

# "Fake prices" – Are price surveys still useful?

## Introductory observations on the quest for understanding medicines affordability

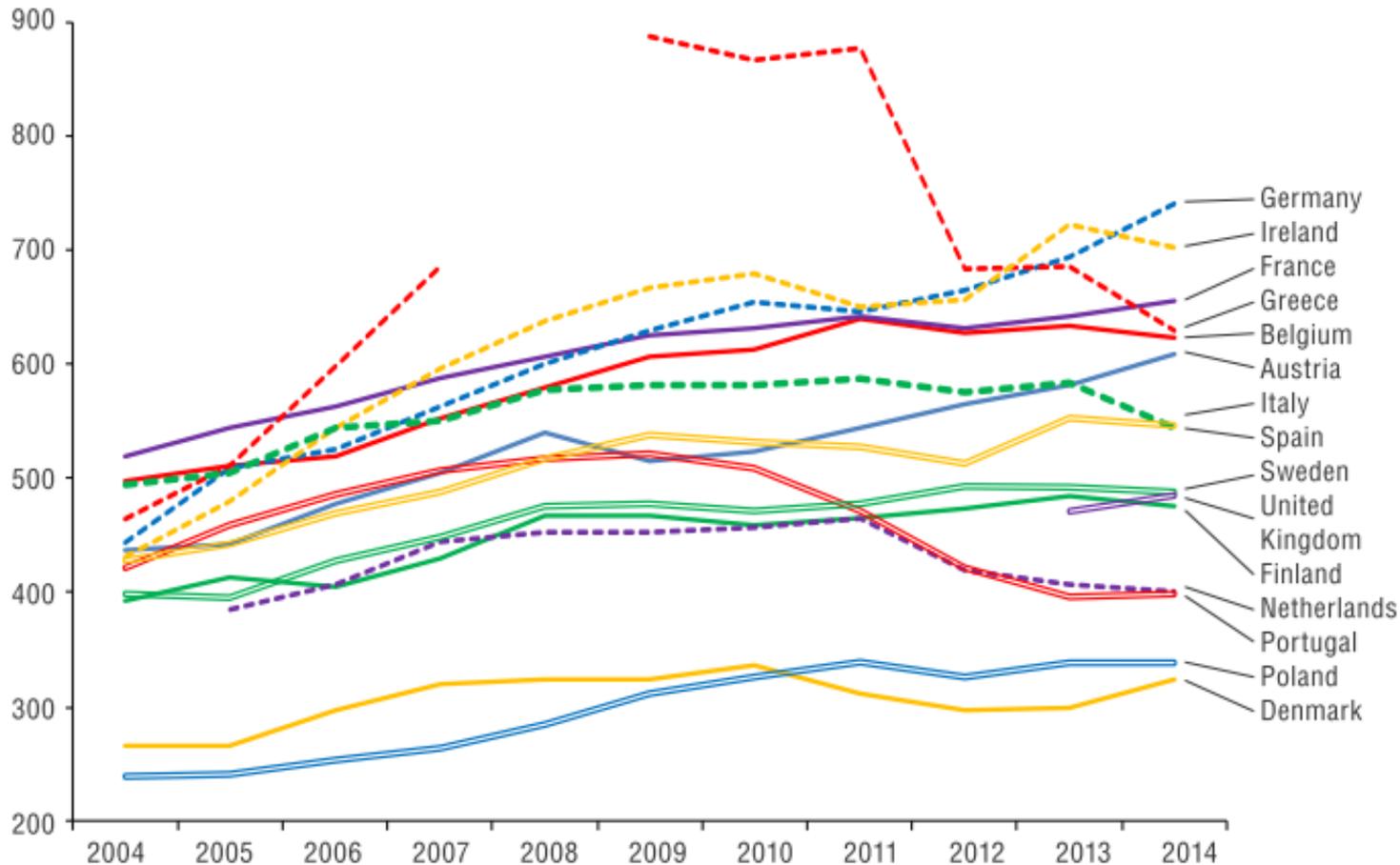
**Reinhard Busse, Prof. Dr. med. MPH FFPH  
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&  
European Observatory on Health Systems and Policies

- Policy makers repeatedly face the challenge of balancing patient access to effective medicines with affordability and rising costs.
- Cross-country comparisons of pharmaceutical prices mainly aim to either
  - a) benchmark prices for referencing or detecting price discriminations or
  - b) illustrate differences in average price levels and provide insight on the effectiveness of national regulatory instruments.
- **But: what can price comparisons actually tell us?**

# LOOK AT PHARMACEUTICAL EXPENDITURE – ONE SIDE OF THE COIN

Per capita expenditure on “retail” pharmaceuticals and other medical non-durables (in US\$ PPP), 2004–2014



Source: OECD, 2016a.

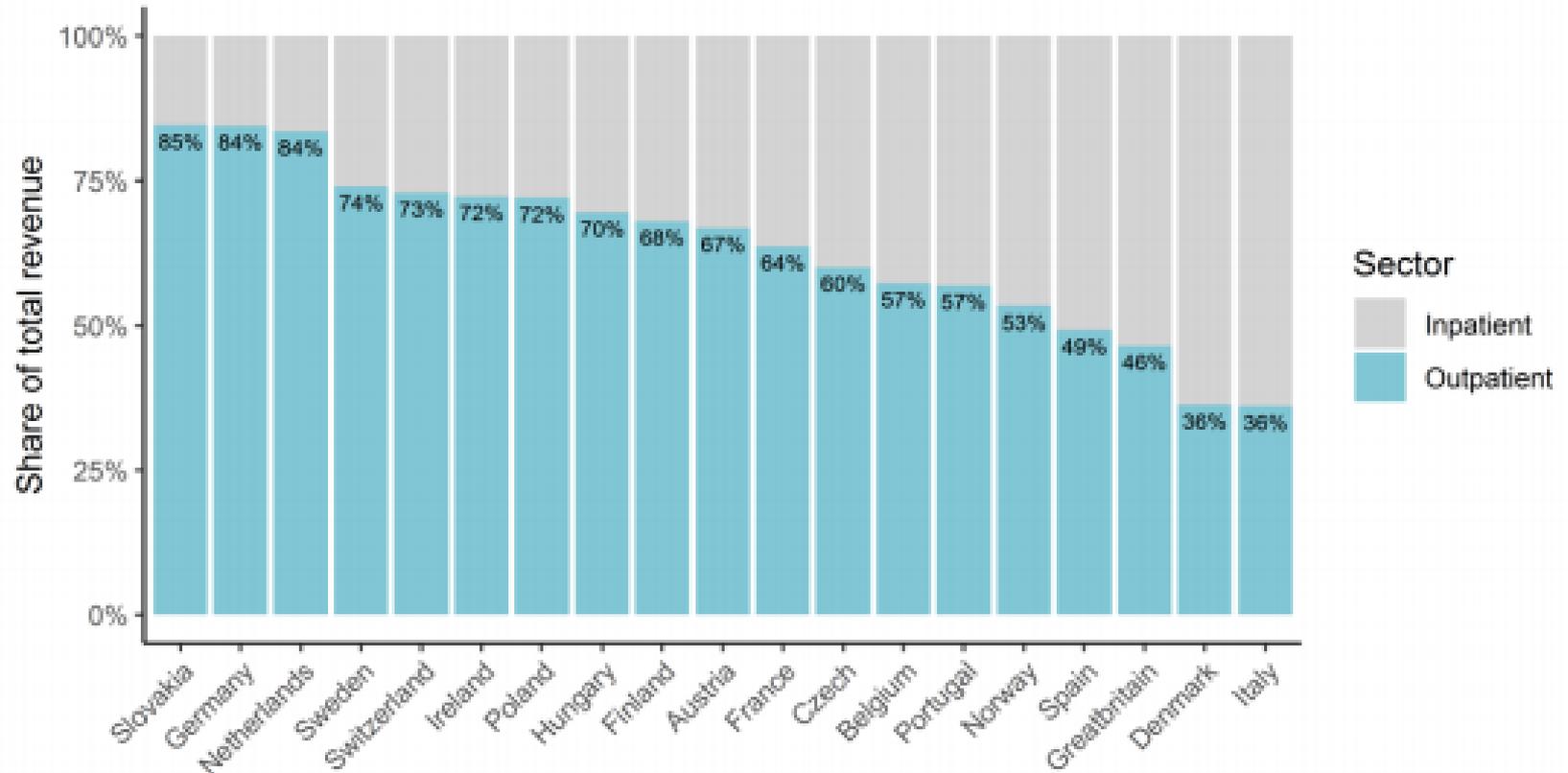
Health Systems in Transition  
Vol. 18 No. 6 2016

**Pharmaceutical regulation in 15 European countries**  
Review

Dimitris Panagis • Francis Anckin • Hans Christoph Grollmann • Dieter Hildebrandt • Gert Jager • Sigrun Gierkens • Carolina Henschler • Jennifer Hölter • Charles Jones • Stephen Kuchel • Bernd Kuntze • Ruo Ruan • Modesto Kravtsov • Jia-Ling Lu • Pablo Ruiz Barrón • Justine Rasmussen • Peter Schuster • Susan Spillman • Sabina Vogel • Lutz Vahrenwald • Heli Vähä-Kallio • Oliver Wöhrer • Reinhold Buse

# What do we compare? ... not always apples to apples

Figure 3: Percentage of sales value in AIP sold within inpatient and outpatient care per country, rolling 12 months through March 2018.



# LOOK AT PHARMACEUTICAL PRICES – THE OTHER SIDE OF THE COIN

# What do we compare?

## ...are (even) official prices actually comparable?

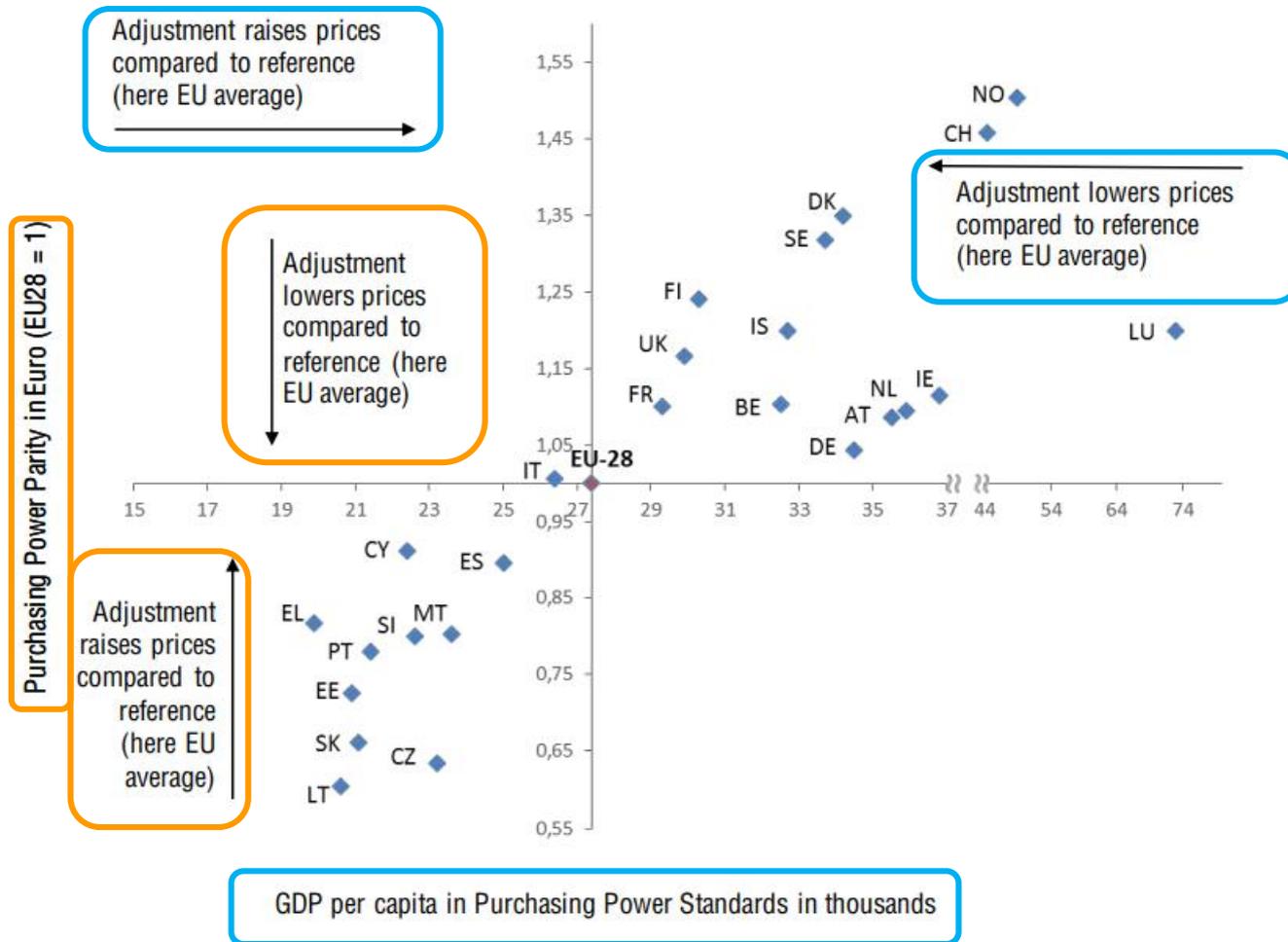
Drugs to be compared	1 drug	>1 drugs							
		Indication (e.g. oncology)			Time of marketing authorization			"All" (top-selling, only generics etc.)	
Calculation of average price	No	No (simple list)	Yes		No (simple list)	Yes		Yes	
Weighting (index)			No (simple average)	Volume		No (simple average)	Volume	No (simple average)	Volume
Comparability of included products	Identical package		Standard Unit		Gram		Defined Daily Dose		
Price base	manufacturer (ex factory)		Wholesale price		Pharmacy retail price before VAT		Pharmacy retail price after VAT		
	List price (before discounts)	Actual price (after discounts)	List price (before discounts)	Actual price (after discounts)	List price (before discounts)	Actual price (after discounts)	List price (before discounts)	Actual price (after discounts)	
Price adjustment	None (point exchange rate)		None (average exchange rate over given time period)		Purchasing Power Parity		GDP		

Busse et al. 2017

# What do we compare?

## ...are (even) official prices actually comparable?

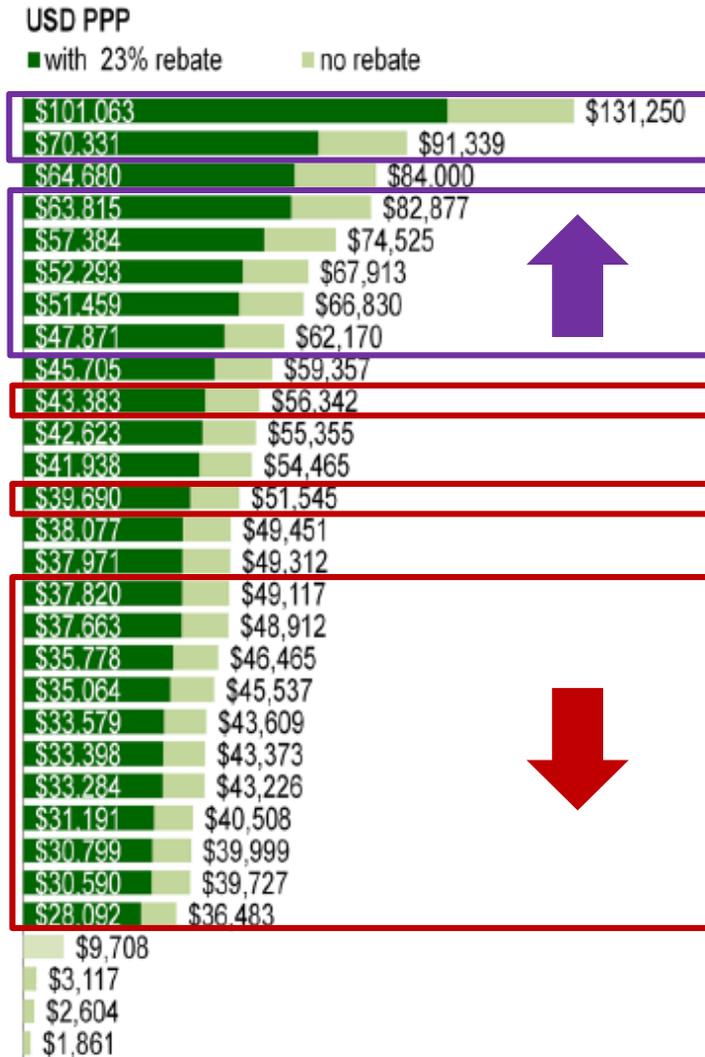
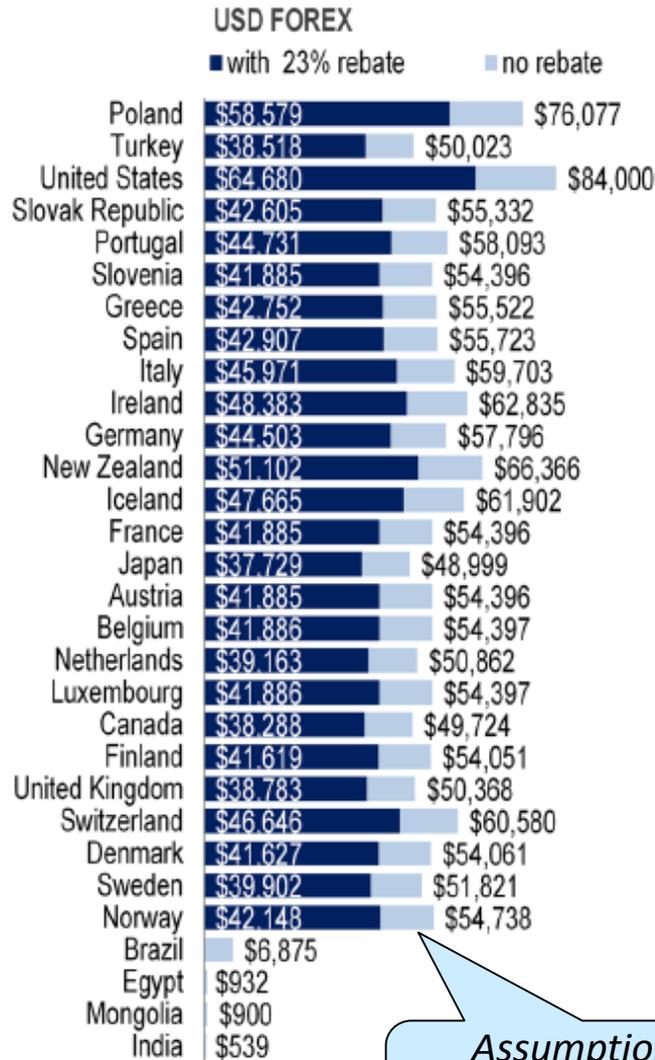
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Sources: Authors' compilation, based on OECD, 2016d; European Central Bank, 2016; and Central Bank of Iceland, 2016 (the average annual exchange rate in 2014 was used for calculations on the y-axis).

Price adjustment	None (point exchange rate)	None (average exchange rate over given time period)	Purchasing Power Parity	GDP
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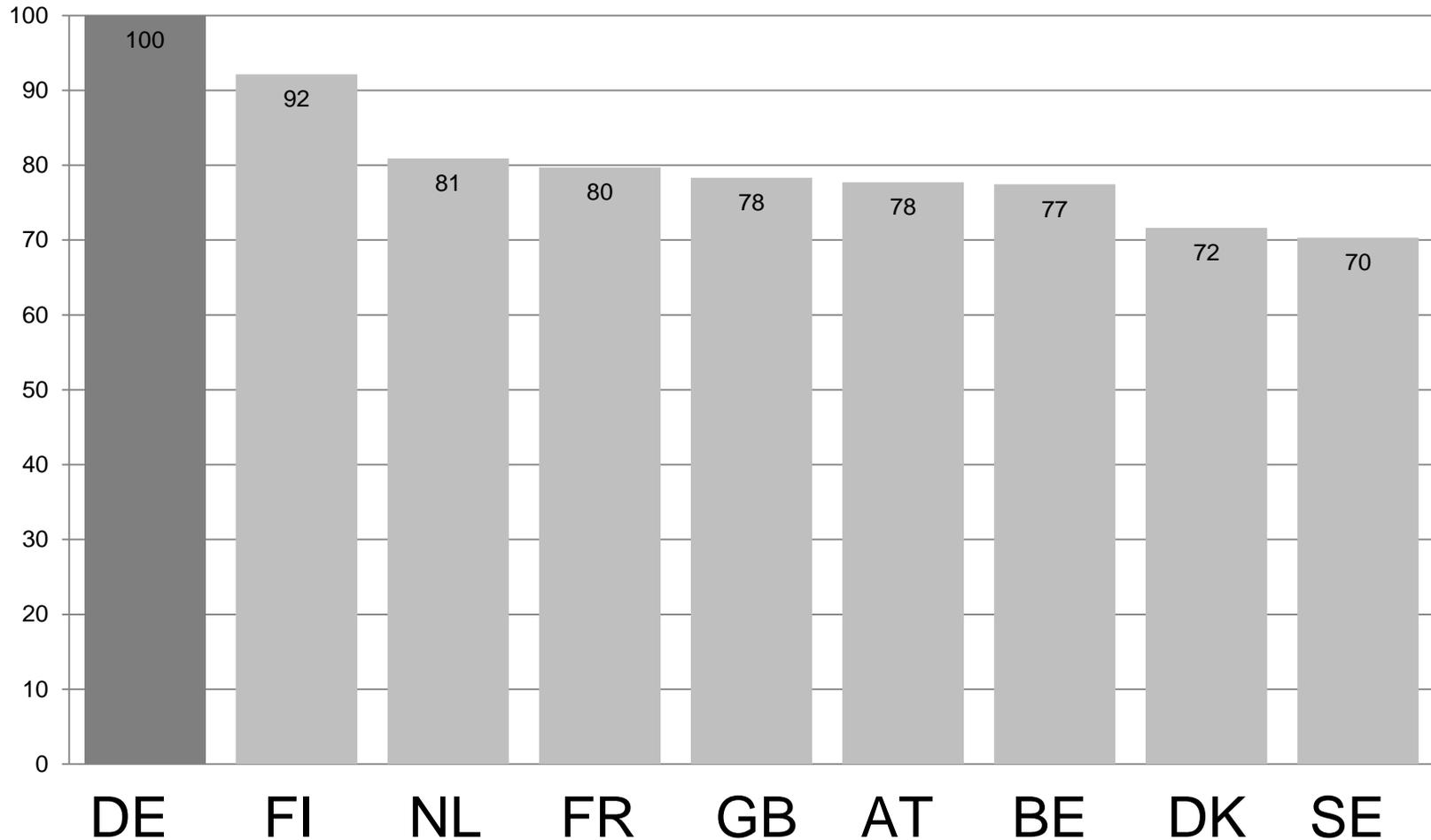
## (a) sofosbuvir price



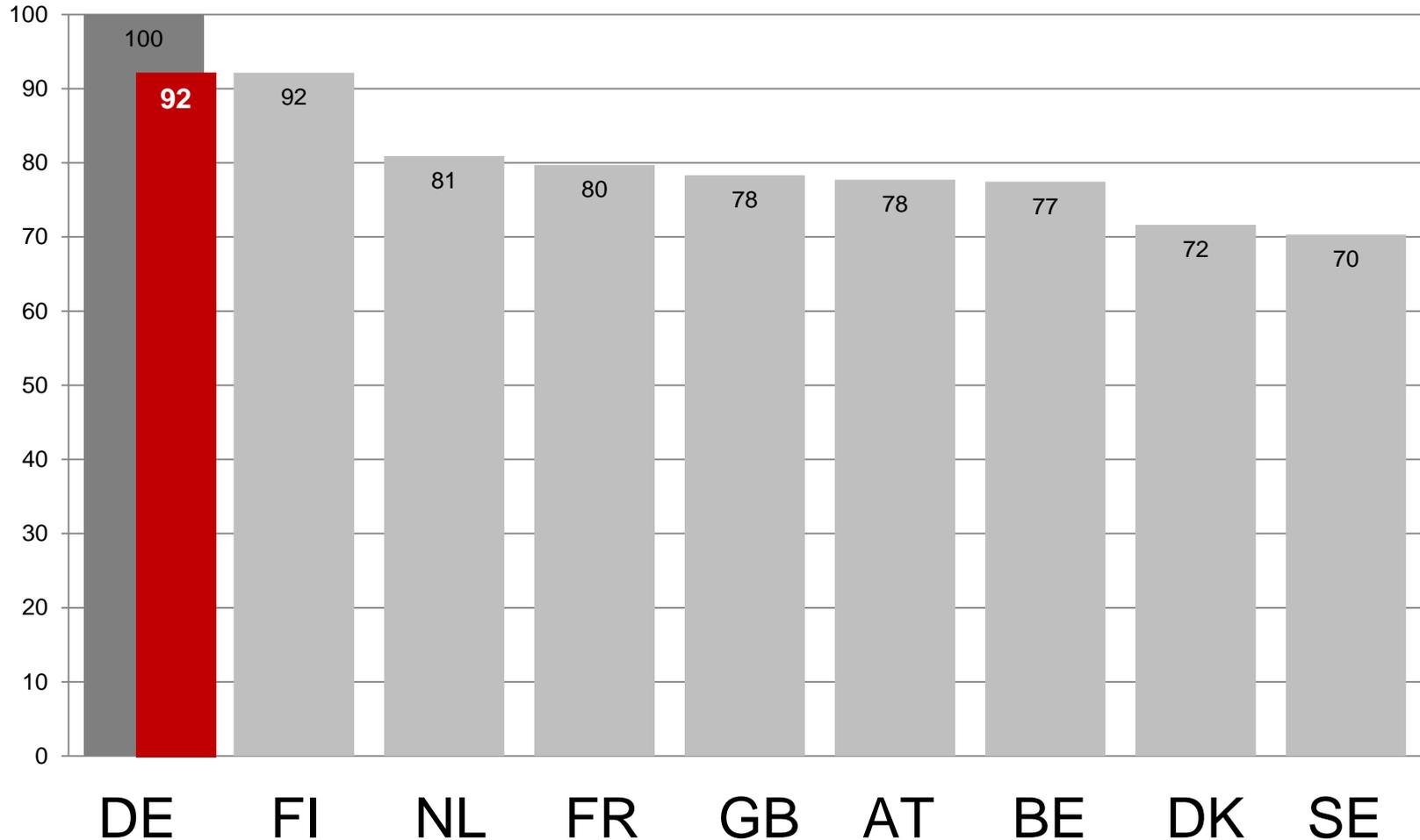
Assumption: 23% rebate based on CMS data from the US

# INCLUDING REBATES DOES CHANGE THE PICTURE

# Prices for 189 medicines reimbursed in Germany without a negotiated price

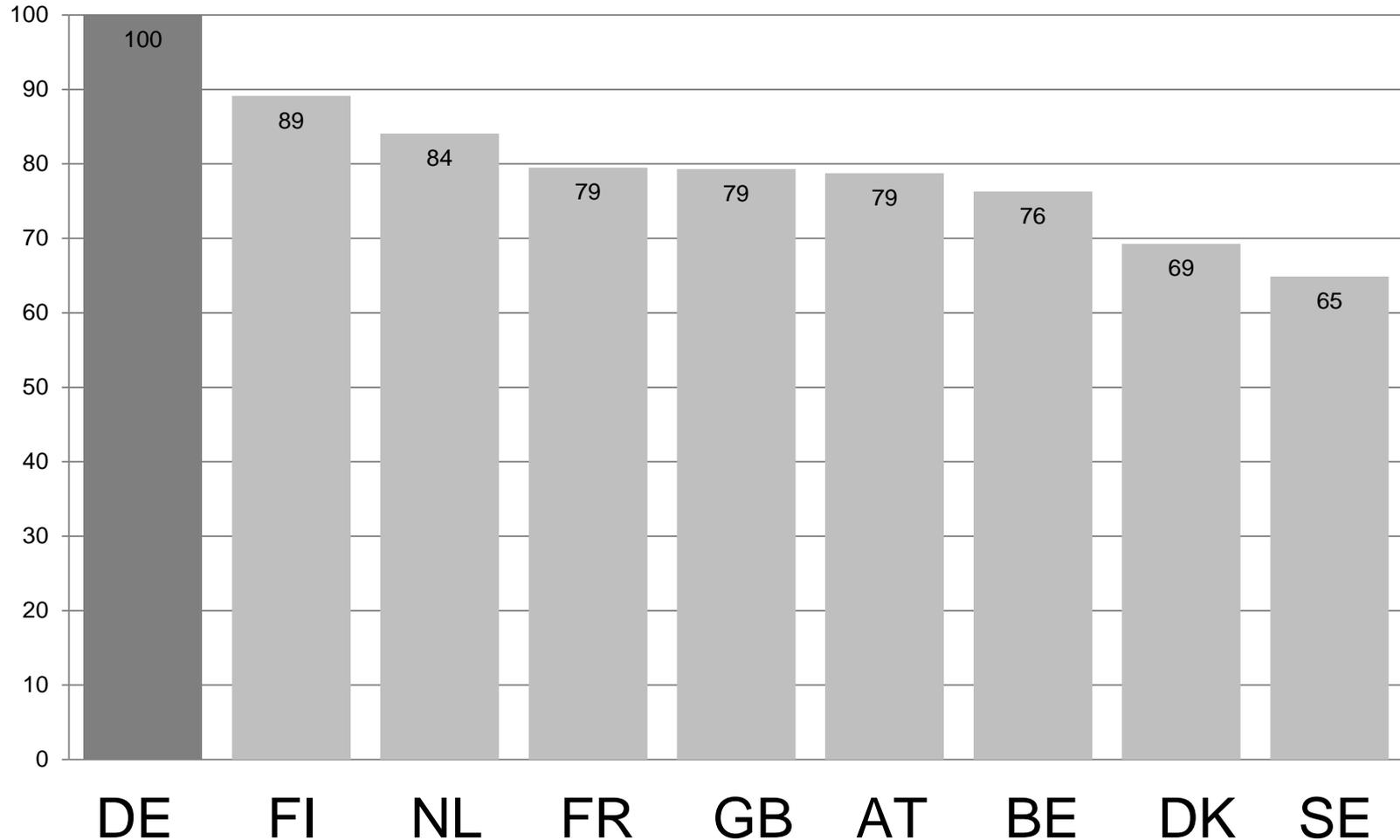


# Prices for 189 medicines including legally mandated and other discounts



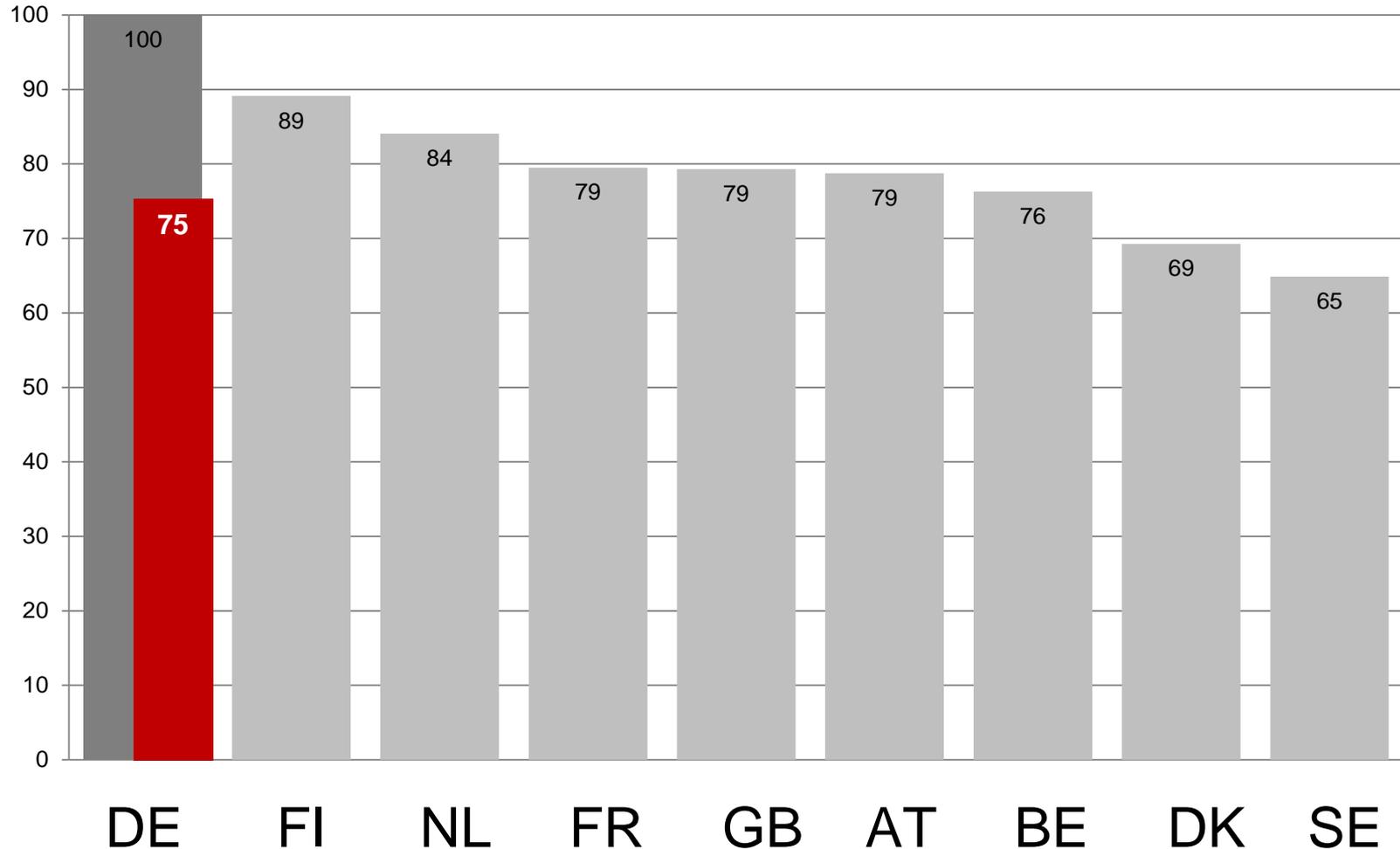
Busse et al. 2016 and additional calculations

# ... list prices for 61 medicines with negotiated price



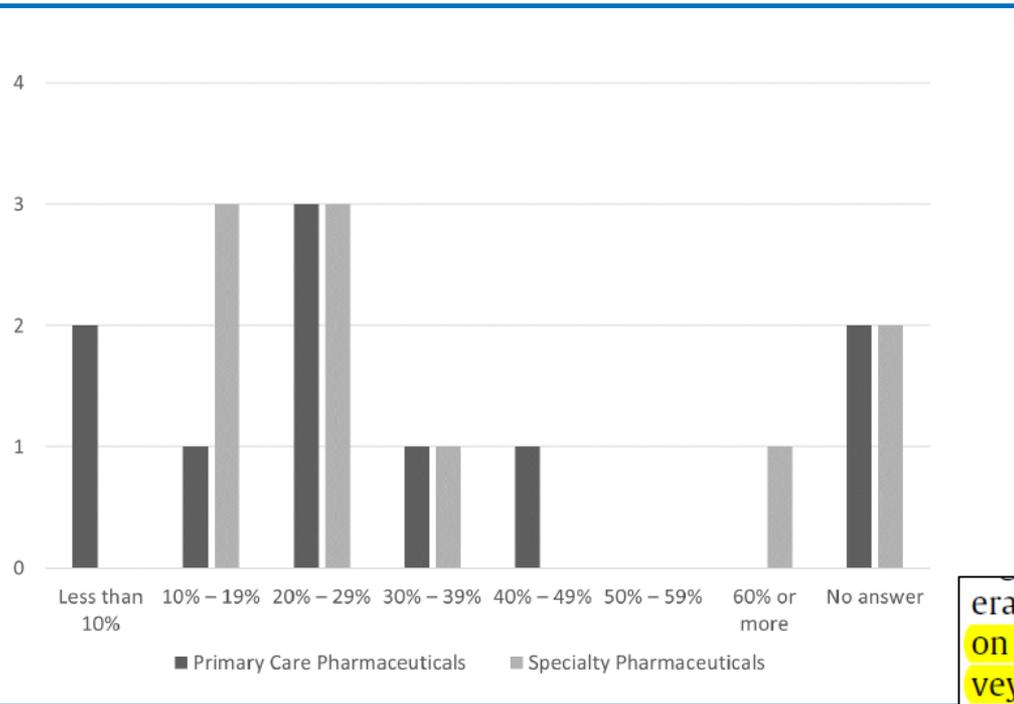
Busse et al. 2016 and additional calculations

## including legally mandated and other discounts



Busse et al. 2016 and additional calculations

## Average value of confidential discounts as a share of the official "list" prices



Morgan, Vogler & Wagner 2016

eralizable to middle- and low-income countries. **Second, on advice of competent authorities from the countries surveyed, we developed a confidential survey tool that did not collect identifiable information about products or participating countries. While this resulted in a very high rate of study participation (91%), it does mean that potentially valuable information about health system context and history could not be explored.**

**Third, the policy makers who reviewed a draft of our survey advised us not to seek specific estimates of discounts on specific products because of concerns about the confidentiality of the negotiated discounts. One policy maker**

	Lithuania	Spain (n=2)	France (n=2)	The Netherlands (n=3)
GDP per person	12 400	22 800	32 200	39 300
<b>One 420 mg vial pertuzumab*</b>				
Actual price	N/A	2590.18	2891.10	3000.00
List or official price	N/A	2910.58	2891.10	3000.00
<b>One 100 mg vial rituximab*</b>				
Actual price	N/A	210.56	266.44	271.13
List or official price	N/A	238.06	266.44	279.27
<b>One 50 mg vial ipilimumab*</b>				
Actual price	5500.00	2338.83	3536.50	4144.00
List or official price	5500.00	4086.54	3536.50	4250.00

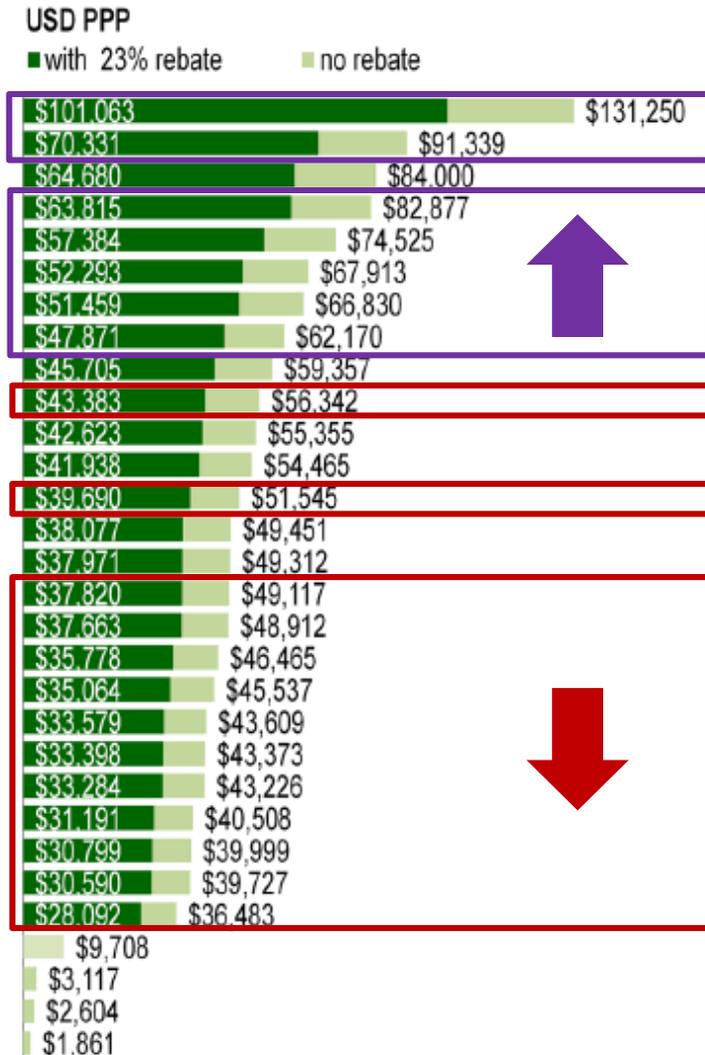
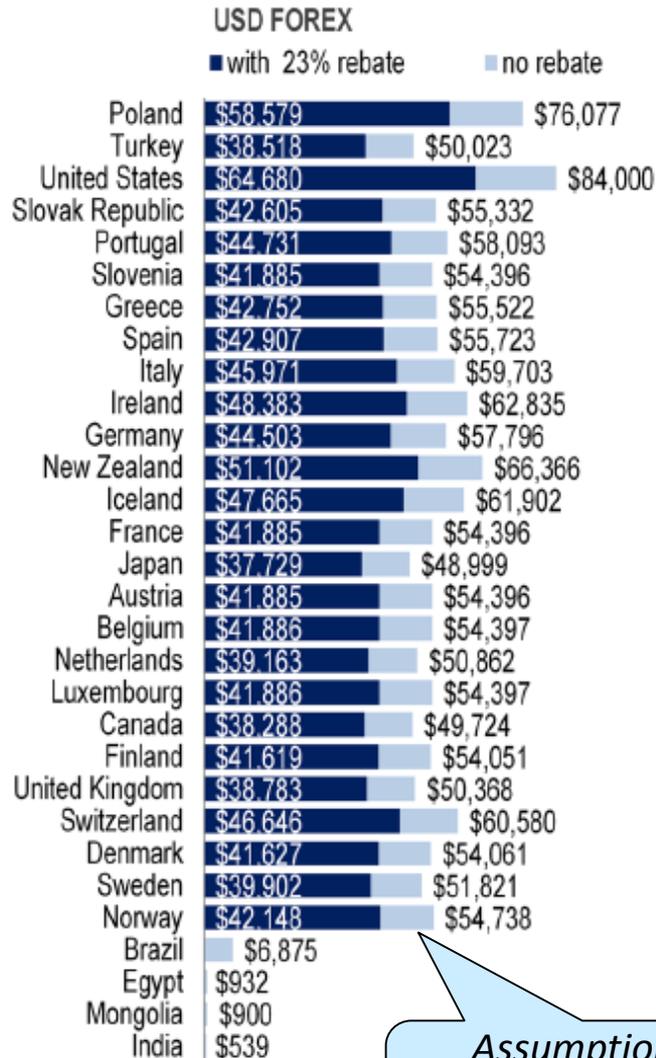
All data are in euros. Prices are ex VAT. N/A=not available. \*Prices are in Euro's per lowest dosage.

**Table: Actual and formal list prices of expensive cancer drugs for common minimum dosages as provided by one or more cancer centres in four European countries**

van Harten et al. 2016

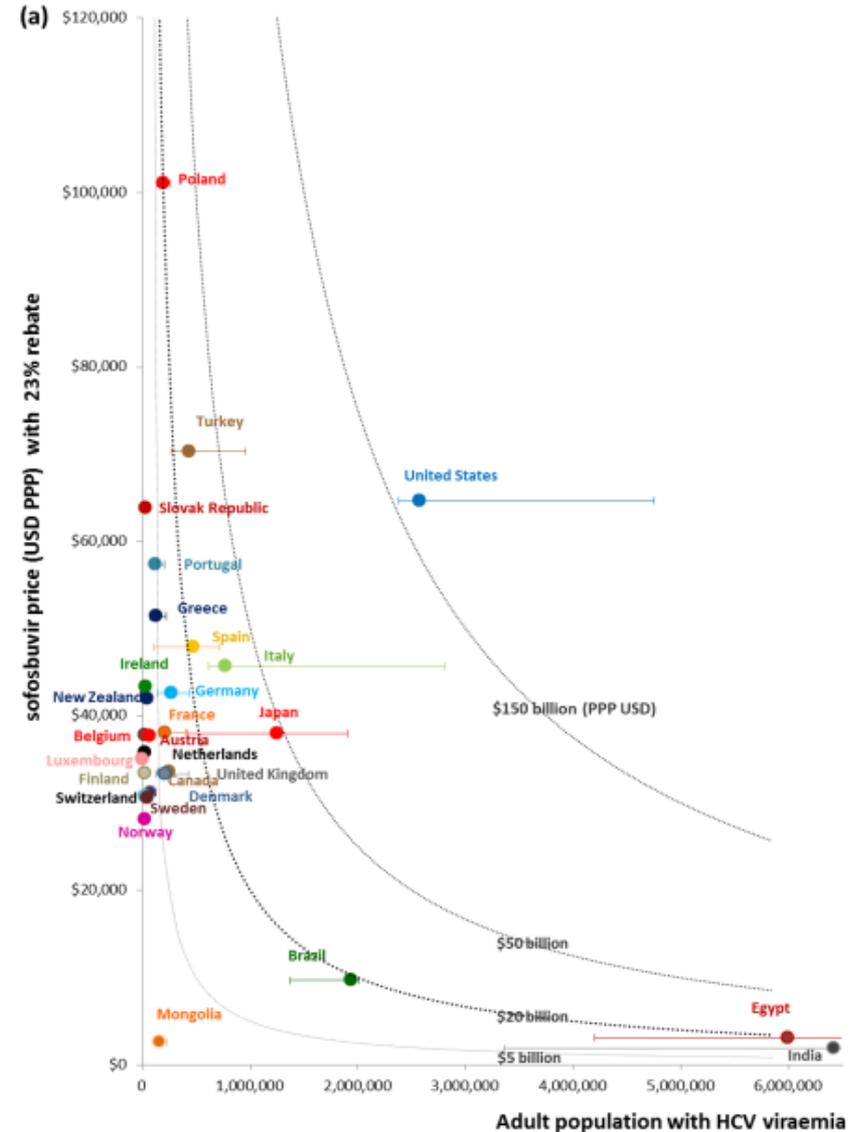
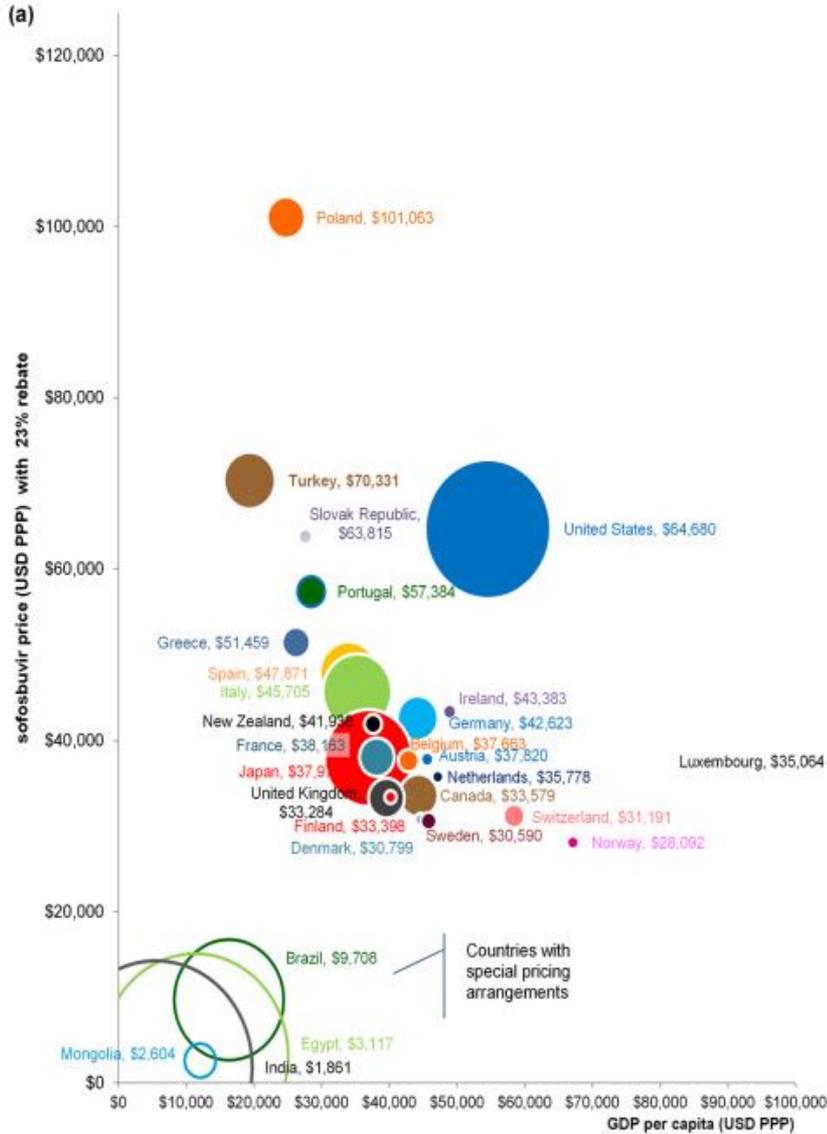
# ADDING CONSUMPTION: IF THE COIN HAD A THIRD SIDE....

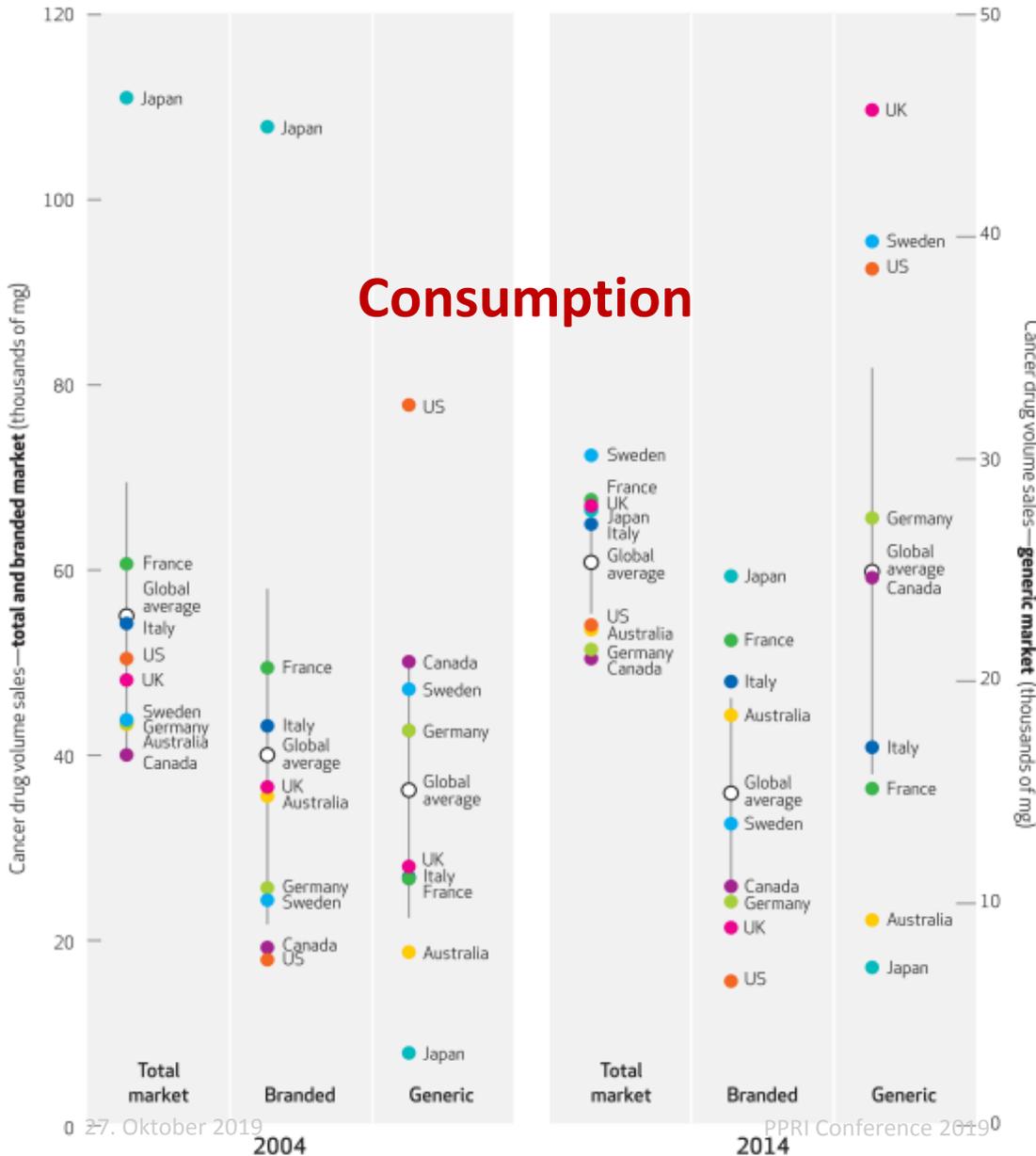
## (a) sofosbuvir price

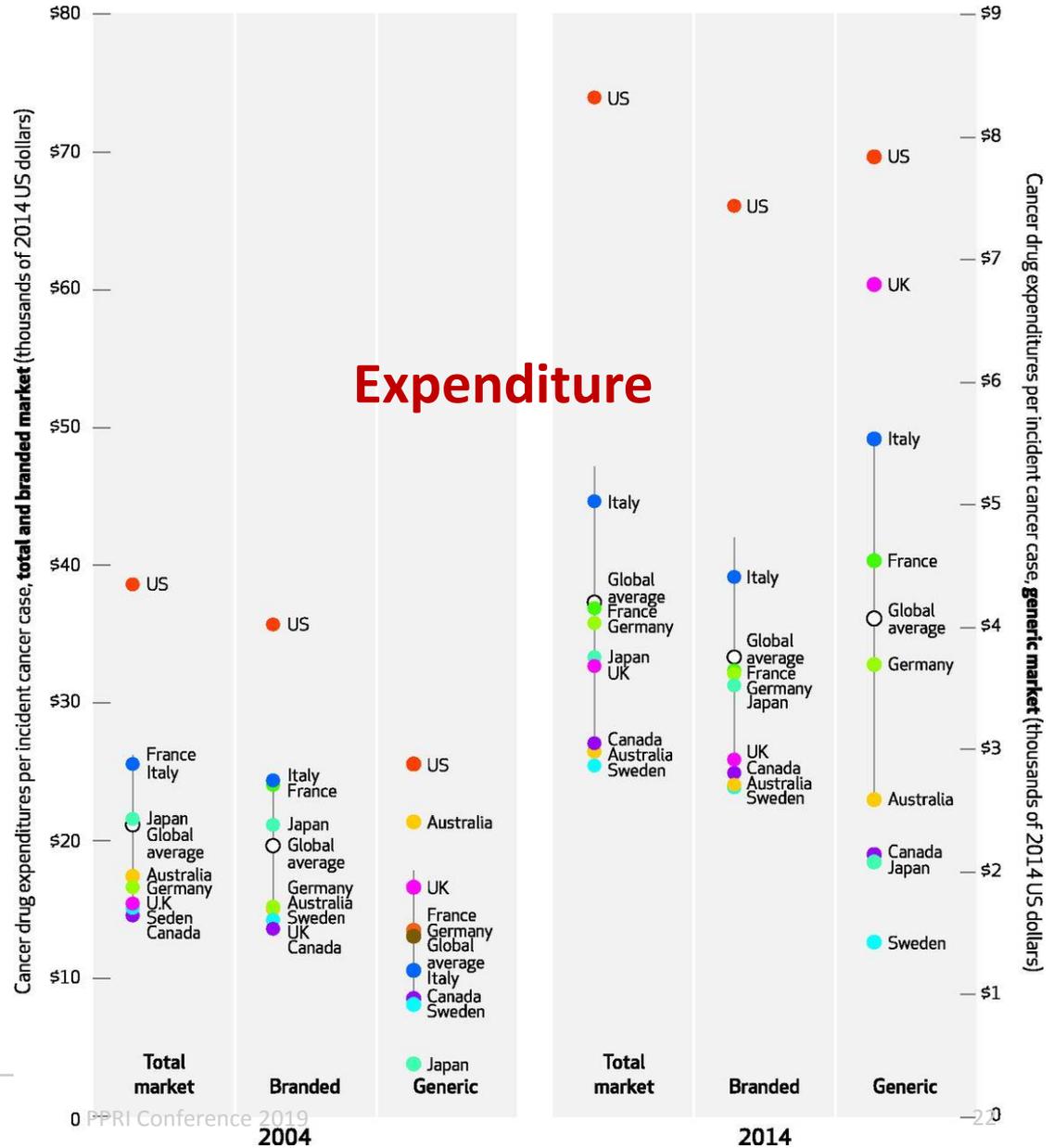


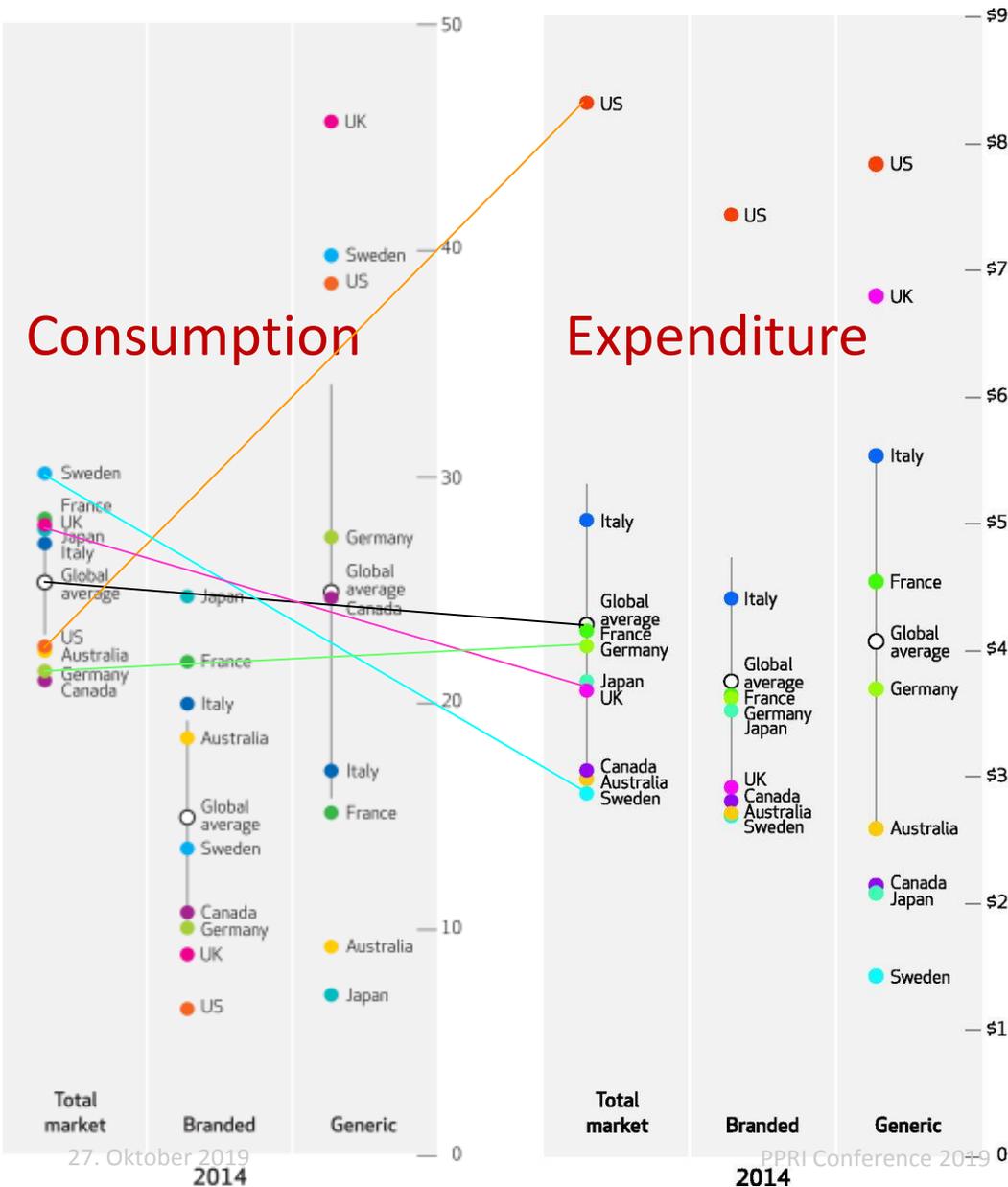
Assumption: 23% rebate based on CMS data from the US

# ... adding consumption (or rather, potential patients)







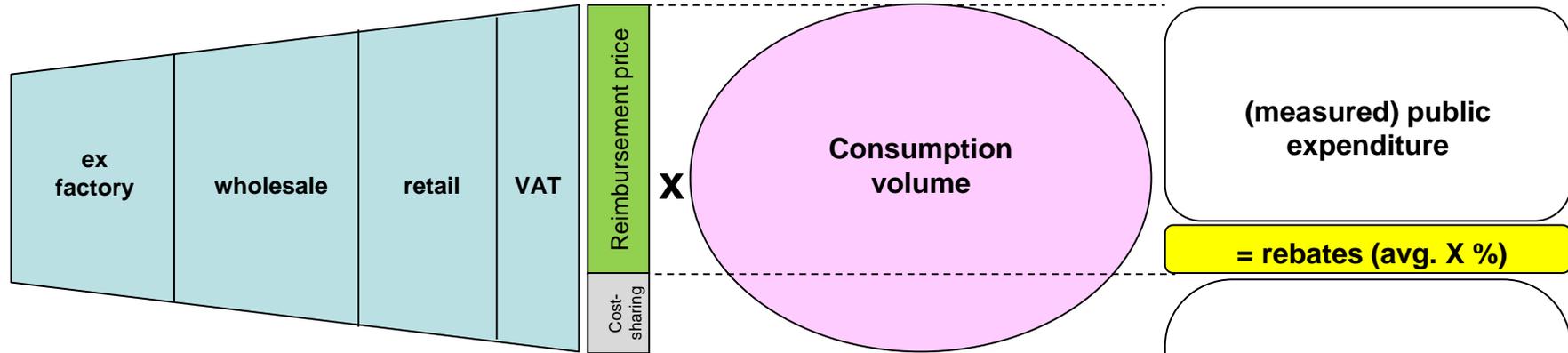


- In juxtaposition, we can draw conclusions on price
- Examples:
  - Sweden (and UK): high consumption & low expenditure (→ low prices)
  - USA: low consumption & high expenditure (→ very high prices)
  - Germany: low consumption & average expenditure (→ high prices for originator products)

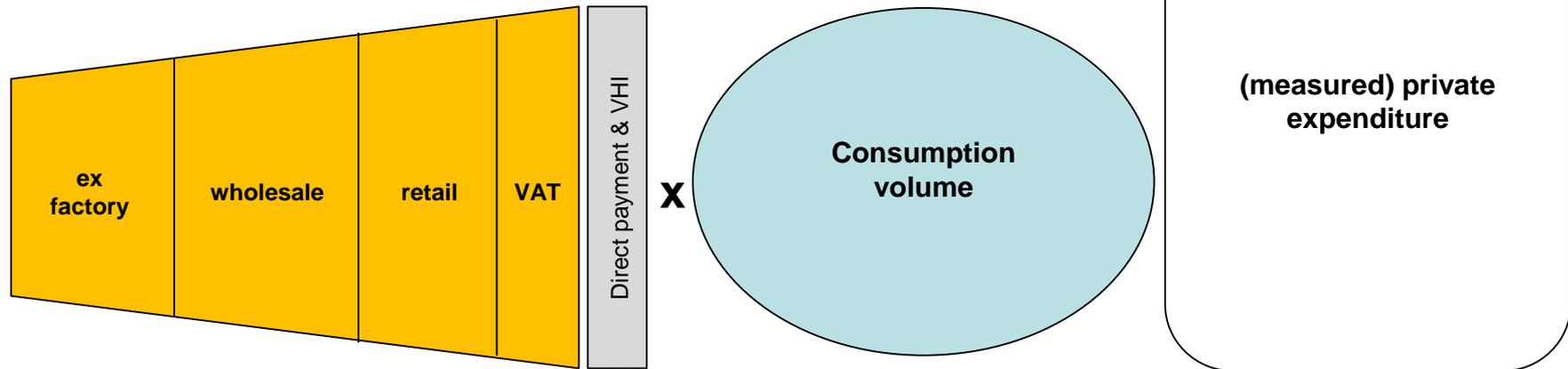
## Individual pharmaceuticals

## All medicines

Covered prescription



OTC & uncoverd



# Instead of a conclusion: should we give up?

- Price comparisons across countries are time-consuming and often limited in their reflection of reality
- However, their usefulness remains a given for understanding expenditures and identifying discrepancies (inflated prices, false assertions)
- Price transparency should remain on the agenda



Delegates huddling (top left) before the start of the WHA session today, during which the transparency resolution was discussed and adopted.

## Sources

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