

Cost-containment measures on medicines prices in European countries during a global financial crisis year

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Problem Statement

Several European countries were hit by the global financial crisis. As a consequence countries introduced several measures to contain costs in the pharmaceutical sector (e.g. emergency price cuts). It might be expected that medicines prices decreased due to price cuts in countries hit by the crisis.

Objective

To survey the development of the prices of selected medicines in some European countries, including countries strongly hit by the crisis.

Results

In the analysis period Spain and Greece, among the countries hardest hit by the crisis, undertook cost-containment measures on medicines prices. In spring 2010 Spain cut the prices of generics by 30%. Prices of original products and of orphan medicines were reduced by discounts of 7.5% and 4% respectively which were borne by all stakeholders. The pharmacy margin, however, was increased for some expensive medicines. Greece reformed its pricing system in 2010, with price cuts, a reduction of the wholesale margin and twice an increase in value-added tax (VAT) on medicines. Price cuts were also undertaken in the Czech Republic. The pharmacy remuneration was changed in Belgium and Portugal. Increases in VAT rates on medicines took place in the Czech Republic, Finland, France, Portugal and Poland. The changes in the distribution remuneration and VAT rates were reflected in the prices of the surveyed products. At manufacturer price level, the prices in Greece decreased for the 3 medicines surveyed, while for Spain there was no change of the manufacturer price according to official medicine price lists. The manufacturer prices of the surveyed products remained rather stable during the research period, but for some products price increases could be observed in Romania and Finland in 2010 and in the Czech Republic in 2011, and price decreases in Ireland, Slovakia and Belgium.

Conclusions

Changes in the VAT rates proved to be a common policy measure as much as price cuts at manufacturer level in the surveyed countries. Some price cuts were "hidden" in the form of discounts which were then not reflected in the price data bases.

Lessons learned

For the analysis of prices several factors need to be taken into consideration: the manufacturer prices as well as other price components (e.g. distribution costs, taxes). It is sometimes difficult to get the full picture due to discounts, rebates and further "hidden" price elements. As a consequence, countries refering to discount countries might not fully take advantage of the price cuts in the reference countries.

Methodology

Price survey of three medicines (olanzapin, abavir, trastuzumab) in the out-patient sector at all price types (ex-factory, wholesale and pharmacy retail prices gross and net)

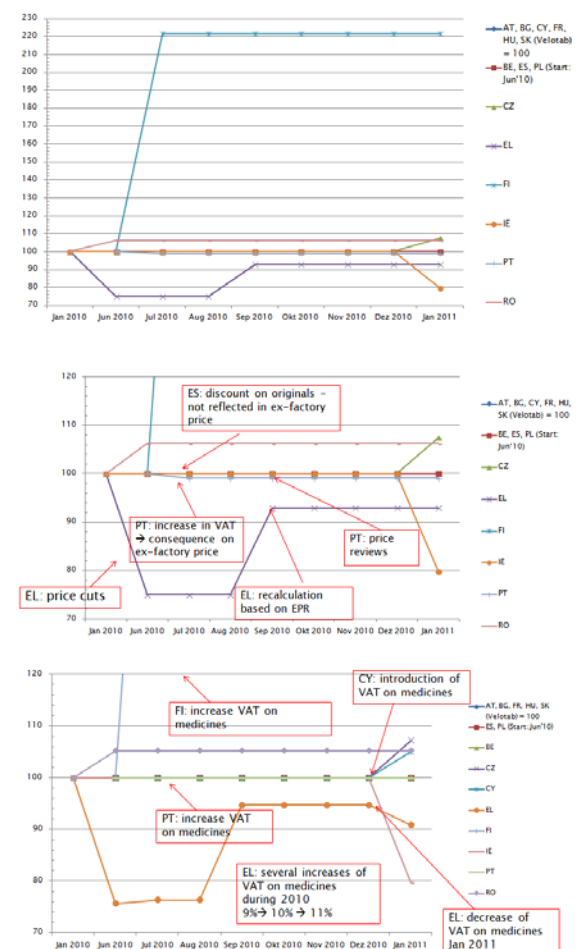
Data source: Pharmaceutical Price Information (PPI) service run by the WHO Collaborating Centre at the Austrian Health Institute

Time-line analysis of price data and **policy measures** (e.g. price cuts, changes in distribution margins and in VAT rates) at a monthly basis

Time period: January 2010 to January 2011; updates planned

Coverage of **15 European countries** (Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Finland, France, Greece, Hungary, Ireland, Poland, Portugal, Romania, Spain, Slovakia)

Olanzapin, 20 mg, 28 units, ex-factory prices per unit in National Currency Units (NCU). Index = 100 = price of January (if available) or June 2010: Overall picture & policy measures impacting price changes



AT - Austria, BE - Belgium, BG - Bulgaria, CY - Cyprus, CZ - Czech Republic, EL - Greece, ES - Spain, FI - Finland, FR - France, HU - Hungary, IE - Ireland, PL - Poland, PT - Portugal, RO - Romania, SK - Slovakia

Source: WHO Collaborating Centre for Pharmaceutical Pricing and Reimbursement Policies, Vienna 2011

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