

Sweden: Value for money from a societal perspective

The main purpose of the Swedish reimbursement system is to extract as much value as possible for every tax crown allocated to pharmaceuticals. Cost-effectiveness is analysed from a broad societal perspective.

This means that all relevant costs and revenues for treatment and ill health are considered, regardless of who pays or benefits – be they state, county council, municipality or patient. The broad societal approach to cost-effectiveness analysis used in Sweden differs from some other national systems which also use pharmaco-economics in decision-making. In these systems a narrower approach is applied, taking into account e.g. only costs and revenues which occur in the healthcare sector.

Three criteria decide reimbursement

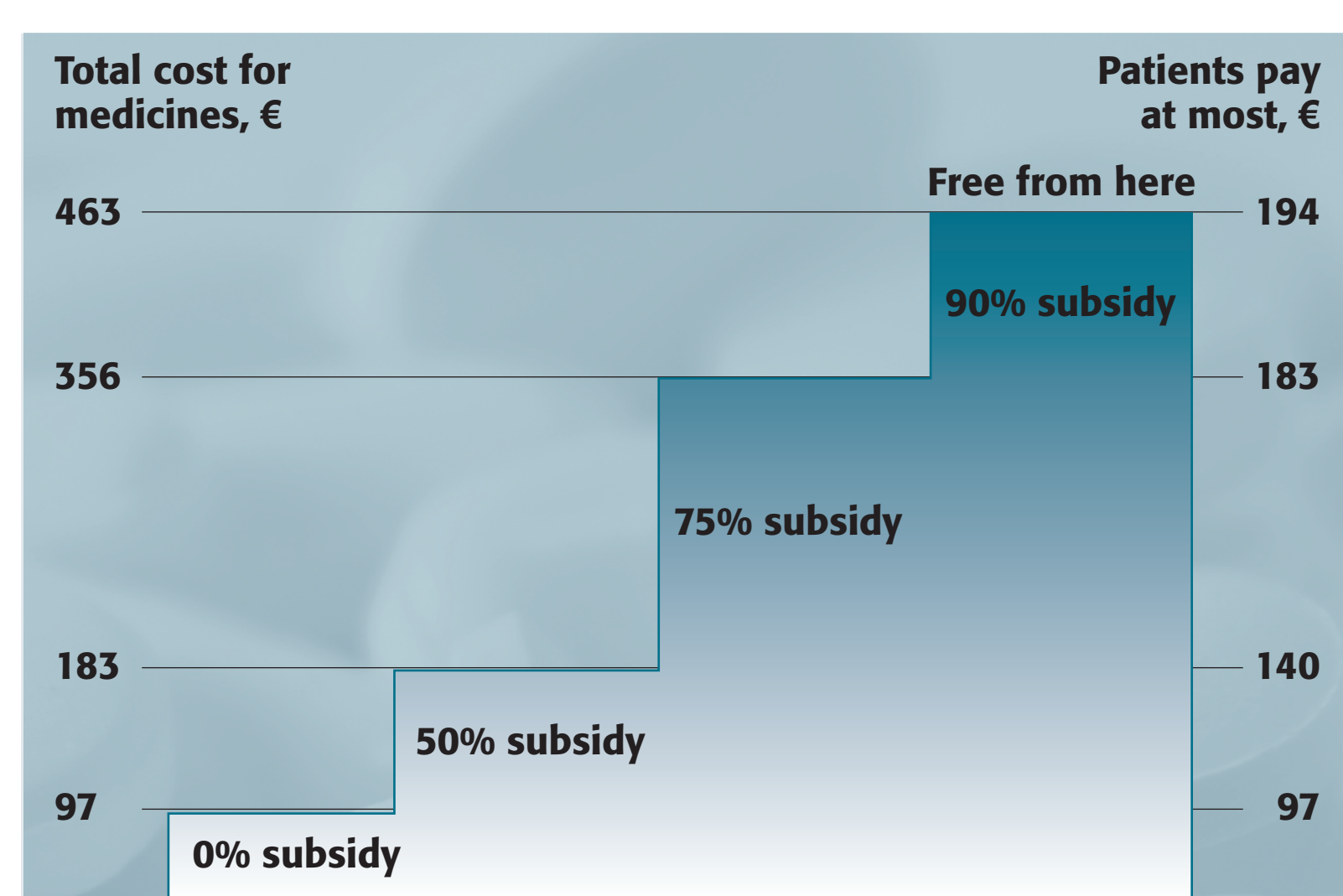
Reimbursement decisions on pharmaceuticals used in out-patient care are made by a government authority called the LFN (Pharmaceutical Benefits Board). Three criteria are considered and weighed together by the LFN when making its decision:

- *The human value principle*; which underlines the respect for equality of all human beings and the integrity of every individual.
- *The need and solidarity principle*; which says that people with more severe diseases are prioritised over people with less severe conditions.
- *The cost-effectiveness principle*; which states that the cost for using a medicine should be reasonable from a medical, humanitarian and socio-economic perspective.

Consumption-based reimbursement

Patients in Sweden are protected from high costs of pharmaceuticals. A patient pays the full price for reimbursed medicines up to about € 97. Then he or she obtains different amounts of cost reductions in additional costs. In total patients pay a maximum of about €194 during a year.

Figure 1 Co-payment by patients

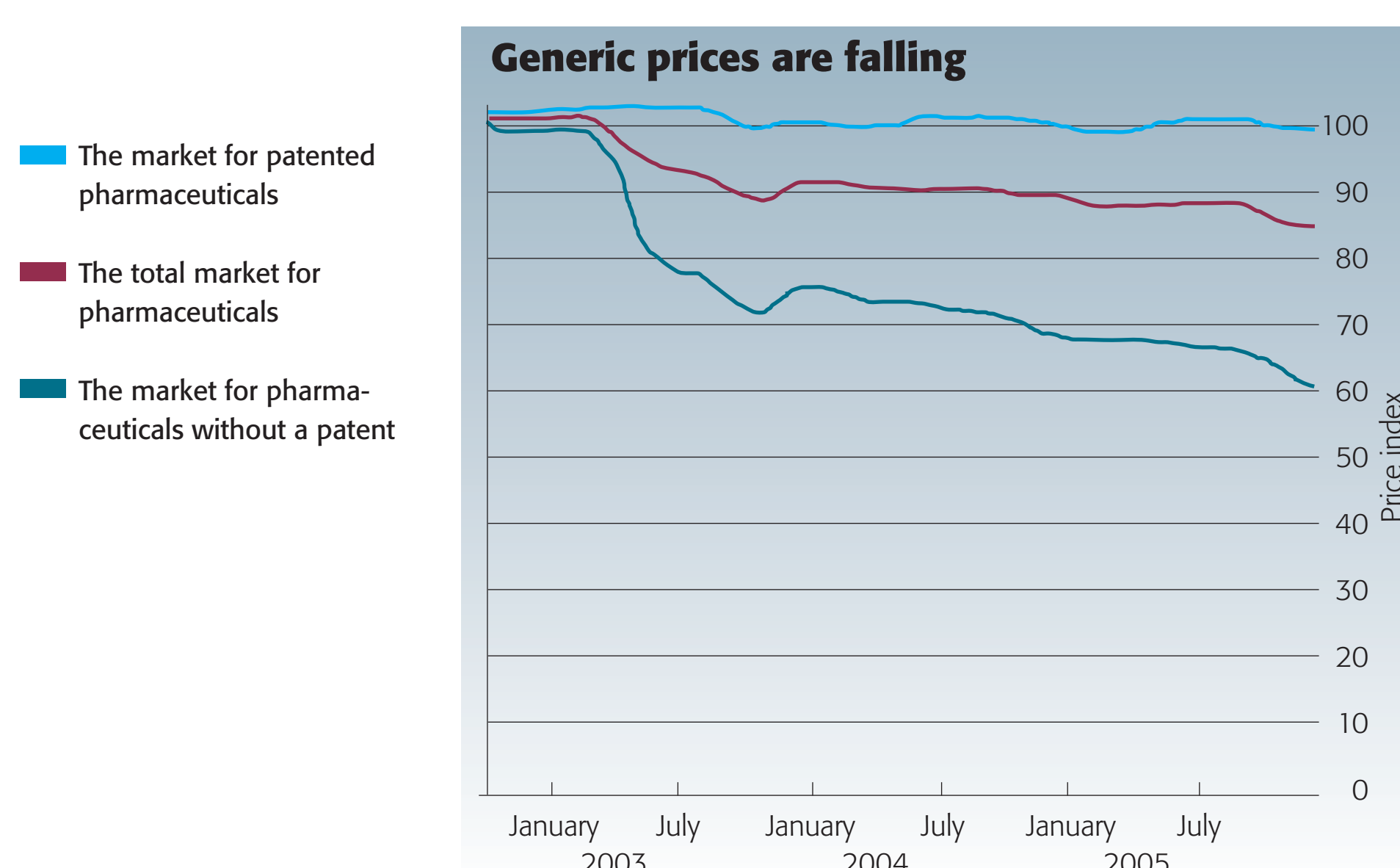


Generic substitution saved € 760 million

An important feature of the Swedish reimbursement system is generic substitution, which was introduced in October 2002. Since then market prices for generic pharmaceuticals have fallen by approximately 40 percent. In other words, patients and taxpayers pay a price that is 40 percent less today for the same health-effect as in 2002.

As a whole, pharmaceutical prices have dropped by about 15 percent after the introduction of generic substitution. The accumulated savings in the pharmaceutical budget have been almost € 760 million.

Figure 2 Price index for pharmaceuticals



For further information please contact: Mr Thord Redman, coordinator, E-mail: thord.redman@lfn.se, Phone: +46 8 568 420 64