

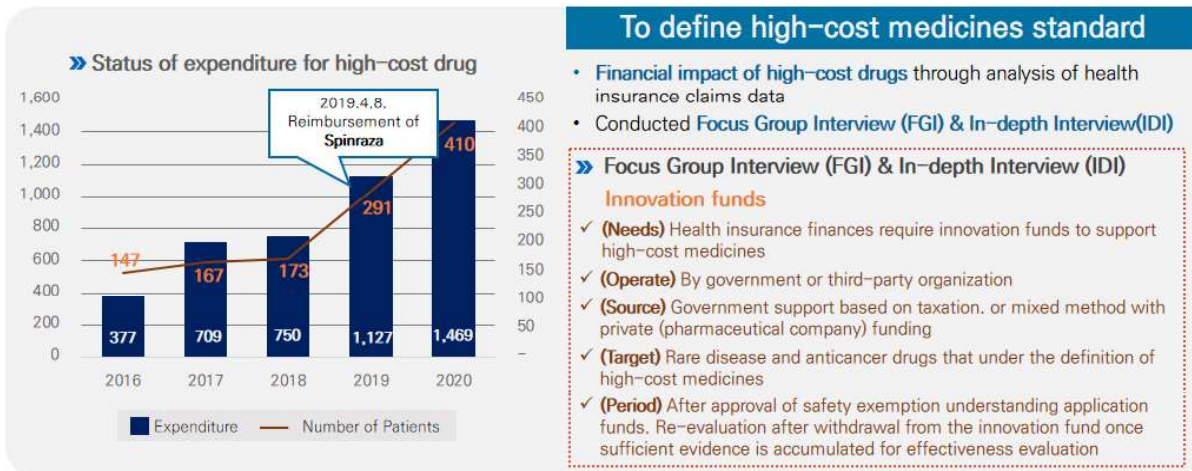
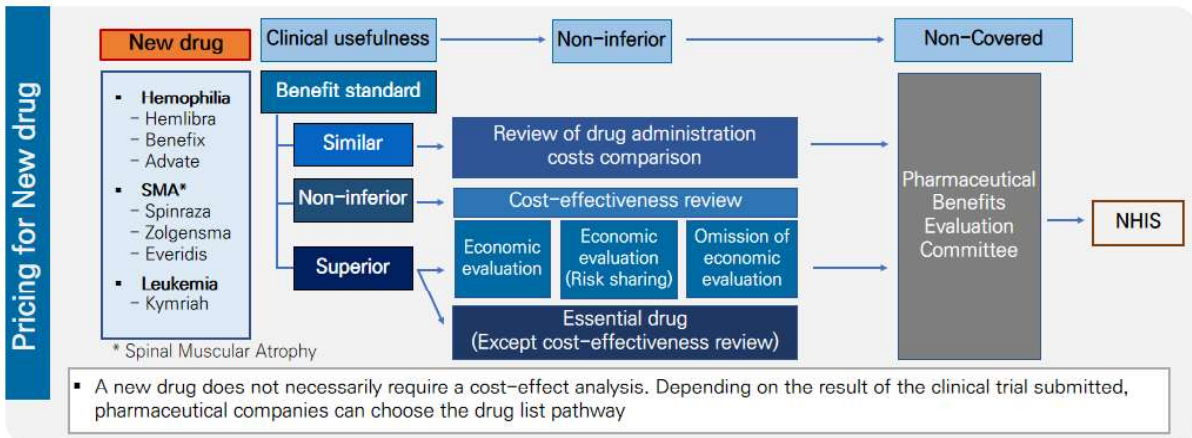
# Republic of KOREA

Health Insurance Review & Assessment Service (HIRA)

Yujeong Kim (cmind96@hira.or.kr)

## Review of definition of the High-cost Medicines for Pharmaceutical Spending Management in South Korea

- Total population: 51,628,117 (2022)
- GDP per capita: \$32,422 (2022)
- Organisation of the health care sector: HIRA, NHI
- Health expenditure per capita: 4,289 USD (PPP) (2021)
- Pharmaceutical expenditure per capita: 803 USD (PPP) (2021)



- ### To define high-cost medicines standard
- Financial impact of high-cost drugs through analysis of health insurance claims data
  - Conducted Focus Group Interview (FGI) & In-depth Interview (IDI)
- » Focus Group Interview (FGI) & In-depth Interview (IDI)**
- Innovation funds**
- ✓ **(Needs)** Health insurance finances require innovation funds to support high-cost medicines
  - ✓ **(Operate)** By government or third-party organization
  - ✓ **(Source)** Government support based on taxation, or mixed method with private (pharmaceutical company) funding
  - ✓ **(Target)** Rare disease and anticancer drugs that under the definition of high-cost medicines
  - ✓ **(Period)** After approval of safety exemption understanding application funds. Re-evaluation after withdrawal from the innovation fund once sufficient evidence is accumulated for effectiveness evaluation

### Expenditure of high-cost medicines

**» Annual drug cost per person** \* 1USD=1,000KRW

Class	\$10,000~\$30,000	\$30,000~\$50,000	\$50,000~\$100,000	\$100,000~\$300,000	\$300,000
Drug	56(52.2)	13(12.1)	11(10.3)	13(12.1)	14(13.1)
Medical Device	73(92.4)	4(51.)	1(1.3)	1(1.3)	-

**» Number of drugs by expenditure and financial impact (%)**

Class (1USD=1,000KRW)	N of items	N of patients	Total expenditure	Percent (%)
Over \$300,000	15	478	\$145,108,958	0.6
Over \$100,000	41	1,721	\$297,129,954	1.2
Over \$50,000	64	5,561	\$467,184,930	2.0

### Definition of high-cost medicines

**High-Cost Drug**

NHI Positive List Prior Approval System

Financial & performance based MEA mixed Economic Evaluation omission (grace)

Annual billing amount of more than \$100,000 (Approximately \$94,000) or 1.5 times GDP