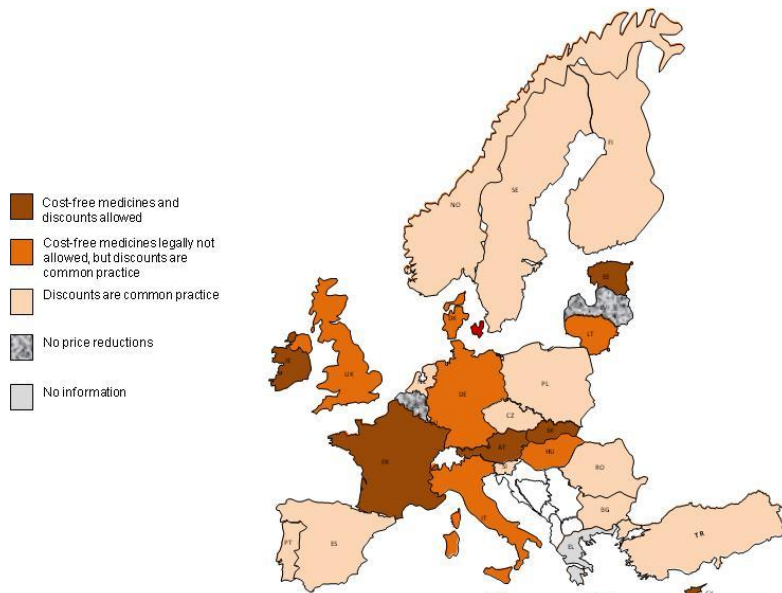
The price or amount paid by a hospital (or hospital pharmacy) in order to take delivery of certain unit of medicines. Often the hospital price corresponds to the pharmacy purchasing price. It may or may not include VAT.
(PHIS Glossary, <http://phis.goeg.at>)

Definition: Cost-free medicines

Cost-free medicines are products which are given to hospitals/hospital pharmacies in the course of the delivery without need for payment (e.g. from wholesaler to hospitals/hospital pharmacies or pharmaceutical company to hospitals/hospital pharmacies).
(PHIS Glossary, <http://phis.goeg.at>)

Results

Price reductions and cost-free products in hospitals in European countries, 2009



Source: PHIS Hospital Pharma Report 2010 (<http://phis.goeg.at>)

- Of a total of 27 European countries, **25 countries** reported about the **practice of discounts and/or rebates** (ex-post price reductions).
- The **range of the discounts** varied among the countries and with regard to the products.
- Apart from Italy with mandatory discounts to the NHS, discounts were always **commercial** and as such usually **kept confidential**.
- **Cost-free medicines** (i.e. medicines provided without payment) were reported to be a **practice in six countries**, whereas it is **legally forbidden in another six countries**.
- In Austria, the Netherlands, Portugal, and Slovakia discounts were granted in individual negotiations between suppliers and hospitals for some of the surveyed products (e.g., for cardiovascular medicines where generics were available; however no discounts for all oncology medicines of the sample).
- In Norway, discounts played no role since medicines were tendered centrally.
- In Austria and Slovakia medicines were provided cost-free to some/all hospitals (only in the indication of cardiovascular treatment).
- In Portugal, unit prices of nearly € 0.00 were surveyed for a few cardiovascular medicines attributable to rebates.

Source: PHIS (Pharmaceutical Health Information System) 2010, <http://phis.goeg.at>

Discussion and conclusion

In the in-patient sector, confidential discounts, and, to a lesser extent rebates and cost-free medicines, are common in some countries.

Discounts are more likely to be provided where there are (off-patent) therapeutic alternatives available. Large discounts and cost-free provision appear to be a practice for “strategic products” which account for high volume and expenditure in the out-patient sector.

No conflict of interest

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