

## ISRAEL, Ministry of Health

### Pharmaceutical Pricing and Reimbursement Policies in the In-and Out-Patient Sector

#### The Ministry of Health is the competent authority for pricing in the in-and-out-patient sector

Israel sets maximum prices for **all listed drugs**: Prescription drugs, OTC and GSL, whether the drug is reimbursed or not.

The public retail price = Wholesaler price + pharmacist margin + VAT

Since January 1<sup>st</sup>, 2019 - A number of changes were made in the Price Control Order of Prescription Drugs:

- **Innovative & Biosimilar drugs** - Maximum price is the average of the lowest three quoted wholesale prices among the following countries: England, Germany, Holland, France, Belgium, Spain and Hungary.
- **Generic drugs or Innovative drugs with generic alternatives** - Prices are fixed at the price-level on the determining day of the previous year (01.07.2018). If a company wants to set a higher price for a particular product, it must be approved by the Ministry of Health.

• **Regressive Pharmacist Margin :**

Purchase package price (ILS)	Pharmacist's margin (%)
Up to 38.00	37
38.01-94.00	34.5
94.04-193.00	25
193.01-1750	17.5
1750 and above	10

- **Exchange rate:** If the average exchange rate of the Euro will rise or fall above 3% between publication of the annual price list, at January 1st, and the end of the following May, the price list will be updated by the amount of said change on July 1st. The change is limited to no more than 5%.

- **VAT:** The standard VAT for all commodities: 17% for all kind of medicines

#### Pricing in the in-patient sector

Medications given in hospitals are provided to patients in the framework of the general rates set by the Ministry of Health's maximum price list, usually according to the type of procedure (PRG) or according to the price per day of hospitalization. A minority of drugs are under consignment agreement between the HMOs and hospitals, mainly oncologic drugs.

#### Reimbursement in the out-patient sector

- Reimbursements in Israel are determined by a public committee composed of physicians, HMOs, MOH, MOF and public representatives. Each year after a long and difficult evaluation, this committee decides on drugs, medical tests and technologies that are added to the positive list (aka the public health basket).  
In 2018 the list of drugs in the public health basket increased by approximately 135 new medications / indications / non-pharmaceutical medical technologies - at an added cost of 460 million NIS. In 2019, the list increased by approximately 88 new medications / indications.
- The reimbursement system is based mainly on active ingredients (molecule) and medical indication.
- The National Health Insurance Law states that the HMOs may offer their members additional health care plans, known as "supplementary insurance". Each HMO provides its patients with basic medical services (the basic basket of services) as well as plans that include additional health services (AHS).
- The health basket provided by the HMOs is a list of medical services that the HMOs are legally obliged to provide to their insured, including: hospitalization, examinations, treatments, medicines and medical equipment. The list can be found in the Second Schedule to the National Health Insurance Law and in the National Health Insurance Order (Medications in the Health Services Basket).
- Reimbursement of medicines that are not included in the reimbursement list or in the HMOs own list: HMOs are not obligated to fund treatment not included in the healthcare basket (positive list). Applicants requiring treatment not included in the basket, have the option of appealing to their health plan's exceptions committee. The exceptions committee is composed of a number of health fund employees, some of which are doctors. The purpose of the committee is to consider requests for assistance beyond that which is required by law, and it has the authority to consider and decide regarding the provision of services that are not included in the healthcare basket for policyholders.
- **Co-payment** - Patients pay co-payment for drugs starting from a min. of 17 NIS, to 10%-15% of the public maximum price list including VAT. In addition, there are quarterly ceilings and discounts for certain populations such as the elderly, patients who suffer from chronic illness (HIV, CF, Cancer, tuberculosis, etc).

#### Reimbursement in the in-patient sector

- Hospitals are not limited by the National Health basket. They must provide the best health treatment and the necessary drugs whether included in the basket or not.
- HMOs are permitted to dictate service providers to patients - subject to reasonable distance, availability and other clinical considerations.