

PPRI Glossary of Pharmaceutical Terms Update 2025



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This report contributes to the implementation of the 2030 Agenda for Sustainable Development, in particular to Sustainable Development Goal (SDG) 3 “good health and well-being” and its target 3.8 “Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all”.

About this Glossary

Rationale and history

A common **understanding and clarity** of terminology are crucial. People providing and receiving information – no matter if they are experts or lay persons – need to understand underlying concepts, terms and notions.

Since the establishment of the Pharmaceutical Pricing and Reimbursement Information (PPRI) network, we have been observing potential misunderstandings due to a lack of clarity in the communication and definitions of key terminology. This motivated us to work on **strengthening the accuracy and clarity of terminology** in pharmaceutical policy.

During the last two decades, we conducted several activities regarding terminology:

- In 2006, the **first version of the PPRI Glossary** was drafted, revised after consultation with PPRI network members, and published.
- A major revision was conducted in 2010 and incorporated pharmaceutical policy-related terms that are of relevance for the inpatient sector (so-called Pharmaceutical Health Information System (**PHIS**) **Glossary**)¹.
- Terms and definitions have been **disseminated** on our website, in publications and through capacity-building activities.
- The terms and definitions included in the PPRI Glossary are constantly monitored and – where needed – **revised**. This has been supported by comments provided by experts. Policy developments resulted in the inclusion of new terms.
- Selected terms and definitions were **translated into languages other than English**, including German, Spanish, Dutch and Russian.
- **Thematic glossaries** were developed and published, such as a glossary on medical devices, public procurement, and biosimilar medicines.

The 2025 update of the Glossary

To account for regular updates, the Glossary of Pharmaceutical Terms is available **in an online searchable version**, accessible at: ppri.goeg.at/ppri-glossary. The online glossary includes terms and definitions in English and other languages.

Concise **summary documents** that take stock of key terms defined at a specific point in time, as well as thematic glossaries and glossaries in different languages, were published at the same website, accessible at: ppri.goeg.at/ppri-glossary.

¹ Pharmaceutical Health Information System (PHIS) was a project (2008-2011), that had a specific research focus on pharmaceutical policies in the inpatient sector. It was a learning from the initial phases of the PPRI project that inpatient pharmaceutical policy had been under-researched.

The present **PPRI Glossary of Pharmaceutical Terms 2025 Update** offers a consolidated repository of definitions for major pharmaceutical terms in English language. It has been built on other glossaries and publications (as indicated in the column "source") and has been adapted and updated through consultation processes with colleagues of the authors' Department, PPRI network members and further experts. Several definitions, in particular relating to pharmaceutical policies, were developed by the PPRI Secretariat (indicated as "source: PPRI"). Their accuracy and feasibility were validated in research, policy-advice and capacity-building activities and frequently also resulted in revision and optimisation of previously developed definitions.

We acknowledge that this version of the glossary – as of any glossary – is and will always only represent work-in-progress. Thus, we **invite** interested readers to offer **comments**, make suggestions for changes and propose new terms.

Contact details for any queries, comments, suggestions for adaptations, deletions and additions:

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How the PPRI Glossary supports policy-making

The production of this Glossary, as well as further terminology work as described above, was developed by experts of the Pharmacoeconomics Department of Gesundheit Österreich GmbH (**GÖG / Austrian National Public Health Institute**), which is the national research and planning institute for health care and a competence and funding centre of health promotion in Austria.

The **Pharmacoeconomics Department** aims to contribute to affordable, equitable and sustainable access to safe, effective and quality essential medicines and medical devices in Austria, Europe and globally. It seeks to achieve this vision by generating and sharing evidence-based expertise and experience in policies, in particular related to pricing and reimbursement of medicines and medical devices. The "Development of glossaries" is explicitly mentioned as one of the tools applied to undertake its mission.² In addition, methodological work on definitions has been included in the respective Terms of Reference of the **WHO Collaborating Centre for Pharmaceutical Pricing and Reimbursement Policies** which the Department has been designated by the World Health Organization (WHO).

A long-term flagship initiative of the Department is **Pharmaceutical Pricing and Reimbursement Information (PPRI)** which relates to networks of public authorities for pricing and reimbursement of medicines and medical devices, as well as to the activities done by the Pharmacoeconomics Department which established and coordinates the PPRI networks and serves as PPRI Secretariat.

² ppri.goeg.at/vision_mission

PPRI started as a research project in 2005. Twenty years later the global PPRI network comprises **public authorities** and payers from 50 countries (mainly European countries, including all 27 EU Member States and European and international institutions such as European Commission services and agencies, the Organisation for Economic Co-operation and Development, and WHO (Headquarters and Regional Office for Europe)). This has been complemented by a sub-group on medical devices launched in 2018, and initiatives for regional networks (e.g., a pilot on a regional PPRI Africa network was launched in 2025).³

PPRI offers a platform for an **exchange about the experiences related to policy implementation** between PPRI network members. Since its establishment, it has been **surveying, monitoring and analysing pharmaceutical policies** across countries.

Terminology work is an important activity to mainstream and support the collection, exchange and dissemination of information among PPRI network members and beyond. We are committed to continue supporting policymakers and experts by enhancing clarity in pharmaceutical policy; this 2025 Update of the PPRI Glossary of Pharmaceutical Terms aims to serve as one supportive tool to do so.

³ ppri.goeg.at/PPRI_networks

Acknowledgements

We sincerely thank all those persons who contributed to the development of this glossary through the definition and revision of terms and their suggestions for new terms, changes and deletions. Since this glossary looks back on a history of nearly 20 years, several people in the PPRI network and beyond have contributed to the current version of the glossary.

Overview of definitions

An alphabetical overview enables the search for definitions in this glossary. All included definitions are linked in the table below.

Access
Access with evidence development (AED)
Active ingredient
Adaptive licensing
Adherence
Advanced therapy medicinal product
Adverse reaction
Affordability
Analogous substitution
Anatomical, therapeutic, chemical classification
Auction
Authority
Award criterion
Batch
Bioequivalence
Biological marker
Biological
Biosimilar
Biosimilar price link
Biosimilar substitution
Branch pharmacy
Brand name
Budget impact
Budget impact analysis
Bundling
Capitation
Carriage and insurance packaging
Catchment area
Central purchasing body
Claw-back
Clinical pharmacology
Clinical trial
Co-insurance
Combination product

Community pharmacy
Competitive pricing
Compounding
Conditional coverage
Conditional marketing authorisation
Consumption
Consumption-based reimbursement
Container
Continuity of care
Co-payment
Cost, insurance and freight
Cost-benefit analysis
Cost-containment
Cost-effectiveness
Cost-effectiveness analysis
Cost-free medicine
Cost-plus pricing
Cost-sharing and/or risk sharing
Conterfeit medicine
Coverage
Coverage with evidence development
Data exclusivity
Deductible
Defined daily dose
Delinkage
De-listing
Delivery chain
Demand
Demand side measures
Diagnosis related groups
Differential pricing
Direct payments
Discount
Disease-specific reimbursement
Disinvestment

Dispense
Dispensing doctors
Dispensing fee
Distance selling
Distribution
Distribution actors
Distribution remuneration
Drug utilisation research
Duty
Early awareness and alert (EAA) system
Effectiveness
Efficacy
Efficiency
e-procurement
Equity
Essential medicines
Evidence Based Medicine
Excipient
Ex-factory price
Extemporaneous dispensing
External price referencing
Fee-for service
Fixed co-payment
Fixed dose combination product
Forecasting
Framework agreement
Free pricing
Full-line wholesale
Gain-sharing
Gatekeeper
Generic
Generic market share
Generic policies
Generic price link
Generic substitution
Global budgeting
Good distribution practices
Good manufacturing practices
Gross domestic product
Guideline

Health care provider
Health expenditure
Health technology
Health technology assessment
Herfindahl Hirschman Index
Herbal preparations
Horizon scanning
Hospital pharmaceutical formulary
Hospital pharmacist
Hospital pharmacy
Hospital price
Hospital purchasing body
Hospital-only medicine
Human medicine
Indication based pricing
Informal payments
Inpatient sector
Interchangeable medicine
Interface management
Internal price referencing
International non-proprietary name pre- scribing
Internet pharmacy
Lifecycle management
List price
Loss of exclusivity
Magistral formula
Managed entry agreement
Manufacturer
Margin
Marginal cost
Market player
Marketing authorisation holder
Marketing authorisation under exceptional circumstances
Marketing authorisation
Market exclusivity
Mark-up
Maximum price
Medical device

Medication error
Medication reconciliation
Medication shortage
Medicine
Me-too medicine
Mono preparation
Multi-award procedure
Multi-channel system
Multi-source medicine
National health service
Negative list
Net price
New molecular entity
Non-reimbursable medicine
Official formula
Off-label prescribing
Off-patent medicine
Only in research
Only with research
On-patent medicine
Original product
Orphan medicine
Outcomes guarantees
Out-of pocket payments
Outpatient
Outpatient care
Outpatient clinics
Outpatient department
Outpatient sector
Over prescribing
Over-the-counter medicine
Parallel trade
Paramedicine
Patent
Patent expiry
Patient registry
Pay-back
Percentage co-payment
Performance based agreement

Performance based health outcome reimbursement schemes
Performance-linked reimbursement
Peri-launch activity
Pharmaceutical and therapeutic committee
Pharmaceutical budget
Pharmaceutical care
Pharmaceutical depot
Pharmaceutical equivalence
Pharmaceutical expenditure
Pharmaceutical form
Pharmaceutical promotion
Pharmaceutical provision
Pharmaceutical research
Pharmaceutical sample
Pharmaceutical services
Pharmaceutical system
Pharmacist
Pharmacoeconomic evaluation
Pharmacological class
Pharmacopoeia
Pharmacovigilance
Pharmacy
Pharmacy chain
Pharmacy outlet
Pharmacy purchasing price
Pharmacy retail price
Pharmacy tax
Pharmacy-only medicine
Policies (Policy measures)
Policy maker
Polypharmacy
Polypill
Population-group-specific reimbursement
Positive list
Post-launch activity
Pre-launch activity
Prescription
Prescription fee
Prescription guidelines

Prescription monitoring
Prescription- only medicine
Prescribing quota
Prescription status
Prescription-only medicines dispensary
Price
Price analysis
Price cap
Price comparison
Price components
Price control
Price cut
Price freeze
Price negotiation
Price notification
Price review
Price study
Price survey
Price type
Price-oriented remuneration
Price-volume agreement
Pricing
Pricing committee
Pricing policies
Private pharmaceutical expenses
Private sector
Procured / tendered price
Procurement
Procurement agency
Procurement procedures
Procurement techniques
Product-specific reimbursement
Profit control
Public sector
Purchaser's price
Purchasing committee
Purchasing power parities
Quality-adjusted life years
Rational use of medicines
Real-World Evidence Data

Rebate
Recall
Reference group
Reference price
Reference price system
Reference product
Reimbursable medicine
Reimbursement
Reimbursement list
Reimbursement market
Reimbursement price
Reimbursement process
Reimbursement policy
Reimbursement rate
Reimbursement review
Reimbursement scheme
Reimbursement status
Remuneration
Retailer
Risk-sharing scheme
Seamless care
Self-medication
Short-line wholesale
Sickness fund
Single-channel system
Single-source medicine
Social health insurance
Stakeholder
Statutory pricing
Stock-taking
Storage
Subscription model
Supplementary protection certificate
Supplier
Supply
Supply side measures
Surrogate endpoint
Sustainability
Switch
Taxation

Tendering
Therapeutic benefit
Therapeutic equivalence
Therapeutic group
Therapeutic referencing
Third party payer
Traceability
Unit price
Value added tax

Value based pricing
Value for money
Volume control
Voluntary health insurance
Vulnerable
Wholesale
Wholesale outlet
Wholesaler
Winner-takes-it-all procedure

Glossary of pharmaceutical terms

Access	Source
The patient's ability to obtain medical care, including medicines, and a measure of the proportion of a population that reaches appropriate health services, including medication.	WHO Centre for Health Development 2004
Last update: 16 April 2025	
Access with evidence development (AED)	Source
Initiative in which a payer provides temporary or interim funding for a particular technology or service to facilitate the collection of information needed to reduce specific uncertainties around a coverage decision.	PPRI
Last update: 16 April 2025	
Active ingredient	Source
Any substance, or mixture of substances, used in the manufacture of a medicine that is responsible for the intended activity of a medicine <i>Synonym:</i> active pharmaceutical ingredient (API), active substance	adapted from: EMA 2025a & EMA 2025b
Last update: 16 April 2025	
Adaptive licensing	Source
A prospectively planned process, starting with the early authorization of a medicine in a restricted patient population, followed by iterative phases of evidence gathering and adaptations of the marketing authorization to expand access to the medicine to broader patient populations. As a holistic approach, adaptive licensing requires the involvement of all stakeholders who have a role in determining patient access, including the European Medicines Agency, the industry, health technology assessment (HTA) bodies, organisations issuing clinical treatment guidelines and patient organisations	PPRI
Last update: 16 April 2025	
Adherence	Source
Adherence to long term therapy is defined as the extent to which a person's behaviour – taking medication, following a diet, and/or executing lifestyle changes, corresponds with agreed recommendations from a health care provider.	WHO 2003
Last update: 16 April 2025	

Advanced therapy medicinal product	Source
<p>Advanced therapy medicinal products are based on manufacturing processes focused on various gene transfer-produced bio-molecules, and/or biologically advanced therapeutic modified cells as active substances or part of active substances. They include:</p> <p>Gene therapy medicinal product: a product obtained through a set of manufacturing processes aimed at the transfer, to be performed either in vivo or ex vivo, of a prophylactic, diagnostic or therapeutic gene (i.e. a piece of nucleic acid), to human/animal cells and its subsequent expression in vivo. The gene transfer involves an expression system contained in a delivery system known as a vector, which can be of viral, as well as non-viral origin. The vector can also be included in a human or animal cell.</p> <p>Somatic cell therapy medicinal product: it means the use in humans of autologous (emanating from the patient himself), allogeneic (coming from another human being) or xenogeneic (coming from animals) somatic living cells, the biological characteristics of which have been substantially altered as a result of their manipulation to obtain a therapeutic, diagnostic or preventive effect through metabolic, pharmacological and immunological means.</p> <p>Somatic cell therapy medicinal products include:</p> <ul style="list-style-type: none"> - Cells manipulated to modify their immunological, metabolic or other functional properties in qualitative or quantitative aspects; - Cells sorted, selected and manipulated and subsequently undergoing a manufacturing process in order to obtain the finished medicinal product; - Cells manipulated and combined with non-cellular components (e.g. biological or inert matrixes or medical devices) and exerting the principle intended action in the finished product; - Autologous cell derivatives expressed in vitro under specific culture conditions; - Cells genetically modified or otherwise manipulated to express previously unexpressed homologous or non-homologous functional properties. <p>Tissue engineered product: it is a product that contains or consists of engineered cells or tissues, and is presented as having properties for, or is used in or administered to human beings with a view to regenerating, repairing or replacing a human tissue.</p> <p>A tissue engineered product may contain cells or tissues of human or animal origin, or both. The cells or tissues may be viable or non-viable. It may also contain additional substances, such as cellular products, bio-molecules, biomaterials, chemical substances, scaffolds or matrices.</p> <p>Products containing or consisting exclusively of non-viable human or animal cells and/or tissues, which do not contain any viable cells or tissues and which do not act principally by pharmacological, immunological or metabolic action, shall be excluded from this definition.</p>	Regulation (EC) No 1394/2007

Last update: 16 April 2025

Adverse reaction	Source
A response to a medicinal product which is noxious and unintended and which occurs at doses normally used in man for the prophylaxis, diagnosis or therapy of disease or for the restoration, correction or modification of physiological function.	Directive 2001/83/EC

Last update: 16 April 2025

Affordability	Source
The extent to which medicines and further health care products are available to the people who need them at a price they / their health system can pay.	adapted from: WHO 2007

Last update: 16 April 2025

Analogous substitution	Source
Dispensation of a medicine (often generic) by the pharmacist with a different active ingredient (or combination product) but the same therapeutic effect instead of the product prescribed by the physician. Cf. also generic substitution.	PPRI
Last update: 16 April 2025	
Anatomical, therapeutic, chemical classification	Source
A classification system of medicines where the active ingredients are divided into different groups according to the organ or system on which they act and their chemical, pharmacological and therapeutic properties. Medicines are classified on 5 specified levels (ATC 1, ATC 2, ATC 3, ATC 4 and ATC 5) of which the first level divides medicines into fourteen main anatomical or pharmacological groups. ATC 2 specifies the therapeutic subgroups (e.g. medicines used in diabetes). ATC 3 and 4 indicate the pharmacological and chemical subgroup, respectively (e.g. oral blood glucose lowering medicines and biguanides, respectively) and ATC 5 is the chemical active substance (e.g. metformin).	adapted from: WHO Collaborating Centre for Drug Statistics Methodology 2025
Last update: 16 April 2025	
Auction	Source
A system where potential buyers place competitive bids on assets and services. The asset or service in question will sell to the party that places the highest bid. In the case of the medicine procurement by public authorities, the bid will be given to the supplier that offered the lowest price.	PPRI
Last update: 22 October 2021	
Authority	Source
Government entities responsible for designing the regulatory framework and implementing policies (e.g. ministries, public agencies). In the European context the term 'competent authority' is frequently used.	PPRI
Last update: 16 April 2025	
Award criterion	Source
In procurement, award criterion means the criterion that the purchaser (contracting authority) uses to select the winning tender. Several award criteria may be used simultaneously, in which case the relative weighting of each should be indicated by the contracting authority. In EU public procurement law, a contract for purchasing goods and services shall be awarded to the "Most Economically Advantageous Tender" (MEAT). MEAT means the principle that award criteria specified by the purchaser (contracting authority) should go beyond price as the sole criterion and take into account relevant qualitative, environmental and/or social aspects.	PPRI
Last update: 25 March 2022	

Batch	Source
A specific quantity of material produced in a process or series of processes so that it is expected to be homogeneous within specified limits. In the case of continuous production, a batch may correspond to a defined fraction of the production. The batch size can be defined either by a fixed quantity or by the amount produced in a fixed time interval.	adapted from: EMA 2023
Last update: 16 April 2025	
Bioequivalence	Source
Medicines are considered bioequivalent if they are pharmaceutically equivalent or pharmaceutical alternatives and if their bioavailabilities after administration in the same molar dose are similar to such degree that their effects, with respect to both efficacy and safety, will be essentially the same.	EMA 2000
Last update: 16 April 2025	
Biological marker	Source
<p>A characteristic that is objectively measured and evaluated as an indicator of normal biological processes, pathogenic processes, or pharmacologic responses to a therapeutic intervention.</p> <p>Biomarkers may have the greatest value in early efficacy and safety evaluations such as in vitro studies in tissue samples, in vivo studies in animal models, and early-phase clinical trials to establish "proof of concept."</p> <p>Biomarkers have many other valuable applications in disease detection and monitoring of health status. These applications include the following:</p> <ul style="list-style-type: none"> - use as a diagnostic tool for the identification of those patients with a disease or abnormal condition (e.g., elevated blood glucose concentration for the diagnosis of diabetes mellitus) - use as a tool for staging of disease (e.g., measurements of carcinoembryonic antigen-125 for various cancers) or classification of the extent of disease (e.g., prostate-specific antigen concentration in blood used to reflect extent of tumour growth and metastasis) - use as an indicator of disease prognosis (e.g., anatomic measurement of tumour shrinkage of certain cancers) - use for prediction and monitoring of clinical response to an intervention (e.g., blood cholesterol concentrations for determination of the risk of heart disease). 	Biomarkers Definitions Working Group 2001
Last update: 16 April 2025	

Biological medicine	Source
<p>A medicine that contains one or more active biological substances. A biological substance is produced by or extracted from a biological source and needs for its characterisation and the determination of its quality a combination of physico-chemical-biological testing, together with the production process and its control.</p> <p>The following shall be considered as biological medicines</p> <ul style="list-style-type: none"> » immunological medicines and medicines derived from human blood and human plasma » products developed by means of one of the following biotechnological processes: recombinant DNA technology, controlled expression of genes coding for biologically active proteins in prokaryotes and eukaryotes including transformed mammalian cells, hybridoma and monoclonal antibody methods » advanced therapy medicines. <p>Examples include proteins such as hormones (growth hormones, insulins, erythropoietins), enzymes that are naturally produced in the human body, or monoclonal antibodies, but also blood products, immunological medicinal products such as sera and vaccines, allergens, and advanced technology products such as gene and cell therapy products. Like all medicines, biological medicines work by interacting with the body to produce a therapeutic outcome, but the mechanisms by which they do this may vary from product to product and across indications. Biopharmaceuticals can be tailor-made to fit the desired target. Therefore the role of the physicians in treatment of patients with these complex medicinal products is particularly important. This definition only refers to biotechnology-derived medicines which, since 1995, must be assessed centrally by the European Medicines Agency (EMA) and in case of a positive scientific opinion adopted by the scientific committee, are subject to a formal decision process for marketing by the European Commission.</p>	Directive 2001/83/EC

Last update: 16 April 2025

Biosimilar	Source
<p>A biological medicine that is developed to be similar to an existing biological medicine (the 'reference medicine'). Biosimilar medicines can only be marketed following the expiry of the patent and any further intellectual property rights (e.g., the Supplementary Protection Certificate) as well as loss of exclusivity (e.g. data exclusivity) of the reference medicine.</p> <p>Biosimilars are not the same as generics, which have simpler chemical structures and are considered to be identical to their reference medicines.</p> <p>The active substance of a biosimilar and its reference medicine is essentially the same biological substance, though there may be minor differences due to their complex nature and production methods. Like the reference medicine, the biosimilar has a degree of natural variability.</p>	PPRI

Last update: 5 September 2021

Biosimilar price link	Source
<p>Practice of setting the price of a biosimilar medicine, in relationship to the reference medicine price, usually at a certain percentage lower than the reference medicine price. The design of the price link policy may vary, with different percentages for the different following biosimilar products (first follower coming to the market, second follower, etc.), and in some cases the prices of reference medicines might also be part of the policy, i.e. that they will also be required to decrease.</p>	PPRI

Last update: 16 April 2025

Biosimilar substitution	Source
Practice of dispensing a biosimilar medicine instead of the prescribed equivalent and interchangeable biosimilar or biological originator medicine at the pharmacy level, usually without consulting the prescriber (automatic substitution).	PPRI
Last update: 16 April 2025	
Branch pharmacy	Source
A branch pharmacy is attached to a pharmacy and is operated under its supervision. The branch pharmacy has its own independent premises and professionally qualified staff. Branch pharmacies may retail the same products as the pharmacy and may also dispense prescription medicines. Branch pharmacies (or a limited number of branch pharmacies) may be allowed even in countries where pharmacy chains are forbidden.	adapted from: Association of Danish Pharmacies 2025
Last update: 16 April 2025	
Brand name	Source
Name given for marketing purposes to any ready-prepared medicine placed on the market under a special name and in a special pack. A brand name may be a protected trademark.	PPRI
Last update: 16 April 2025	
Budget impact	Source
A budget is an estimate of revenue and expenditure for a specified period. Budget impact refers to the total costs that pharmaceutical reimbursement and use entail with respect to one part of the health care system, pharmaceutical care, or to the entire health care system, taking into account the possible reallocation of resources across budgets or sectors of the health care system.	PPRI
Last update: 16 April 2025	
Budget impact analysis	Source
<p>Budget Impact Analysis is an essential part of a comprehensive economic assessment of a health care technology and is increasingly required, along with cost-effectiveness analysis (CEA), prior to formulary approval or reimbursement.</p> <p>The purpose of a BIA is to estimate the financial consequences of adoption and diffusion of a new health care intervention within a specific health care setting or system context given inevitable resource constraints. In particular, a BIA predicts how a change in the mix of medicines and other therapies used to treat a particular health condition will impact the trajectory of spending on that condition.</p> <p>Users of BIA include those who manage and plan for health care budgets such as administrators of national or regional health care programs, administrators of private insurance plans, administrators of health care delivery organisations and employers who pay for employee health benefits.</p> <p>BIA should be viewed as complementary to cost-effectiveness analysis (CEA), not as a variant or replacement. Whereas, CEA evaluates the costs and outcomes of alternative technologies over a specified time horizon to estimate their economic efficiency, BIA addresses the financial stream of consequences related to the uptake and diffusion of technologies to assess their affordability.</p>	Mauskopf et al. 2007
Last update: 16 April 2025	

Bundling	Source
Bundling is a marketing strategy that involves offering several products for sale as one combined product.	PPRI
Last update: 16 April 2025	

Capitation	Source
<p>Strictly speaking, the term "capitation" refers only to a payment mechanism - paying a provider a specific sum of money for the ongoing care of a person or group of people for a particular period of time.</p> <p>The sum is set in advance of the actual period of service, and it therefore represents a prediction, or at least an agreed-on estimate, of the amount of money that will be required to provide that care.</p> <p>Technically, a contract based on capitation can include or exclude almost any health service. One can provide payment on a capitated basis, for example, for only primary care visits, for primary care visits and associated laboratory tests, or for only referrals to specialists. Mental health care can be covered. So can specialty services or surgery, whether or not primary care is included.</p> <p>The rate may be adjusted for the age, gender and other health characteristics of the population, based on actuarial projections of medical utilisation (Risk-adjusted capitation).</p>	adapted from: Berwick 1996
Last update: 16 April 2025	

Carriage and insurance packaging	Source
A type of price quotation, indicating the delivery of goods including cargo insurance to the named place of destination at seller's expense. In an export the quotation indicates the place of destination (discharge) after the acronym CIP, for example CIP Athens.	PPRI
Last update: 16 April 2025	

Catchment area	Source
A geographic area defined and served by a health program or institution such as a hospital or community mental health centre, which is delineated on the basis of such factors as population distribution, natural geographic boundaries, and transportation accessibility. By definition all residents of the area needing the services of the program are usually eligible for them, although eligibility may also depend on additional criteria.	WHO Centre for Health Development 2004
Last update: 16 April 2025	

Central purchasing body	Source
<p>A central purchasing body (CPB) is a purchaser (contracting authority) providing centralised purchasing services to one or more contracting authorities, including purchasing goods and services, awarding public contracts, and concluding framework agreements, as well as ancillary services such as managing procurement projects and providing advice. A central purchasing body is therefore responsible for the centralised procurement of medicines (CPM). However, central purchasing bodies can also provide services to individual contracting authorities, offering expertise in procurement methods and knowledge of the market.</p> <p>Central purchasing bodies typically exist at the central government level but may also exist at regional level.</p>	PPRI
Last update: 16 April 2025	

Claw-back	Source
A policy where funds already paid by public payers to pharmaceutical companies, wholesalers or pharmacists have to be paid back to the third party payers under certain conditions (e.g. if a certain threshold is exceeded).	PPRI
Last update: 19 October 2021	
Clinical pharmacology	Source
The study of the effects of the pharmaceutical in humans.	Strom &Kimmel 2021
Last update: 16 April 2025	
Clinical trial	Source
<p>Any investigation in human subjects intended to discover or verify the clinical, pharmacological and/or other pharmacodynamic effects of an investigational product(s), and/or to identify any adverse reactions to an investigational product(s), and/or to study absorption, distribution, metabolism, and excretion of an investigational product(s) with the object of ascertaining its safety and/or efficacy.</p> <p>The terms clinical trial and clinical study are synonymous.</p> <p>Clinical trials are generally divided into Phases I-IV. It is not possible to draw clear distinctions between these phases, and different opinions about details and methodology do exist. However, the individual phases, based on their purposes as related to the clinical development of pharmaceutical products, can be briefly defined as follows:</p> <p>Phase I. These are the first trials of a new active ingredient or new formulations in humans, often carried out in healthy volunteers. Their purpose is to make a preliminary evaluation of safety, and an initial pharmacokinetic/ pharmacodynamic profile of the active ingredient.</p> <p>Phase II. The purpose of these therapeutic pilot studies is to determine activity and to assess the short-term safety of the active ingredient in patients suffering from a disease or condition for which it is intended. The trials are preformed in a limited number of subjects and are often, at a later stage, of a comparative (e.g. placebo-controlled) design. This phase is also concerned with the determination of appropriate dose ranges/ regimens and (if possible) the clarification of dose-response relationships in order to provide an optimal background for the design of extensive therapeutic trials.</p> <p>Phase III. This phase involves trials in large (and possibly varied) patient groups for the purpose of determining the short- and long-term safety-efficacy balance of formulation(s) of the active ingredient, and assessing its overall and relative therapeutic value. The pattern and profile of any frequent adverse reactions must be investigated, and special features of the product must be explored (e.g. clinically relevant drug interactions, factors leading to differences in effect, such as age). The trials should preferably be randomized double-blind, but other designs may be acceptable, e.g. long-term safety studies. In general, the conditions under which the trials are conducted should be as close as possible to the normal conditions of use.</p> <p>Phase IV. In this phase studies are performed after the pharmaceutical product has been marketed. They are based on the product characteristics on which the marketing authorization was granted and normally take the form of post-marketing surveillance, and assessment of therapeutic value or treatment strategies. Although methods may differ, the same scientific and ethical standards should apply to Phase IV studies as are applied in premarketing studies. After a product has been placed on the market, clinical trials designed to explore new indications, new methods of administration or new combinations, etc., are normally regarded as trials of new pharmaceutical products.</p> <p>Synonym: Clinical study</p>	EMA 2023
Last update: 16 April 2025	

Co-insurance	Source
Cost-sharing in the form of a set proportion of the cost of a service. Cf. Out-of pocket payments	PPRI
Last update: 16 April 2025	
Combination product	Source
A medicine that contains more than one active ingredient. Cf. fixed dose combination (FDC) product	PPRI
Last update: 16 April 2025	
Community pharmacy	Source
Health care facility dispensing medicines (POM and OTC, reimbursable and non-reimbursable medicines) to outpatients. Pharmacies are subject to pharmacy legislation (e.g. national legislation regarding establishment and ownership of pharmacies). In many countries, community pharmacies are private facilities, but public pharmacies (i.e. in public ownership) also exist. Pharmaceutical provision for inpatients is provided for by hospital pharmacies or pharmaceutical depots; in some cases hospital pharmacies also act as community pharmacies. Cf. hospital pharmacy	PPRI
Last update: 16 April 2025	
Competitive pricing	Source
A pricing policy in which prices are determined through competition of comparable medicines. Prices of the comparator products are a key element to determine the price (price competition) but other features (e.g. quality, supply conditions) can also play a role. Key mechanisms of competitive pricing are tendering and auctions, and tendering-like and auction-like policies.	PPRI
Last update: 21 June 2024	
Compounding	Source
The preparation and supply of a single unit of a product intended for immediate use by a specific consumer. Compounding may provide a solution to the individual's needs, when a medicine is not available, or is unavailable in a form suitable for a particular patient. The reasons why compounding might be needed comprise: different dosage form required, for example liquid form required but only tablets available, ointment required instead of cream; sensitivity/allergy to excipients and preservatives; discontinued or unavailable medicine; different dose or concentration required; different route of administration required; compliance problems, for example palatability. Compounding is also known as extemporaneous dispensing. Cf. extemporaneous dispensing, magistral formula (extemporaneous preparation), officinal formula	PPRI
Last update: 16 April 2025	
Conditional coverage	Source
Schemes where coverage is granted conditional on the initiation of a program of data collection. Cf. managed entry agreements	PPRI
Last update: 16 April 2025	

<p>Conditional marketing authorisation</p> <p>A conditional marketing authorisation may be granted where, although comprehensive clinical data referring to the safety and efficacy of the medicinal product have not been supplied, all the following requirements are met:</p> <p>(a) the risk-benefit balance of the medicinal product is positive;</p> <p>(b) it is likely that the applicant will be in a position to provide the comprehensive clinical data;</p> <p>(c) unmet medical needs will be fulfilled;</p> <p>(d) the benefit to public health of the immediate availability on the market of the medicinal product concerned outweighs the risk inherent in the fact that additional data are still required.</p> <p>In emergency situations, a conditional marketing authorisation may be granted, also where comprehensive pre-clinical or pharmaceutical data have not been supplied.</p> <p>In the context of conditional marketing authorisation 'unmet medical needs' means a condition for which there exists no satisfactory method of diagnosis, prevention or treatment authorised in the Community or, even if such a method exists, in relation to which the medicinal product concerned will be of major therapeutic advantage to those affected.</p>	<p>Source</p> <p>Regulation No 507/2006 of 29 March 2006</p>
Last update: 16 April 2025	
<p>Consumption</p> <p>Use of services and supplies.</p> <p>Consumption in health care is commonly examined in terms of pattern of use of a single service (e.g. number of visits to a doctor per person per year) or type of care (e.g. admissions to the hospital per 1,000 persons in total or over age 65 per year).</p> <p>Consumption of medicines can be measured either in packages (or other units) or in DDD (Defined Daily Doses) within a given time period.</p>	<p>Source</p> <p>PPRI</p>
Last update: 16 April 2025	
<p>Consumption-based reimbursement</p> <p>The level of reimbursement depends on the expenses for medicines of a patient within a certain period of time (increasing reimbursement with rising consumption).</p>	<p>Source</p> <p>PPRI</p>
Last update: 21 June 2024	
<p>Container</p> <p>The material employed in the packaging of a pharmaceutical product. Containers include primary, secondary and transportation containers.</p> <p>Containers are referred to as primary if they are intended to be in direct contact with the product. Secondary containers are not intended to be in direct contact with the product.</p>	<p>Source</p> <p>WHO 2019</p>
Last update: 16 April 2025	
<p>Continuity of care</p> <p>Defined as the degree to which a series of discrete healthcare events is experienced as coherent and connected and consistent with the patient's medical needs and personal context. Cf. interface management, integrated care (comprehensive care, transmurial care), seamless care</p>	<p>Source</p> <p>PPRI</p>
Last update: 16 April 2025	

Co-payment	Source
Patient's contribution towards the expense of a medicine or health service covered by a third party payer (e.g., a public payer). Common types of co-payments for medicines include a percentage of the total expense of the medicine or service (percentage co-payment), as a fixed amount (prescription fee) and a deductible.	PPRI
Last update: 16 April 2025	
Cost, insurance and freight	Source
The cargo insurance and delivery of goods to the named port of destination (discharge) at the seller's expense. Buyer is responsible for the import customs clearance and other costs and risks. In the export quotation, indicate the port of destination (discharge) after the acronym CIF, for example CIF Athens.	PPRI
Last update: 16 April 2025	
Cost-benefit analysis	Source
Compares the cost of a medicinal intervention to its benefit. Both costs and benefits must be measured in the same monetary units (e.g. euro, dollars)	Strom & Kimmel 2021
Last update: 16 April 2025	
Cost-containment	Source
Measures taken to reduce expenditure or the growth rate of expenditure, or the unit cost of services. Cost-containment measures may be targeted to control inefficiencies in consumption, allocation, or production of health care services that contribute to higher than necessary costs. Cost-containment is a word used freely in health care to describe most cost reduction activities by providers. This includes a broad range of cost control mechanisms e.g. limiting budgets, cost-sharing, regulation of supply of services and staff, patients' waiting lists, exclusion of certain groups from entitlement to services, privatisation, and managed competition. Regarding medicines, it may concern the framework of the pricing and reimbursement systems (e.g. price control, reimbursement lists) and subsequent changes (e.g. price freeze/cuts, de-listings).	PPRI
Last update: 16 April 2025	
Cost-effectiveness	Source
Value for money; how well a technology works in relation to how much it costs.	NICE 2025
Last update: 16 April 2025	
Cost-effectiveness analysis	Source
Cost-effectiveness analysis (CEA) is an economic analysis that assesses both the costs and the effects of a health intervention. Costs are measured in monetary units. Effects are measured in units of outcomes experienced such as life year gained (LYG), quality adjusted life of years (QALY) or cases of disease prevented. Whether the outcome of an analysis is cost-effective depends on the cost-effectiveness threshold value. CEA can identify the alternative that, for a given output level, minimises the actual value of costs, or, alternatively, for a given cost, maximises the outcome level.	PPRI
Last update: 16 April 2025	

Cost-free medicine	Source
Cost-free medicines are products which are given to hospitals/hospital pharmacies in the course of the delivery without need for payment (e.g. from wholesaler to hospitals/hospital pharmacies or pharmaceutical company to hospitals/hospital pharmacies).	PPRI
Last update: 16 April 2025	
Cost-plus pricing	Source
Pricing policy that takes into account production costs, promotional expenses, research & development, administration costs, overheads and a profit to determine a price.	PPRI
Last update: 16 April 2025	
Cost-sharing and/or risk sharing	Source
A provision of health insurance or third party payment that requires the individual who is covered to pay part of the cost of health care received. This is distinct from the payment of a health insurance premium, contribution or tax which is paid whether health care is received or not.	OECD 2017
Last update: 16 April 2025	
Counterfeit medicine	Source
The term counterfeit medicine describes a product with a false representation of its identity and/or source. This applies to the product, its container or other packaging or labelling information. Counterfeiting can apply to both branded and generic products. Counterfeits may include products with correct ingredients/components, with wrong ingredients/components, without active ingredients, with incorrect amounts of active ingredients, or with fake packaging. Violations or disputes concerning patents must not be confused with counterfeiting of medicines. Medicines (whether generic or branded) that are not authorised for marketing in a given country but authorised elsewhere are not considered counterfeit. Substandard batches of or quality defects or non-compliance with Good Manufacturing Practices/Good Distribution Practices (GMP/GDP) in legitimate medicines must not be confused with counterfeiting.	adapted from: WHO 2009
Last update: 16 April 2025	
Coverage	Source
A measure of the extent to which the services rendered cover the potential need for those services in the community.	WHO Centre for Health Development 2004
Last update: 16 April 2025	

Coverage with evidence development	Source
A binary coverage decision is conditioned upon the collection of additional population level evidence to support continues, expanded, or withdrawal of coverage. Cf. Managed entry agreements	PPRI
Last update: 16 April 2025	
Data exclusivity	Source
A period from the initial authorisation of a medicine during which the marketing authorisation holder benefits from the exclusive rights to the results of preclinical tests and clinical trials on the medicine. After this period, the marketing authorisation holder is obliged to release this information to companies wishing to develop generic versions of the medicine. In the European Union, there is data exclusivity of eight years (as of 2025).	EMA 2025b
Last update: 16 April 2025	
Deductible	Source
One variant of a patient co-payment for a medicine, other health product or health service included in public funding (reimbursement). An initial expense must be paid out-of-pocket up to a defined threshold or over a defined period of time by the patient; then all or a share of the remainder of the expense is covered by a third party payer (e.g., a public payer).	PPRI
Last update: 16 April 2025	
Defined daily dose	Source
A unit of measurement to specify the assumed average maintenance dose per day for a medicine used for its main indication in the adult. A DDD will normally be only assigned for a substance after a product has been approved and marketed in at least one country. The basic principle is to assign only one DDD per route of administration within an ATC code. DDDs for plain substances are normally based on monotherapy. Doses for individual patients and patient groups will often differ from the DDD. A DDD does not necessarily reflect the recommended or Prescribed Daily Dose. DDDs are not established for topical products, sera, vaccines, antineoplastic agents, allergen extracts, general and local anaesthetics and contrast media.	adapted from: WHO Collaborating Centre for Drug Statistics Methodology 2025
Last update: 16 April 2025	
Delinkage	Source
A pricing and reimbursement model which decouples the price (and thus profitability) of a medicine from its sales volume (e.g., applied for antibiotics).	adapted from O'Neill 2015
Last update: 16 April 2025	
De-listing	Source
Exclusion of a medicine from a medicine list (e.g. positive list), often resulting in exclusion from reimbursement.	PPRI
Last update: 16 April 2025	

Delivery chain	Source
A delivery chain is the system of organisations, people, technology, activities, information and resources involved in moving a product or service from supplier to customer. Delivery chain activities in the pharmaceutical sector involve transformation of natural resources, raw materials and components into a finished pharmaceutical that is delivered to the patient or customer.	PPRI
Last update: 16 April 2025	
Demand	Source
Schedule of quantities of a product (good/service) that potential buyer are willing and able to purchase at a given price during a certain period and at a certain location.	PPRI
Last update: 16 April 2025	
Demand side measures	Source
Policies that are directed at stakeholders who prescribe (doctors), dispense (pharmacies) or ask for medicines (patients).	PPRI
Last update: 16 April 2025	
Diagnosis related groups	Source
<p>A classification system of hospital cases used to pay hospital services, regardless of the cost to the hospital to provide services.</p> <p>The system is based not on the severity of the disease but on the amount of resources consumed.</p> <p>It categorises illness by diagnosis and treatment. A specific software ("grouper") groups patients into "homogeneous groups" on the basis of diagnosis at discharge (coded by the International Classification of Diseases) and modified by the presence of a surgical procedure, patient age, presence or absence of significant comorbidities or complications, and other relevant criteria.</p>	PPRI
Last update: 16 April 2025	
Differential pricing	Source
<p>Cross-country approach of setting the price of medicine in accordance with the ability-to-pay, and/or the economic situation of the involved countries. The pricing decision would be taken in a collaborative approach by the governments of the involved countries or an international organization.</p> <p>There is a difference to "price discrimination" ("market discrimination", "Ramsey pricing") that describes a business strategy of economic actors to segment the market according to the observed demand-elasticity of consumers.</p>	PPRI
Last update: 16 April 2025	
Direct payments	Source
Payments for goods and services which are not covered by a third party payer (including self-medication).	PPRI
Last update: 16 April 2025	

Discount	Source
A price reduction granted to specified purchasers under specific conditions prior to purchase.	OECD 2008
Last update: 16 April 2025	
Disease-specific reimbursement	Source
Eligibility for reimbursement is linked to the underlying disease which shall be treated.	PPRI
Last update: 21 June 2024	
Disinvestment	Source
<p>Disinvestment relates to the process of withdrawing health resources, either partially or completely, from existing healthcare practices (including procedures, devices, diagnostics, programs and pharmaceuticals) that are deemed to deliver no or low health gain for their cost, and are thus not efficient health resource allocations. Released resources can then be reinvested in clinical practices and technologies that deliver safe and effective healthcare for all patients, therefore representing efficient health resource allocation.</p> <p>The term disinvestment is generally disliked by clinicians and consumers alike due to its negative connotations around funding withdrawal. While other, more acceptable terms include prioritisation, reappraisal, reprioritisation, optimisation, substitutional reinvestment and evidence-based reassessment, the term 'disinvestment' is currently used internationally.</p> <p>It is distinguished between 'passive disinvestment' (interventions once common which get outmoded, e.g. surgical interventions) and 'active disinvestment': Active disinvestment strategies use a more directed approach to reduce the practice of unnecessary, ineffective, inefficient or harmful interventions. Nationally and internationally, health technology assessment (HTA) programs are now looking to incorporate processes for disinvestment where it is generally understood to mean that low- or no-value healthcare will cease to be funded where there is a lack of safety, clinical and cost effectiveness evidence to support its continued use.</p>	PPRI
Last update: 16 April 2025	
Dispense	Source
To supply a clinically appropriate medicine to a patient or care giver, usually against a written prescription, for self-administration or administration by another professional, and to advise on safe and effective use.	adapted from: Management Sciences for Health 2012
Last update: 16 April 2025	
Dispensing doctors	Source
Physicians who have been granted the right to dispense medicines to their patients	PPRI
Last update: 16 April 2025	
Dispensing fee	Source
Normally a fixed fee that pharmacies are allowed to charge per prescribed item instead of or in addition to a percentage mark-up. The fee more accurately reflects the work involved in dispensing a prescription; a percentage mark-up makes profit dependent on the sale of expensive medicines.	PPRI
Last update: 21 October 2021	

Distance selling	Source
Dispensing of pharmaceuticals via internet or posting services.	PPRI
Last update: 16 April 2025	
Distribution	Source
The division and movement of medicines from the premises of the manufacturer of such products, or another central point, to the end user thereof, or to an intermediate point by means of various transport methods, via various storage and/or health establishments.	WHO, n.d.
Last update: 16 April 2025	
Distribution actors	Source
Persons or entities who are involved in the supply, delivery and logistics management of medicines (e.g. wholesalers, importers). Some distribution actors are also allowed to dispense medicines (e.g. pharmacists, dispensing doctors).	PPRI
Last update: 16 April 2025	
Distribution remuneration	Source
Reward for distribution actors (e.g. wholesalers, community) to pay them for their services rendered. Distribution remuneration can take the form of linear or regressive mark-ups (add-ons) or margins that constitute part of the final pharmacy retail price, and of a fee / fees (fee-for-service) not linked to the price.	PPRI
Last update: 16 April 2025	
Drug utilisation research	Source
Research on marketing, distribution, prescription, and use of medicines in a society, with special emphasis on the resulting medical, social and economic consequences.	PPRI
Last update: 16 April 2025	
Duty	Source
A tax levied on imports (goods that are imported from another country where they had been manufactured) and, in some cases, on exports by the customs authorities to raise state revenue, and/or to protect domestic industries.	PPRI
Last update: 16 April 2025	

Early awareness and alert (EAA) system	Source
<p>A system that aims to identify, filter and prioritise new and emerging health technologies, or new uses of existing interventions; to assess or predict their impact on health, health services and/or society; and to disseminate information.</p> <p>» Filter: a process to remove technologies that are not relevant to the early awareness and alert system from a list of technologies originating from the identification process.</p> <p>» Prioritise: a process to determine the significance of, or order for dealing with, filtered technologies according to their relative importance to the aims of the early awareness and alert system.</p> <p>Synonym: early warning system</p>	PPRI
Last update: 16 April 2025	
Effectiveness	Source
<p>Extent to which an intervention does more good than harm when provided under the usual circumstances of health care practice. Relative effectiveness can be defined as the extent to which an intervention does more good than harm compared to one or more intervention alternatives for achieving the desired results when provided under the usual circumstances of health care practice.</p>	European Commission 2008
Last update: 16 April 2025	
Efficacy	Source
<p>Extent to which an intervention does more good than harm under ideal circumstances. Relative efficacy: can be defined as the extent to which an intervention does more good than harm, under ideal circumstances, compared to one or more alternative interventions.</p>	European Commission 2008
Last update: 16 April 2025	
Efficiency	Source
<p>The extent to which the intervention delivers, or is likely to deliver, results in an economic and timely way.</p>	OECD 2023
Last update: 16 April 2025	
e-procurement	Source
<p>e-procurement means conducting procurement processes using electronic tools and online platforms. This includes online publication of procurement documents, such as calls for competition and contract award notices, electronic (rather than paper-based) submission of tenders, and electronic invoicing.</p>	PPRI
Last update: 25 March 2022	

Equity	Source
<p>Equitable access to medicines involves: a. a fair and non-discriminating access to needed medicines for all citizens; fair in the sense of being distributed at a price the individual and the community can afford b. making sure that the essential medicines (those that satisfy the priority health care needs of the population) are available c. affordability for all citizens, especially regarding vulnerable groups (e.g. with increased needs for medicines, low socio-economic status). Access to health care and therefore to essential medicines is part of the fulfilment of the fundamental right to health. All countries have to work towards the fulfilment of equitable access to health services and commodities, including essential medicines necessary for the prevention and treatment of prevalent diseases.</p> <p>Cf. access to medicines, essential medicines</p>	PPRI
Last update: 21 June 2024	

Essential medicines	Source
<p>Essential medicines are those that satisfy the priority health care needs of the population. They are selected with due regard to public health relevance, evidence on efficacy and safety, and comparative cost-effectiveness. Essential medicines are intended to be available within the context of functioning health systems at all times in adequate amounts, in the appropriate dosage forms, with assured quality and adequate information, and at a price the individual and the community can afford. The implementation of the concept of essential medicines is intended to be flexible and adaptable to many different situations; exactly which medicines are regarded as essential remains a national responsibility. The concept of essential medicines is forward-looking. It incorporates the need to regularly update medicines selections to reflect new therapeutic options and changing therapeutic needs; the need to ensure medicine quality; and the need for continued development of better medicines, medicines for emerging diseases, and medicines to meet changing resistance patterns.</p>	WHO 2025
Last update: 16 April 2025	

Evidence Based Medicine	Source
<p>The conscientious, explicit, and judicious use of current best evidence in making decisions about the care of individual patients.</p>	PPRI
Last update: 16 April 2025	

Excipient	Source
<p>A substance, other than the active ingredient, which has been appropriately evaluated for safety and is included in a drug delivery system to:</p> <ul style="list-style-type: none"> - aid in the processing of the drug delivery system during its manufacture; - protect, support or enhance stability, bioavailability, or patient acceptability; - assist in product identification; or - enhance any other attribute of the overall safety and effectiveness of the drug during storage or use. 	PPRI
Last update: 16 April 2025	

Ex-factory price	Source
<p>The manufacturer's posted price of a pharmaceutical or other products.</p>	PPRI
Last update: 21 October 2021	

Extemporaneous dispensing	Source
The manipulation by pharmacists of various medicine and chemical ingredients using traditional compounding techniques to produce suitable medicines when no commercial form is available. Cf. compounding, magistral formula (extemporaneous preparation), officinal formula	PPRI
Last update: 16 April 2025	
External price referencing	Source
The practice of using the price(s) of a medicine in one or several countries in order to derive a benchmark or reference price for the purposes of setting or negotiating the price of the product in a given country.	PPRI
Last update: 19 October 2021	
Fee-for service	Source
Payments to a provider (for example a general practitioner) for each act or service rendered.	PPRI
Last update: 16 April 2025	
Fixed co-payment	Source
An out-of-pocket payment in the form of a fixed amount (like for example a prescription fee) to be paid for a service, a medicine or a medical device.	PPRI
Last update: 16 April 2025	
Fixed dose combination product	Source
A combination of two or more active substances in a fixed ratio of doses. This term is used generically to mean a particular combination of active substances irrespective of the formulation or brand. It may be administered as single entity products given concurrently or as a finished pharmaceutical product.	PPRI
Last update: 16 April 2025	
Forecasting	Source
Evidence-based expectations on sales, budget requirements, demand, projected health gain/outcome and similar.	PPRI
Last update: 16 April 2025	
Framework agreement	Source
Framework agreements are arrangements between one or more buyers (authorities) and one or more suppliers (pharmaceutical industry, pharmacies) that provide the terms governing contracts to be established for a certain period of time, in particular with regard to price and, where necessary, the quantity envisaged. It may have a binding character (legal consequences). Framework agreements are often negotiated by the representative organisation of pharmaceutical industry and authorities and may result in pay-back mechanisms, discounts etc.	PPRI
Last update: 16 April 2025	

Free pricing	Source
Pricing policy, in which governments allow pharmaceutical companies to determine the price of the medicine they launch.	PPRI
Last update: 21 October 2021	
Full-line wholesale	Source
All activities consisting of the purchase and sale, warehousing, order preparation and delivery / distribution of the full assortment of medicines (in range and depth) on a defined market.	PPRI
Last update: 16 April 2025	
Gain-sharing	Source
Models which offer (portions of) savings (e.g., resulting from generic or biosimilar use) to health care institutions (e.g., hospitals), health professionals (e.g., doctors) or patients, typically earmarked for further investments in health care.	adapted from: Barcina Lacosta 2023
Last update: 16 April 2025	
Gatekeeper	Source
A health professional, who may be a medical practitioner, nurse or other professional, who has the first encounter with an individual and controls the individual's entry into the health care system.	WHO Centre for Health Development 2004
Last update: 16 April 2025	
Generic	Source
A medicine which has the same qualitative and quantitative composition in active substances and the same pharmaceutical form as the reference medicine, which first enjoyed patent protection and further intellectual property rights (e.g., the Supplementary Protection Certificate) as well as exclusivity rights (e.g. data exclusivity), and whose bioequivalence with the reference medicine has been demonstrated by appropriate bioavailability studies. Generics can be classified in branded generics (generics with a specific trade name) and unbranded generics (which use the international non-proprietary name and the name of the company).	adapted from: Directive 2001/83/EC
Last update: 16 April 2025	
Generic market share	Source
In many countries, the data cover all pharmaceutical consumption. However, several countries provide data covering only the community pharmaceutical market or the reimbursed pharmaceutical market. The share of generic market expressed in value can be the turnover of pharmaceutical companies, the amount paid for pharmaceuticals by third-party payers, or the amount paid by all payers (third-party and consumers). The share of generic market in volume can be expressed in DDDs or as a number of packages/ boxes or standard units.	PPRI
Last update: 21 June 2024	

Generic policies	Source
Regulation, measures and initiatives, typically undertaken by the government authorities, to promote the use of generics and/or (licensed) off-patent medicines. It includes generic substitution, international non-proprietary name (INN) prescribing and campaigns to raise awareness and inform the public. Generic policies may be targeted at prescribers, pharmacists, patients/consumers and other stakeholders.	PPRI
Last update: 16 April 2025	
Generic price link	Source
Practice of setting the price of a generic in relationship to the originator medicine, usually at a certain percentage lower than the originator medicine price. The design of this generic price link policy may vary, with different percentages for the different generics (the first generic coming to the market, second generic, etc.), and in some cases the prices of originator medicines might also be part of the policy, i.e. that they will also be required to decrease.	PPRI
Last update: 16 April 2025	
Generic substitution	Source
The practice of dispensing a medicine, whether marketed under a trade name or generic name (branded or unbranded generic), with a less expensive medicine (e.g. branded or unbranded generic), often containing the same active ingredient(s). usually at pharmacy level without consulting the prescriber (automatic substitution).	adapted from: WHO 2007
Last update: 19 October 2021	
Global budgeting	Source
A method of hospital cost-containment in which participating hospitals must share a prospectively set budget. Method for allocating funds among hospitals may vary but the key is that the participating hospitals agree to an aggregate cap on revenues that they will receive each year.	PPRI
Last update: 16 April 2025	
Good distribution practices	Source
Good distribution practices are that part of quality assurance that ensure that the quality of a pharmaceutical product is maintained through adequate control throughout the numerous activities which occur during the distribution process.	adapted from: WHO 2019
Last update: 16 April 2025	
Good manufacturing practices	Source
That part of quality assurance which ensures that pharmaceutical products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the marketing authorisation.	WHO 2019
Last update: 16 April 2025	

Gross domestic product	Source
The gross domestic product (GDP) is defined as the gross expenditure on the final uses of the domestic supply of goods and services valued at purchasers values less imports of goods and services. Comparisons of gross domestic products are arguably best based on purchasing power parities (PPP) and not on market exchange rates.	OECD 2001

Last update: 16 April 2025

Guideline	Source
A systematically developed tool which describes aspects of a patient's condition and the care to be given. A good guideline makes recommendations about treatment and care, based on the best research available, rather than opinion. It is used to assist clinician and patient decision-making about appropriate health care for specific clinical conditions.	NICE 2025

Last update: 16 April 2025

Health care provider	Source
An organisation or person who delivers proper health care in a systematic way professionally to any individual in need of health care services.	PPRI

Last update: 21 June 2024

Health expenditure	Source
Expenditure spent by public funds (e.g., state, regional government, social health insurance) and private persons and entities on curative, rehabilitative care, nursing, prevention, public health and medical goods.	PPRI

Last update: 21 June 2024

Health technology	Source
Health technologies include medicines, medical devices such as artificial hip joints, diagnostic techniques, surgical procedures, health promotion activities (e.g. the role of diet versus medicines in disease management) and other therapeutic interventions.	NICE 2025

Last update: 16 April 2025

Health technology assessment	Source
<p>HTA is a multidisciplinary process that uses explicit methods to determine the value of a health technology at different points in its lifecycle. The purpose is to inform decision-making in order to promote an equitable, efficient, and high-quality health system.</p> <p>Note 1: A health technology is an intervention developed to prevent, diagnose or treat medical conditions; promote health; provide rehabilitation; or organize healthcare delivery. The intervention can be a test, device, medicine, vaccine, procedure, program, or system (definition from the HTA Glossary; www.htaglossary.net/health-technology).</p> <p>Note 2: The process is formal, systematic, and transparent, and uses state-of-the-art methods to consider the best available evidence.</p> <p>Note 3: The dimensions of value for a health technology may be assessed by examining the intended and unintended consequences of using a health technology compared to existing alternatives. These dimensions often include clinical effectiveness, safety, costs and economic implications, ethical, social, cultural and legal issues, organizational and environmental aspects, as well as wider implications for the patient, relatives, caregivers, and the population. The overall value may vary depending on the perspective taken, the stakeholders involved, and the decision context.</p> <p>Note 4: HTA can be applied at different points in the lifecycle of a health technology, that is, pre-market, during market approval, post-market, through to the disinvestment of a health technology.</p>	O'Rourke et al. 2020
Last update: 20 July 2022	
Herfindahl Hirschman Index	Source
<p>A commonly used measure of market concentration to inform about the level of competition in a market. It is expressed as the sum of the square of the market share of each competing company in a market (e.g., per active substance) and may range between 0 (perfect competition) to 1 (monopoly).</p>	adapted from: EUROSTAT 2025
Last update: 16 April 2025	
Herbal preparations	Source
<p>Preparations obtained by subjecting herbal substances to treatments such as extraction, distillation, expression, fractionation, purification, concentration or fermentation. These include comminuted or powdered herbal substances, tinctures, extracts, essential oils, expressed juices and processed exudates.</p>	PPRI
Last update: 16 April 2025	
Horizon scanning	Source
<p>The systematic identification of health technologies that are new, emerging or becoming obsolete and that have the potential to affect health, health services and/or society.</p> <p>An emerging health technology in this context is a health technology that has not yet been adopted within the healthcare system. Pharmaceuticals are in the Phase II or III clinical trial, or pre-launch stage; medical devices are in the pre-marketing stage.</p> <p>A new health technology is a health technology that is in the launch, early post-marketing, or early diffusion stages.</p> <p>Horizon scanning systems (e.g. early awareness and alert (EAA) systems) aim to support decision-making and the adoption and use of innovative technologies to the benefit of patients and health services.</p>	PPRI
Last update: 16 April 2025	

Hospital pharmaceutical formulary	Source
One variant of a reimbursement list which is applied in the inpatient sector and includes medicines that may be prescribed and administrated by physicians in a hospital.	PPRI
Last update: 16 April 2025	
Hospital pharmacist	Source
Health care professional who provides services to patients and health care professionals in a hospital, usually in a hospital pharmacy.	Friedmann 2007
Last update: 16 April 2025	
Hospital pharmacy	Source
A pharmacy affiliated to a hospital which primarily serves to provide pharmaceutical services for inpatients.	PPRI
Last update: 16 April 2025	
Hospital price	Source
The price or amount paid by a purchaser in the hospital setting (e.g. a hospital pharmacy) in order to take delivery of certain unit of medicines. Often, the hospital list price corresponds to the ex-factory price, in some cases to the pharmacy purchasing price. It may or may not include value-added tax/VAT. In addition, discounts and/or rebates may be granted to the hospitals by the suppliers.	PPRI
Last update: 16 April 2025	
Hospital purchasing body	Source
The hospital purchasing body is responsible for buying medicines used in their hospital(s) via direct negotiations with medicine companies or the process of public procurement. A hospital purchasing body can either be a single person (e.g. the hospital head pharmacist), a joint committee (e.g. hospital pharmacists of more hospitals), a designated purchasing department established at the management of a hospital or a hospital owner organisation.	PPRI
Last update: 16 April 2025	
Hospital-only medicine	Source
A pharmaceutical that may exclusively be administered in hospitals.	PPRI
Last update: 16 April 2025	
Human medicine	Source
1. Any active ingredient or combination of active ingredients presented as having properties for treating or preventing disease in human beings. 2. Any active ingredient or combination of active ingredients which may be used in human beings with a view to making a medical diagnosis or to restoring, correcting or modifying physiological functions.	PPRI
Last update: 16 April 2025	

Indication based pricing	Source
Pricing the same medicine differently based on the indication in which it is being used. Different variants for implementation have been proposed (e.g. to anchor all prices of a medicine to the condition for which it provides most value, to set all prices to achieve a preset value such a ICER).	PPRI
Last update: 16 April 2025	
Informal payments	Source
Informal payments are payments to health care professionals in cash or in kind made outside official remuneration for these services by third party payers. They are usually provided by patients.	PPRI
Last update: 16 April 2025	
Inpatient sector	Source
Health care setting where patients are formally admitted ("hospitalised") to an institution for treatment and/or care and stays for a minimum of one night in the hospital or other institution providing inpatient care. Synonym: inpatient care, hospital sector	PPRI
Last update: 21 June 2024	
Interchangeable medicine	Source
An interchangeable pharmaceutical product is one which is therapeutically equivalent to a comparator product and can be interchanged with the comparator in clinical practice.	adapted from: WHO 2017
Last update: 16 April 2025	
Interface management	Source
Interface management relates to policies, mechanisms, and measures of cooperation between the hospital and outpatient sectors, such as collaborative projects, joint committees, or cross-sectorial funding schemes. Interface management measures aim to provide a link between hospital and outpatient sectors since the start of a therapy in hospital care can influence the future long-term medication of the patient after discharge.	PPRI
Last update: 25 March 2022	
Internal price referencing	Source
The practice of using the price(s) of identical medicines (ATC 5 level) or similar products (ATC 4 level) or therapeutically equivalent therapies in a country in order to derive a benchmark or reference price for the purposes of setting or negotiating the price or reimbursement of the product in a given country. Generic and biosimilar price links and reference price systems are variants of internal price referencing.	PPRI
Last update: 19 October 2021	

International non-proprietary name prescribing	Source
Requirements for prescribers (e.g. physicians) to prescribe a medicine by its INN, i.e. the active ingredient name instead of the brand name. INN prescribing may be allowed (indicative INN prescribing) or required (mandatory/obligatory INN prescribing).	adapted from: WHO 2017a
Last update: 16 April 2025	
Internet pharmacy	Source
Umbrella term for retailers of prescription-only medicines (POM) non-prescription medicines (NPM) that sell their products via the World Wide Web.	PPRI
Last update: 16 April 2025	
Lifecycle management	Source
The practice of brand-name manufacturers seeking to further extend the market exclusivity periods for their medicines to maintain revenue streams. Market exclusivity extensions may be achieved through a number of different strategies, often called 'ever-greening strategies'	PPRI
Last update: 16 April 2025	
List price	Source
The price that suppliers display as the price at which they are prepared to sell their product and/or regulated by legislation. A list price is quoted and/or indicated in a purchaser's price list, a catalogue, on an internet site, in advertisements, in a national price list/formulary or similar. A list price may differ from the actual transaction price. Depending on the country and/or the product, they may or may not include delivery and installation costs, value-added tax/VAT and other indirect taxes on products, discounts, surcharges and rebates, invoiced service charges and voluntary gratuities.	EUROSTAT-OECD 2023
Last update: 16 April 2025	
Loss of exclusivity	Source
The point in time when a medicine loses its exclusive marketing rights, potentially due to expiry of its patents and further intellectual properties as well as exclusivity periods for marketing after marketing authorisation. <i>See also</i> patent, Supplementary Protection Certificate (SPC), Data exclusivity, market exclusivity.	PPRI based on EMA 2025c
Last update: 16 April 2025	
Magistral formula	Source
Any medicine prepared in a pharmacy in accordance with a medical prescription for an individual patient.	adapted from: Directive 2001/83/EC
Last update: 16 April 2025	

Managed entry agreement	Source
<p>An arrangement between a manufacturer and payer/provider that enables access to (coverage/reimbursement of) a health technology subject to specified conditions. These arrangements can use a variety of mechanisms and are usually classified into financial-based and performance-based MEA. The latter links price (reward for manufacturers) to health outcomes.</p> <p>Examples of managed entry agreements:</p> <ul style="list-style-type: none"> • Access with evidence development (AED) • Conditional coverage • Conditional treatment continuation (CTC) • Coverage with evidence development (CED) • Only in research (OIR) • Only with research • Outcome guarantees • Patient access scheme (PAS) • Pattern or process care • Performance based agreement • Performance based health outcome reimbursement schemes • Performance-linked reimbursement • Price volume agreements • Risk sharing schemes 	PPRI
Last update: 25 March 2022	
Manufacturer	Source
<p>Natural or legal person with responsibility for the manufacturing of a product. Manufacturing includes all operations of receipt of materials, production, packaging, repackaging, labelling, relabeling, quality control, release, storage, and distribution of active pharmaceutical ingredients (APIs) and related controls.</p>	EMA 2025
Last update: 16 April 2025	
Margin	Source
<p>The percentage of the selling price that is profit. In the case of the pharmaceutical distribution, a wholesale or pharmacy margin is price-dependant type of remuneration awarded to distribution actors such as wholesalers and pharmacies for handling their services. The wholesale margin is the gross profit of wholesalers, expressed as a percentage of the pharmacy purchasing price (wholesale price). The pharmacy margin is the gross profit of pharmacies expressed as a percentage of the pharmacy retail price.</p>	PPRI
Last update: 21 October 2021	
Marginal cost	Source
<p>Increase or decrease in costs as the result of one more or one less unit of output. Determining marginal cost is important in deciding whether or not to vary a rate of production.</p> <p>Synonym: Incremental cost, Differential cost</p>	Friedmann 2007
Last update: 16 April 2025	
Market player	Source
<p>Actors with a commercial interest in the pharmaceutical system. Market players include pharmaceutical manufacturers, distribution actors and equipment suppliers.</p>	PPRI
Last update: 16 April 2025	

Marketing authorisation holder	Source
The Marketing Authorisation Holder holds the authorisation to place a medicine on the market and is responsible for marketing it. The marketing authorisation holder may be a natural or legal person.	PPRI

Last update: 16 April 2025

Marketing authorisation under exceptional circumstances	Source
<p>Services provided by a health care system to a population. They include:</p> <ul style="list-style-type: none"> - Hospital health services aimed at curing, restoring and/or maintaining the health of a patient: surgical services, health services, gynaecological and obstetrical services, rehabilitation services, psychiatric services, other hospital services (medical, pharmaceutical and parahealth services, nursing services, laboratory and technical services including radiological and anaesthesiological services, etc), military hospital services; prison hospital services - General health services: services consisting of the prevention, diagnosis and treatment by doctors of medicine of physical and/or mental diseases of a general nature, such as consultations, – physical check-ups, etc. These services are not limited to specified or particular conditions, diseases or anatomical regions. They can be provided in general practitioners' practices and also delivered by outpatient clinics, clinics attached to firms, schools, etc. - Specialised health services: consultation services in paediatrics, gynaecology-obstetrics, neurology and psychiatry, and various health services; surgical consultation services; treatment services in outpatients clinics, such as dialysis, chemotherapy, insulin therapy, respirator treatment, X-ray treatment and the like; • functional exploration and interpreting of medical images (X-ray photographs, electrocardiograms, endoscopies and the like). - Dental services: orthodontic services, e.g. treatment of protruding teeth, crossbite, overbite, etc., including dental surgery even when given in hospitals to inpatients; services in the field of oral surgery; other specialised dental services, e.g. in the field of periodontics, paedodontics, endodontics and reconstruction; diagnosis and treatment services of diseases affecting the patient or aberrations in the cavity of the mouth, and services aimed at the prevention of dental diseases. - Deliveries and related services, nursing services, physiotherapeutic and para-health services: services such as supervision during pregnancy and childbirth; supervision of the mother after birth; services in a field of nursing care (without admission), advice and prevention for patients at home, the provision of maternity care, children's hygiene, etc.; services provided by physiotherapists and other para-medical persons (including homeopathological and similar services); physiotherapy and para-health services are services in the field of physiotherapy, ergo therapy, occupational therapy, speech therapy, homeopathy, acupuncture, nutrition, etc. These services are provided by authorised persons, other than medical doctors. - Ambulance services: services involving transport of patients by ambulance, with or without resuscitation equipment or medical personnel. - Residential health facilities services other than hospital services: combined lodging and health services provided without the supervision of a medical doctor located on the premises. - Other human health services n.e.c.: services provided by medical laboratories; services provided by blood, sperm and transplant organ banks; dental testing services; medical analysis and testing services; other human health services n.e.c. 	PPRI

Last update: 16 April 2025

Marketing authorisation	Source
A licence issued by a medicines agency approving a medicine for market use based on a determination by authorities that the medicine meets the requirements of quality, safety and efficacy for human use in therapeutic treatment. Cf. licencing	PPRI
Last update: 16 April 2025	
Market exclusivity	Source
The 10-year period after the marketing authorisation of an orphan medicine when similar medicines for the same indication cannot be placed on the market.	EMA 2025c
Last update: 16 April 2025	
Mark-up	Source
The mark-up is the percentage of the purchasing price added on to get the selling price. A mark-up is added on to the total cost incurred by the producer of a good in order to create a profit. The wholesale mark-up is the gross profit of wholesalers, expressed as a percentage add-on to the ex-factory price. The pharmacy mark-up is the gross profit of pharmacies expressed as a percentage add-on to the wholesale price (or pharmacy purchasing price).	PPRI
Last update: 19 October 2021	
Maximum price	Source
An upper threshold provided for by regulation or by tender specifications. Purchasers are not allowed to price above this threshold but have flexibility to set a price below this ceiling, thus making use of a competitive setting. Maximum prices can be set at all price types.	PPRI
Last update: 16 April 2025	

Medical device	Source
<p>Any instrument, apparatus, appliance, software, implant, reagent, material, or other article intended by the manufacturer to be used, alone or in combination, for human beings for one or more of the following specific medical purposes:</p> <ul style="list-style-type: none"> » diagnosis, prevention, monitoring, prediction, prognosis, treatment, or alleviation of disease, » diagnosis, monitoring, treatment, alleviation of, or compensation for, an injury or disability, » investigation, replacement, or modification of the anatomy or of a physiological or pathological process or state, » providing information by means of in vitro examination of specimens derived from the human body, including organ, blood, and tissue donations, and which does not achieve its principal intended action by pharmacological, immunological, or metabolic means, in or on the human body, but which may be assisted in its function by such means. <p>The following products shall also be deemed to be medical devices:</p> <ul style="list-style-type: none"> » devices for the control or support of conception » products specifically intended for the cleaning, disinfection or sterilisation of devices as referred to in Article 1(4) and of those referred to in the first paragraph of this point. 	MDR Regulation (EU) 2017/745
Last update: 16 April 2025	
Medication error	Source
<p>Any preventable event that may cause or lead to inappropriate medication use or patient harm while the medication is in the control of the health care professional, patient, or consumer.</p> <p>Such events may be related to professional practice, health care products, procedures, and systems, including prescribing; order communication; product labelling, packaging, and nomenclature; compounding; dispensing; distribution; administration; education; monitoring; and use.</p>	PPRI
Last update: 16 April 2025	
Medication reconciliation	Source
The process of identifying the most accurate list of all medications that the patient is taking, including name, dosage, frequency, and route, by comparing the medical record to an external list of medications obtained from a patient, hospital, or other provider	Centers for Medicare & Medicaid Services 2014
Last update: 16 April 2025	
Medication shortage	Source
Lack and/or gaps in the availability of medicines, usually due to problems in the supply chain. This supply issue affects how the pharmacy prepares or dispenses a medicine or influences patient care when prescribers must use an alternative.	PPRI
Last update: 16 April 2025	
Medicine	Source
Any substance or combination of substances which may be used in or administered to human beings either with a view to restoring, correcting or modifying physiological functions by exerting a pharmacological, immunological or metabolic action, or to making a medical diagnosis	Directive 2001/83/EC
Last update: 16 April 2025	

Me-too medicine	Source
A medicine approved after a pioneering product. It is defined as comparable or similar but not clinically superior product.	PPRI
Last update: 16 April 2025	
Mono preparation	Source
Medicine, which contains one pharmacological active ingredient (but more than one pharmacological excipient is possible).	PPRI
Last update: 21 June 2024	
Multi-award procedure	Source
A multi-award procurement procedure means that a contract for purchasing goods and services is awarded to two or more suppliers. A multi-award procedure may be preferred to a winner-takes-it-all procedure as there are concerns of limited competition or supply issues in case of the latter.	PPRI
Last update: 25 March 2022	
Multi-channel system	Source
Distribution system at wholesale level. Medicines of a manufacturer are distributed and supplied in parallel via different wholesalers.	PPRI
Last update: 16 April 2025	
Multi-source medicine	Source
A medicine that can be purchased under any of several trademarks from different manufacturers or distributors. When the patent of a medicine expires, a single-source medicine becomes multi-source. Multi-source medicines are intended to be pharmaceutically equivalent or pharmaceutical alternatives that are bioequivalent and hence are therapeutically equivalent and interchangeable. Cf. generic, single-source medicine	PPRI
Last update: 16 April 2025	
National health service	Source
A system of public health services offered to all inhabitants/residents and financed through general taxation (central or regional).	PPRI
Last update: 16 April 2025	
Negative list	Source
One variant of a reimbursement list which includes medicines that are not covered by a third party payer (public payer).	PPRI
Last update: 16 April 2025	

Net price	Source
The price that is actually paid by the purchaser taking into account any granted discounts and/or rebates. The actual price may correspond to the list price, or ex-factory price or pharmacy purchase price if no price lowering agreements are in place. Actual prices are often kept confidential.	PPRI
Last update: 16 April 2025	
New molecular entity	Source
A new molecular entity (NME) includes new chemical entities (NCE) and biological entities. A new chemical entity (NCE) is a pharmaceutical that contains no active moiety, i.e. without any molecule or ion, but including those appended portions of the molecule that cause the medicine to be an ester, salt (including a salt with hydrogen or coordination bonds), or other noncovalent derivative (such as a complex, chelate, or clathrate) of the molecule, responsible for the physiological or pharmacological action of the pharmaceutical substance. It is a chemical molecule developed by the innovator company in the early discovery stage, which after undergoing clinical trials could translate into a pharmaceutical that could be a cure for some disease.	adapted from: Food and Drug Administration 2007
Last update: 16 April 2025	
Non-reimbursable medicine	Source
Medicines which are not eligible for reimbursement. Their costs are not covered by third party payers, but they have to be fully paid out of pocket by the patient.	PPRI
Last update: 16 April 2025	
Official formula	Source
Any medicine which is prepared in a pharmacy in accordance with the prescriptions of a pharmacopoeia and is intended to be supplied directly to the patients served by the pharmacy in question.	Directive 2001/83/EC
Last update: 16 April 2025	
Off-label prescribing	Source
Prescription of a medicine or medical device outside its licensed indication, to treat a condition or disease for which it has not been specially authorised.	PPRI
Last update: 16 April 2025	
Off-patent medicine	Source
A medicine gets off-patent once the right of making, using and selling an invention protected by a grant for a set period of time expires. Cf. generic, multi-source medicine, on-patent medicine	PPRI
Last update: 16 April 2025	
Only in research	Source
Coverage conditional on individual participation in research (i.e. only patients participating in the scientific study are covered). Cf. managed entry agreements	PPRI
Last update: 16 April 2025	

Only with research	Source
Coverage conditional on a scheme to conduct a study that informs the use of the medical product in the payer patient population. Cf. managed entry agreements	PPRI
Last update: 16 April 2025	
On-patent medicine	Source
A branded medicine protected by a grant for a set period of time allowing the manufacturer the sole right to make, use and sell that medicine. Cf. generic, multi-source medicine, off-patent medicine	PPRI
Last update: 16 April 2025	
Original product	Source
The first version of a medicine that contains one or more on-patent active substances, developed by a pharmaceutical company which has exclusive rights to marketing the product for a defined period of time.	PPRI
Last update: 16 April 2025	
Orphan medicine	Source
A pharmaceutical for the diagnosis, prevention or treatment of a life-threatening or chronic condition that is rare (defined in the European Union as not more than 5 out of 10,000 people) and that without incentives it is unlikely that the marketing of the product in the Community would generate sufficient return to justify the necessary investment.	adapted from: Regulation (EC) No 141/2000
Last update: 16 April 2025	
Outcomes guarantees	Source
An agreement where the manufacturer provides rebates, refunds, or price adjustments if the product fails to meet the agreed outcome target. See also: Cf. managed entry agreements	PPRI
Last update: 16 April 2025	
Out-of pocket payments	Source
The expenses of a person for medical care or medicines that are not covered by reimbursement of a third party payer – often for a defined period (e.g. a year). It includes: <ul style="list-style-type: none"> • Expenses for non-reimbursable medicines • Any form of co-payment, e.g. prescription fee, percentage co-payment, deductible 	PPRI
Last update: 16 April 2025	
Outpatient	Source
An out-patient is not formally admitted to the facility (e.g. physician's private office) and does not stay overnight. An out-patient is thus a person who goes to a health care facility for a consultation/treatment, and who leaves the facility within several hours of the start of the consultation without being 'admitted' to the facility as a patient.	PPRI
Last update: 16 April 2025	

Outpatient care	Source
Health care setting where patients are not admitted to hospitals. Synonym: ambulatory sector, community sector, community pharmacy sector, in the community	PPRI
Last update: 16 April 2025	
Outpatient clinics	Source
Outpatient clinics offer facilities for the outpatient treatment of a patient except hospital outpatient departments or doctors' offices e.g. medical laboratories, physical therapy institutes, radiological facilities, sports medical institutions.	PPRI
Last update: 16 April 2025	
Outpatient department	Source
Outpatient departments are specialised and/or general units that may be located within all kinds of hospitals, which, however, serve out-patients. Hospital outpatient departments are available for emergency services and for acute specialist care, as well as for after-care and preventive medical check-ups. They may be open 24 hours. Synonym: Hospital outpatient department, Hospital outpatient ward	PPRI
Last update: 16 April 2025	
Outpatient sector	Source
Health care setting where patients are not admitted to hospitals. Cf. outpatient care	PPRI
Last update: 16 April 2025	
Over prescribing	Source
If a physician prescribes more medicines than physicians whose prescription pattern is believed to be comparable (e.g. with a patient of similar indication). Over prescribing is one form of irrational use of medicines (see also rational use of medicines).	PPRI
Last update: 16 April 2025	
Over-the-counter medicine	Source
A pharmaceutical which may be dispensed without a prescription. In some countries they are available via self-service in pharmacies and/or other retail outlets (e.g. drug-stores).	PPRI
Last update: 16 April 2025	
Parallel trade	Source
A form of arbitrage in which medicines are purchased in one country, typically where income levels are relatively low, and sold into other countries, where income levels and hence prices are higher	adapted from: Cenatiempo 2014
Last update: 16 April 2025	

Paramedicine	Source
Products to treat or alleviate a disease which do not correspond to the legal definition of a medicine.	PPRI
Last update: 16 April 2025	
Patent	Source
A patent is a set of exclusive rights granted by a state (national government) to an inventor or their assignee for a limited period of time in exchange for public disclosure of its invention. Typically, however, a patent application must include one or more claims defining the invention which must be new, non-obvious, and useful or industrially applicable.	PPRI
Last update: 16 April 2025	
Patent expiry	Source
After a defined period of time the patent is no longer valid and subsequent medicines (i.e. generics, biosimilar) may come on the market.	PPRI
Last update: 16 April 2025	
Patient registry	Source
Collections of secondary (clinical) data on diagnosis, follow-up and treatment related to patients with a specific diagnosis, condition, or procedure. Patient registries are relevant for quality assurance, documentation and for future analyses, and are a post-launch policy option to optimise the entry of new medicines.	PPRI
Last update: 16 April 2025	
Pay-back	Source
A financial mechanism that requires manufacturers, or other health care stakeholders, to refund a part of their revenue to a payer (i.e. third party payer) if sales exceed a previously determined or agreed target budget.	PPRI
Last update: 16 April 2025	
Percentage co-payment	Source
One variant of a co-payment requiring the patient to cost-share in the form of a set proportion of the price of medicine, other health product or a health service.	PPRI
Last update: 16 April 2025	
Performance based agreement	Source
Agreement between a payer and a pharmaceutical, device or diagnostic manufacturer where the price level and/or revenue received is related to the future performance of the product in either a research or a real world environment. One category of managed-entry agreements, in contrast to the financial agreements. Cf. managed entry agreements, Performance Based Health Outcome Reimbursement Schemes and Performance- Linked Reimbursement	PPRI
Last update: 16 April 2025	

Performance based health outcome reimbursement schemes	Source
Schemes between healthcare payers and medical product manufacturers in which the price, level, or nature of reimbursement are tied to future measures of clinical or intermediate endpoints ultimately related to patient quality or quantity of life, appear to have arisen out of a desire to provide patients with access to novel and potentially beneficial healthcare technologies under conditions of significant uncertainty and cost pressures. Cf. managed entry agreements, Performance Based Agreement and Performance- Linked Reimbursement	PPRI
Last update: 16 April 2025	
Performance-linked reimbursement	Source
Schemes where the reimbursement level for covered products is tied to the measure of clinical outcomes in the real world. See also: Ü managed entry agreements, Ü Performance Based Agreement and Performance Based Health Outcome Reimbursement Schemes	PPRI
Last update: 16 April 2025	
Peri-launch activity	Source
Policies undertaken around the launch of a medicine on the market. Related to the entry of new medicines, this might be specific arrangements (e.g. managed-entry agreements, HTA) during the pricing and reimbursement decision process. Peri-launch activities address, among other things, issues of access and affordability.	PPRI
Last update: 16 April 2025	
Pharmaceutical and therapeutic committee	Source
Pharmaceutical and Therapeutics Committee is assigned to develop a list of medicines (hospital pharmaceutical formulary) that is authorised for hospital use. This committee can either be established within a hospital (e.g. Austria, Belgium) or by government (e.g. Cyprus). Members of a PTC may be the head of the hospital pharmacy, the chief physician, the chief nurse, the administrative director, and specialist physicians. Note: The term 'Pharmaceutical and Therapeutics Committee' is also used in other contexts (e.g. development of medicine plans in Canada).	PPRI
Last update: 16 April 2025	
Pharmaceutical budget	Source
A pharmaceutical policy in which the maximum amount of money to be spent on medicines during a period of time is defined ex ante. Pharmaceutical budgets may be addressed to payers, health care professionals (e.g. physicians) and companies. They may be designed in different forms and may include financial incentives or sanctions.	PPRI
Last update: 16 April 2025	
Pharmaceutical care	Source
The pharmacologist/pharmacist's contribution to the care of individuals in order to optimise medicines use and improve health outcomes.	PPRI
Last update: 16 April 2025	

Pharmaceutical depot	Source
A unit within a hospital for the internal supply of the hospital with medicines. It usually has fewer tasks, competences and responsibilities than a hospital pharmacy, and it might be run by a hospital pharmacy of another hospital. Note: The term 'pharmaceutical depot' might also be used for other facilities than hospitals (e.g. public health agency).	PPRI
Last update: 16 April 2025	
Pharmaceutical equivalence	Source
Medicines are pharmaceutically equivalent if they contain the same amount of the same active substance(s) in the same dosage forms that meet the same or comparable standards. Pharmaceutical equivalence does not necessarily imply bioequivalence as differences in the excipients and/or the manufacturing process can lead to faster or slower dissolution and absorption.	EMA 2000
Last update: 16 April 2025	
Pharmaceutical expenditure	Source
<p>Total expenditure on pharmaceutical and other medical nondurables. This comprises medicinal preparations, branded and generic medicines, on-patent medicines, serums and vaccines, vitamins and minerals and oral contraceptives. Other medical nondurables include a wide range of medical nondurables such as bandages, elastic stockings, incontinence articles, condoms and other mechanical contraceptive devices. Pharmaceutical expenditure can be separated into:</p> <ul style="list-style-type: none"> • public expenditure: pharmaceutical expenditure incurred by public funds (state, regional and local government bodies and social security schemes) and • private expenditure: privately funded part of total pharmaceutical expenditure – private sources of funds include out-of pocket payments (both over-the-counter and cost-sharing), private insurance programmes, charities and occupational health care. 	adapted from: OECD, Eurostat & WHO 2017
Last update: 16 April 2025	
Pharmaceutical form	Source
Way in which a medicine is presented, e.g. a film coated tablet, an ointment, a vial, a spray.	PPRI
Last update: 16 April 2025	
Pharmaceutical promotion	Source
All kind of information and promotion activities to consumers, doctors or pharmacists that provide incentives with the aim of influence prescription, dispensing, sales or consumption of pharmaceuticals.	PPRI
Last update: 16 April 2025	
Pharmaceutical provision	Source
Service of supplying the population with medicines.	PPRI
Last update: 16 April 2025	

Pharmaceutical research	Source
Pharmaceutical research includes scientific and policy studies in the pre-clinical, clinical and post-clinical phase of a medicine (e.g. basic and applied science; studies on the effectiveness, efficacy and safety of medicines, cost-benefit studies, HTA etc.).	PPRI
Last update: 16 April 2025	
Pharmaceutical sample	Source
Pharmaceutical samples are medicines which are given out for free to physicians mostly by pharmaceutical representatives. The purpose of a pharmaceutical sample is to promote new products among doctors. The provision of pharmaceutical samples is often regulated.	PPRI
Last update: 16 April 2025	
Pharmaceutical services	Source
Pharmaceutical services encompass a diverse range of activities aimed at ensuring patient and community access to medicines. These services extend beyond conventional pharmacy functions, such as dispensing, counseling, and compounding, to include activities like vaccination, medicine use review, point-of-care testing, and disease management. Various health professionals, including pharmacists, can provide these services.	Vogler et al. 2024
Last update: 16 April 2025	
Pharmaceutical system	Source
A pharmaceutical system comprises the following elements: regulatory (marketing authorisation, market surveillance, vigilance), pricing, funding & reimbursement, supply chain / distribution and consumption of medicines.	PPRI
Last update: 16 April 2025	
Pharmacist	Source
A pharmacist is a health professional who is responsible for ensuring the quality of medicines supplied to patients, ensuring that the medicines prescribed to patients are suitable, and advising patients about medicines, including how to take them, what reactions may occur, and answering patients' questions.	adapted from. FIP/WHO 2012
Last update: 16 April 2025	
Pharmacoeconomic evaluation	Source
A discipline for economic evaluation of pharmaceutical products and services through determination, measurement and comparison of their costs and outcomes	PPRI
Last update: 16 April 2025	
Pharmacological class	Source
Group of ingredients according to their effects in human beings or animals.	PPRI
Last update: 16 April 2025	

Pharmacopoeia	Source
Pharmacopoeia (literally, the art of the medicine compounder), in its modern technical sense, is a book containing directions for the identification of samples and the preparation of combination products, and published by the authority of a government or a medical or pharmaceutical society.	PPRI
Last update: 16 April 2025	
Pharmacovigilance	Source
Pharmacovigilance is the process and science of monitoring the safety of medicines and taking action to reduce risks and increase benefits from medicines.	adapted from: European Commission 2025
Last update: 16 April 2025	
Pharmacy	Source
Cf. community pharmacy and hospital pharmacy.	PPRI
Last update: 16 April 2025	
Pharmacy chain	Source
A group of pharmacies belonging to the same owner which may or may not be a pharmacist.	PPRI
Last update: 16 April 2025	
Pharmacy outlet	Source
A pharmaceutical retail facility, often in place in rural and/or scarcely populated areas to guarantee pharmaceutical provision, e.g. Postos Farmacêuticos Móveis, PFM in Portugal. They are usually run and under the supervision of a community pharmacy and often only have a limited range of products.	PPRI
Last update: 16 April 2025	
Pharmacy purchasing price	Source
The price charged by wholesalers to the retailers (usually community pharmacies). It is based on the ex-factory price and additionally includes any remuneration for pharmaceutical wholesale (e.g. in the form of a wholesale mark-up or a wholesale margin).	OECD, Eurostat & WHO 2017
Last update: 16 April 2025	
Pharmacy retail price	Source
The price charged by community pharmacies to the general public, including any pharmacy remuneration such a pharmacy mark-up or dispensing fee.	PPRI
Last update: 16 April 2025	

Pharmacy tax	Source
A tax - other than the value-added tax/VAT - levied by a state or municipality on the pharmacy retail price of an item, collected from the retailer.	PPRI
Last update: 16 April 2025	
Pharmacy-only medicine	Source
A medicine which may only be dispensed in a pharmacy (or another POM dispensary). Cf. General Sales List (GSL) medicines	PPRI
Last update: 16 April 2025	
Policies (Policy measures)	Source
Instruments, tools and approaches that allow policy makers to achieve defined objectives. Examples for pharmaceutical policy measures are price cuts or changes in the methodology of distribution remuneration (in the field of pricing), changes in co-payments or in the methodology of reference price systems (in the field of reimbursement), and pharmaceutical budgets and generic substitution.	PPRI
Last update: 16 April 2025	
Policy maker	Source
A person or institution that is involved in policy development and formulation (e.g. national governments, public authorities).	PPRI
Last update: 16 April 2025	
Polypharmacy	Source
The administration of many medicines at the same time or the administration of an excessive number of medicines.	WHO Centre for Health Development 2004
Last update: 16 April 2025	
Polypill	Source
A medication which contains a combination of multiple active ingredients. Originally the term was created to aim at prevention of cardiovascular disease. A polypill can also often be aimed to be consumed widespread in the population, even currently healthy ones, as a means of preventive medicine. It is intended to reduce the number of tablets or capsules that need to be taken, which in turn may facilitate handling and administration of the medicines. When used for preemptive use, the dosages are naturally relatively low compared to what is administered to people already having disease or significant risk factors.	PPRI
Last update: 16 April 2025	
Population-group-specific reimbursement	Source
Specific population groups (e.g. children, old-age pensioners) are eligible for medicines, while others are not.	PPRI
Last update: 16 April 2025	

Positive list	Source
One variant of a reimbursement list which includes medicines may be prescribed at the expense of a third party payer (public payer). See also: negative list	PPRI
Last update: 16 April 2025	
Post-launch activity	Source
Policies undertaken after the launch of a medicine on the market. Related to the entry of new medicines, post-launch activities include monitoring the effectiveness and safety of new medicines in clinical practice and ensuring that patients with the greatest clinical need and those most likely to benefit from treatment can access the medicine, and include systematic detailed analysis of medicine usage data. Systems that facilitate data management include electronic accessible patient registries that collect key clinical data and e-prescription for reviewing prescribing practices to ensure these are consistent with agreed best practice outlines in guidelines and any prescribing restrictions. Standardizing data requirements and integration of different data sets across the health system, as well as close monitoring and evaluation, can allow for improvements in the use of medicines.	PPRI
Last update: 16 April 2025	
Pre-launch activity	Source
Policies undertaken before the launch of a medicine on the market. This includes the review of the potential specific clinical and treatment outcomes and health system impact (in terms of cost and benefit to patients). Pre-launch activities also anticipate the budget impact and include horizon scanning and demand forecasting.	PPRI
Last update: 16 April 2025	
Prescription	Source
An instruction written by a physician that authorizes a patient to be issued with a medicine or treatment.	PPRI
Last update: 16 April 2025	
Prescription fee	Source
One variant of a patient co-payment for a medicine in the form of a fixed amount for each prescription item dispensed on the expense of a third party payer (e.g., a public payer).	PPRI
Last update: 16 April 2025	
Prescription guidelines	Source
Instructions to physicians and further prescribers to ensure responsible prescribing of medicines (i.e. to ensure that the right medicine in the right dose is given to the right patient at the right time). Synonym: Prescription quota	PPRI
Last update: 16 April 2025	

Prescription monitoring	Source
Review of prescribing practices of physicians.	PPRI
Last update: 16 April 2025	
Prescription- only medicine	Source
Medicine that can be dispensed only on a health professional prescription.	Directive 2001/83/EC
Last update: 16 April 2025	
Prescribing quota	Source
Requirement to physicians and further prescribers to achieve defined thresholds in prescribing, typically determined shares of generic and biosimilar prescribing for defined active substances or other ATC groups. Synonym: prescription quota	PPRI
Last update: 16 April 2025	
Prescription status	Source
Category that defines if a medicine is subject to medical prescription issued by a health professional permitted to prescribe (prescription-only medicine / POM / prescription medicine) or not (non-prescription medicine / NPM / or Over-the-Counter medicine / OTC).	PPRI
Last update: 16 April 2025	
Prescription-only medicines dispensary	Source
Umbrella term for a facility that is allowed to dispense prescription-only medicines to outpatients, e.g. community pharmacy, dispensing doctor.	PPRI
Last update: 16 April 2025	
Price	Source
Value component of pharmaceutical expenditure. Typically, it is indicated per pack, but it can also refer to items in a pack or to standard units. It can be indicated for different price types. Synonym: Medicine price	PPRI
Last update: 16 April 2025	
Price analysis	Source
A medicine price analysis aims to interpret medicine price data. It can address specific therapeutic groups of medicines, different types of prices (such as government procurement prices and consumer prices) or several countries, for instance. Data can be collected and analysed over a long period (time series analysis) or one-point in time. A price analysis can also be used to determine other indicators, e.g. to assess the affordability of a medicine.	PPRI
Last update: 16 April 2025	

Price cap	Source
A cost-containment measure which fixes ex-ante the maximum price of medicine, e.g. taking into consideration inflation rates and production cost. Pharmaceutical companies are allowed to choose any price below this threshold and in exchange authorities refrain from further control of company data (profit margins, sales etc.).	PPRI
Last update: 16 April 2025	
Price comparison	Source
A cross-country (or cross-national) medicine price comparison aims to survey and analyse data on medicine prices in more than one country. Within a country, further comparisons can be made, such as across sectors (e.g. public versus private sector) or between groups of medicines (e.g. originator versus generic medicines). cf. price study	PPRI
Last update: 16 April 2025	
Price components	Source
Elements which a (medicine) price is composed of. They include, for instance, margins, mark-ups, taxes and duties.	PPRI
Last update: 16 April 2025	
Price control	Source
Pricing policies where government authorities set the price of a medicine and/or indirectly influence it (e.g. statutory pricing, price negotiations, public procurement). Contrary to free pricing. The bases on which regulated prices are set vary. These may be on costs, return on investment, mark-ups, etc.	PPRI
Last update: 16 April 2025	
Price cut	Source
A cost-containment measure during which the set price of a medicine is reduced by the authorities.	PPRI
Last update: 16 April 2025	
Price freeze	Source
A cost-containment measure during which the price of a medicine is fixed ("frozen") at a given level, mostly for a predetermined period of time. Price freezes are sometimes based on agreements between pharmaceutical industry and authorities but in most cases they are implemented by law.	PPRI
Last update: 16 April 2025	
Price negotiation	Source
A pricing policy in which medicine prices are discussed and agreed by seller and purchaser (e.g. between manufacturer and third party payer).	PPRI
Last update: 16 April 2025	

Price notification	Source
A form of pricing procedure where pharmaceutical companies can freely set the price of a medicine (free pricing) but have to officially inform the authorities about the price of the medicine.	PPRI
Last update: 16 April 2025	
Price review	Source
Evaluation of the price of all, or groups of, medicines, typically in comparison to the prices of the same medicines in other countries, in order to account for developments such as the market entry of medicines and price changes in other countries and exchange rate evolutions. Price reviews may, or may not, be performed in combination with reimbursement reviews. Price reviews can be done systematically (e.g. once a year) or out-of-schedule.	PPRI
Last update: 16 April 2025	
Price study	Source
Any research that investigates prices, or price components, of medicines in a single country or across countries at a specific date or over time. A medicine price study can take the form of a price survey, a price analysis and/or a (cross-country) price comparison, or a combination. cf. price study	PPRI
Last update: 16 April 2025	
Price survey	Source
Price study that aims to access and collect medicine price data according to a predefined methodology	PPRI
Last update: 16 April 2025	
Price type	Source
The level (i.e. stage in the supply chain) at which the price of a medicine is set. Common price types include: - ex-factory price - pharmacy purchasing price - pharmacy retail price	PPRI
Last update: 16 April 2025	
Price-oriented remuneration	Source
Payments to a provider (e.g. to community pharmacy in case of pharmacy distribution) designed in a way that they are linked to the price of a medicine. Examples are linear mark-ups or regressive margin schemes.	PPRI
Last update: 16 April 2025	
Price-volume agreement	Source
Agreements which focus on controlling financial expenditure with pharmaceutical companies refunding over budget situations. Cf. managed entry agreements	PPRI
Last update: 16 April 2025	

Pricing	Source
Action by a government authority to set the price of a medicine and/or indirectly influence it (e.g. through pricing policies) for different price types (e.g. ex-factory price, pharmacy retail price) and to monitor and review and eventually adapt it.	PPRI
Last update: 16 April 2025	
Pricing committee	Source
A body responsible for recommending, setting or controlling/monitoring the price of a medicine. It may be composed of representatives of different government authorities (e.g. Ministry of Health, Ministry of Finance) in many countries also further stakeholders (e.g. doctors, patient interest groups) are involved.	PPRI
Last update: 16 April 2025	
Pricing policies	Source
Regulations and actions taken by government authorities to set the price of a medicine as part of exercising price control. Strategies by private sector actors (e.g. pharmaceutical industry and supply chain actors) to determine and set a medicine price are not subsumed under the term 'policy'. Cf. price control, pricing procedure	PPRI
Last update: 21 October 2021	
Private pharmaceutical expenses	Source
This term includes all forms of out-of pocket payments: » co-payments: * percentage co-payment, * fixed co-payment, * deductibles as well as » direct payments.	PPRI
Last update: 16 April 2025	
Private sector	Source
The totality of privately owned institutions and individuals providing health care, including private insurers. Private health care can be provided through 'for profit' hospitals and self-employed practitioners, and 'not for profit' non-government providers, including faith-based organizations. cf. public sector	PPRI
Last update: 16 April 2025	
Procured / tendered price	Source
The price stated as the outcome of a procurement or tendering procedure. The tenderer that offered the most advantageous bid (with price as one key award criterion) is awarded.	PPRI
Last update: 16 April 2025	

Procurement	Source
A process to purchase goods and services (e.g. medicines) that involves many steps and many stakeholders based on national, or supranational, regulation, policies, structures and procedures.	PPRI
Last update: 16 April 2025	
Procurement agency	Source
Any organisation purchasing or otherwise acquiring any pharmaceutical product, vaccine or nutraceutical for human use.	WHO 2007
Last update: 16 April 2025	
Procurement procedures	Source
<p>Procurement procedures describe award processes that are defined by law to conduct a procurement. The EU Public Procurement law defines four procurement processes:</p> <ul style="list-style-type: none"> • Open procedure tenders: An open procedure tender is a formal procurement method where any interested potential supplier may submit a tender. In this one-stage procedure, suppliers respond to an open call for competition set up by the purchaser (contracting authority) which details the criteria used for awarding the contract. • Restricted procedure tenders: A restricted procedure tender is a formal, two-stage procurement method. Any interested potential supplier can submit a request to participate in the first stage, but only suppliers who fulfil pre-qualification criteria set out by the purchaser (contracting authority) may submit tenders in the second stage. • Competitive dialogue procedures: Competitive dialogue is a two-stage procurement method that involves the purchaser (contracting authority) pre-selecting potential suppliers based on their initial submissions and initiating a dialogue with them to identify the best possible method to address the need specified by the purchaser. • Competitive procedures with negotiation: A competitive negotiated procedure is a two-stage procurement method that involves pre-selection of suitable potential suppliers by the purchaser (contracting authority) and negotiations of submitted tenders. 	PPRI
Last update: 25 March 2022	

Procurement techniques	Source
<p>Procurement techniques relate to different methods for managing a procurement procedure, e.g. by making use of e-procurement or repetitive calls for recurring purchases. The EU Public Procurement law lists the following procurement techniques: framework agreements, dynamic purchasing systems, electronic auctions, electronic catalogues, centralised purchasing activities and central purchasing bodies, occasional joint procurement, and procurement involving contracting authorities from different EU member states.</p> <ul style="list-style-type: none"> • A framework agreement is an arrangement between one or more purchasers (contacting agency / agencies) and one or more suppliers (e.g. pharmaceutical companies) that provides the terms which govern contracts to be awarded for a certain period of time for recurring purchasing, in particular with regard to price and, where necessary, the quantity envisaged. It may have a binding character (legal consequences). • A dynamic purchasing system (DPS) is a procurement technique for making recurring purchases while allowing economic operators to join the system on an ongoing basis. • An electronic auction is a procurement technique which is based on a repetitive electronic process. It occurs after an initial full evaluation of the tenders, allowing them to be ranked using automatic evaluation methods to make the final choice of the best offer. • An electronic catalogue is a procurement technique that may be used in framework agreements to allow reopening of competition for specific contracts on the basis of updated catalogues. 	PPRI
Last update: 25 March 2022	
Product-specific reimbursement	Source
Eligibility for reimbursement depends on the medicine in question (either a medicine is considered as reimbursable or as non-reimbursable).	PPRI
Last update: 16 April 2025	
Profit control	Source
A profit framework is negotiated periodically between the state and the pharmaceutical industry. This framework is fixed for each individual manufacturer. Within this framework manufacturers are free to set their medicine prices. The UK PPRS system is profit control.	PPRI
Last update: 16 April 2025	
Public sector	Source
Provision of health care by the government through national healthcare systems.	PPRI
Last update: 16 April 2025	

Purchaser's price	Source
<p>The amount paid by the purchaser in order to take delivery of a unit of a good or service at the time and place required by the purchaser.</p> <p>It excludes any VAT (or similar deductible tax on products) which the purchaser can deduct from his own VAT liability in respect of VAT invoiced to his customers.</p> <p>It includes supplier's retail and wholesale margins, separately invoiced transport and insurance charges and any VAT (or similar deductible tax on products) which the purchaser cannot deduct from his own VAT liability.</p> <p>In the case of equipment goods it will also include installation costs if applicable.</p> <p>Purchasers' prices are the prices most relevant for decision-making by buyers.</p> <p>Cf. list price</p>	EUROSTAT-OECD 2023
Last update: 16 April 2025	
Purchasing committee	Source
<p>A committee of experts who meets on a regular basis to evaluate and approve the purchase of consumables and equipment not already present in the hospital.</p>	PPRI
Last update: 16 April 2025	
Purchasing power parities	Source
<p>Spatial deflators and currency converters, which eliminate the effects of the differences in price levels between countries, thus allowing volume comparisons of Gross Domestic Product (GDP) components and comparisons of price levels.</p> <p>PPPs are calculated in three stages: first for individual products, then for groups of products or basic headings and, finally, for groups of basic headings or aggregates. The PPPs for basic headings are unweighted averages of the PPPs for individual products. The PPPs for aggregates are weighted averages of the PPPs for basic headings. The weights used are the expenditure on the basic headings. PPPs at all stages are price relatives. They show how many units of currency A need to be spent in country A to obtain the same volume of a product or a basic heading or an aggregate that X units of currency B purchases in country B.</p> <p>In the case of a single product, the "same volume" means "identical volume". But in the case of the complex assortment of goods and services that make up an aggregate such as GDP, the "same volume" does not mean an "identical basket of goods and services". The composition of the basket will vary between countries according to their economic, social and cultural differences, but each basket will provide equivalent satisfaction or utility. Also referred to as "parity" or "parities".</p>	EUROSTAT-OECD 2023
Last update: 16 April 2025	
Quality-adjusted life years	Source
<p>A measure of health outcome which is calculated by estimating the years of life remaining for a patient following a particular care pathway and weighting each year with a quality of life score (on a zero to one scale).</p> <p>Cf. disability-adjusted life years</p>	PPRI
Last update: 21 June 2024	
Rational use of medicines	Source
<p>Rational use of medicines ensures that patients receive medications appropriate to their clinical needs, in doses that meet their own individual requirements, for an adequate period of time, and at the lowest cost to them and their community.</p>	adapted from: WHO 2025a
Last update: 16 April 2025	

Real-World Evidence Data	Source
Real-world data (RWD) refers to evidence obtained from real world evidence (RWE), which are observational data obtained outside the context of randomized controlled trials (RCT) and generated during routine clinical practice, such as from pharmacovigilance reports, electronic health records, registries, medical or reimbursement claims databases.	PPRI
Last update: 16 April 2025	
Rebate	Source
Rebate is a payment made to the purchaser after the transaction has occurred. Purchasers (either hospitals or pharmacies) receive a bulk refund from a wholesaler, based on sales of a particular product or total purchases from that wholesaler or manufacturer over a particular period of time.	adapted from; EUROSTAT-OECD 2023
Last update: 16 April 2025	
Recall	Source
Process by which medications are removed from distribution channels and returned to the manufacturer due to safety concerns (such as inadvertent product contamination) or other product integrity concerns (including subpotency, inappropriate labelling, etc.).	PPRI
Last update: 16 April 2025	
Reference group	Source
A group of medicines of the same active ingredient (ATC 5), in a given therapeutic class (ATC 4) or clustered based on a broader definition but still considered interchangeable. These clusters of medicines form the basis for establishing a reference price system. Cf. reference price system	PPRI
Last update: 16 April 2025	
Reference price	Source
Price that is set in a reference price system, where the third party payer funds a maximum amount (= reference price), while the patient must pay the difference between the reference price and the pharmacy retail price of the medicine, in addition to any further co-payments (e.g. prescription fees, or percentage co-payment rates).	PPRI
Last update: 16 April 2025	
Reference price system	Source
A reimbursement policy in which identical medicines (ATC 5 level) or similar medicines (ATC 4 level or other groups) are clustered (reference group). The public payer funds a maximum amount (the reference price), while the patient must pay the difference between the reference price and the pharmacy retail price of the medicine, in addition to any co-payments (such as prescription fees or percentage co-payment rates).	PPRI
Last update: 16 April 2025	

Reference product	Source
A medicine which has been granted a marketing authorisation by a country or by the European Commission on the basis of submitted quality, pre-clinical and clinical data, to which the application for marketing authorisation for a generic or a biosimilar product refers. In the context of external price referencing, the reference product is the one which is referred in the price comparison.	PPRI
Last update: 16 April 2025	
Reimbursable medicine	Source
Medicine which is eligible for reimbursement. Costs of reimbursable medicines may be fully covered by third party payers, or only partially (a specific percentage).	PPRI
Last update: 16 April 2025	
Reimbursement	Source
Coverage of the cost of reimbursable medicines by a public payer (such as social health insurance / National Health Service).	PPRI
Last update: 16 April 2025	
Reimbursement list	Source
A list that contains medicines with regard to their reimbursement status. It may either include medicines eligible for reimbursement (positive list) or those explicitly excluded from reimbursement (negative list). Reimbursement lists may be developed for the outpatient sector (usually at national level) or for the inpatient sector (at national, regional or facility levels, the latter in the form of hospital pharmaceutical formularies) or may address both sectors. Cf. positive list, negative list	PPRI
Last update: 16 April 2025	
Reimbursement market	Source
The reimbursement market is the sub-market which includes medicines whose expenses covered by a third party payer.	PPRI
Last update: 16 April 2025	
Reimbursement price	Source
The maximum amount of a medicine paid for by a third party payer.	PPRI
Last update: 16 April 2025	
Reimbursement process	Source
Decision-making process on the reimbursement status, reimbursement price, reimbursement rate of medicines that involves the roles and the composition of the responsible bodies and committees, the application process, the decision-making itself, the information process around the decision and the arbitration process after the decision. The outcome of the process is the decision whether or not the medicine will be included in reimbursement lists, and at which cost.	PPRI
Last update: 16 April 2025	

Reimbursement rate	Source
The percentage share of the price of a medicine or health service that is reimbursed (i.e. subsidised by a third party payer, e.g., public payer). The difference between the reimbursed amount and the full price of the medicine or health service is paid by the patient.	PPRI
Last update: 16 April 2025	
Reimbursement policy	Source
Action by a government authority to decide whether the cost of a medicine is funded by a public payer (such as social health insurance or National Health Service), and if yes, to which extent and under which conditions.	PPRI
Last update: 16 April 2025	
Reimbursement review	Source
Evaluation process of a reimbursement decision (i.e. decision about the reimbursement status and reimbursement rates of medicines), which may, or may not, include the price. Reimbursement reviews can be done systematically (e.g. once a year) for all reimbursed medicines or a group (e.g. specific indication), or out-of-schedule. Cf. price review	PPRI
Last update: 16 April 2025	
Reimbursement scheme	Source
A reimbursement system for a defined group of people, e.g., those covered by a defined social health insurance fund or other public payer. Eligibility for a reimbursement scheme may depend on the profession of the insured, the region where they live or their family status (e.g., a relative of the insured). In a country, several reimbursement schemes may be in place in parallel, and legislation may allow for different coverage decisions per reimbursement scheme. Some countries also apply the term "reimbursement scheme" to different types of medicines (e.g., a separate reimbursement scheme for expensive medicines) or different indications.	PPRI
Last update: 16 April 2025	
Reimbursement status	Source
Defines whether a medicine is eligible for reimbursement (reimbursable medicines) or not (non-reimbursable medicines).	PPRI
Last update: 16 April 2025	
Remuneration	Source
The payment of a health care provider (individual or organisation) for the services provided. The services may be paid directly by the patient or by a third party payer. In the case of pharmaceutical distribution, wholesalers and pharmacies are remunerated by linear mark-ups, regressive margin schemes or, in the case of pharmacies, a fee-for-service remuneration.	PPRI
Last update: 16 April 2025	

Retailer	Source
An entity, a person or a company that sells goods to consumers. In the pharmaceutical sector, this is the umbrella term for facilities that dispense/sell medicines (prescription-only medicines/ POM and Non-Prescription Medicines/NPM) to patients, e.g. community pharmacies, other POM dispensaries such as dispensing doctors, hospital pharmacies, pharmacy outlets, medicine chests, drugstores, supermarkets, etc.	adapted from: by WHO & HAI 2008
Last update: 16 April 2025	
Risk-sharing scheme	Source
<p>Agreements concluded by payers and pharmaceutical companies to diminish the impact on the payer's budget of new and existing medicines brought about by either the uncertainty of the value of the medicine and/or the need to work within finite budgets.</p> <p>A contract between two parties who agree to engage in a transaction in which there are uncertainties regardless concerning its final value. Nevertheless, one party, the company, has sufficient confidence in its claims of either effectiveness or efficiency that it is ready to accept a reward or a penalty depending on the observed performance of its product.</p>	PPRI
Last update: 16 April 2025	
Seamless care	Source
Continuity of care provided when transitioning from one health care setting to another, allowing pharmacy care to be carried out without any interruptions. See also: continuity of care, integrated care (comprehensive care, transmurial care), interface management	PPRI
Last update: 16 April 2025	
Self-medication	Source
The use of medicines by individuals to treat self-recognized conditions or symptoms, without a prescription or direct supervision by a healthcare professional.	adapted from: WHO 2000
Last update: 16 April 2025	
Short-line wholesale	Source
Wholesale distribution offering a limited range of medicines available in a defined market.	PPRI
Last update: 16 April 2025	
Sickness fund	Source
A single social health insurance institution. In some countries there are several sickness funds operating (Austria) or even competing each other (Germany). Some sickness funds are operating on a regional basis whereas others are limited to specific professional groups like farmers or self-employed persons.	PPRI
Last update: 16 April 2025	

Single-channel system	Source
Wholesale distribution scheme in which a wholesaler has the exclusive right to distribute medicines – usually all products – of one manufacturer.	PPRI
Last update: 16 April 2025	
Single-source medicine	Source
A medicine that can be purchased from one manufacturer since it is patent-protected (on-patent medicine). Cf. Generic	PPRI
Last update: 16 April 2025	
Social health insurance	Source
A system of financing health care funded through insurance contributions by employers and employees as well as state subsidies.	PPRI
Last update: 16 April 2025	
Stakeholder	Source
<p>A person or organisation with a legitimate interest in a topic related to health care. Stakeholders may be:</p> <ul style="list-style-type: none"> - pharmaceutical manufacturers - equipment suppliers - patient organisations - organisations representing health care professionals - other health care organisations - civil society organisations. 	NICE 2025
Last update: 16 April 2025	
Statutory pricing	Source
Pricing procedure, where medicine prices are set on a regulatory basis (e.g. law, enactment, decree).	PPRI
Last update: 16 April 2025	
Stock-taking	Source
<p>Management of medicine stocks in a hospital or any other step of a delivery chain. Good distribution practices suggest the following principles for stock-taking:</p> <ul style="list-style-type: none"> - Periodic stock reconciliation should be performed by comparing the actual and recorded stocks. - All significant stock discrepancies should be investigated as a check against inadvertent mix-ups and/or incorrect issue. - FEFO (First Expiry/First Out): A distribution procedure that ensures the stock with the earliest expiry date is distributed and/or used before an identical stock item with a later expiry date is distributed and/or used; EEFO (Earliest Expiry/First Out) shall have a similar meaning. - FIFO (First In/First Out): A distribution procedure to ensure that the oldest stock is distributed and/or utilised before a newer and identical stock item is distributed and/or utilised. 	PPRI
Last update: 16 April 2025	

Storage	Source
The storing of pharmaceutical products up to the point of use.	WHO 2019
Last update: 16 April 2025	
Subscription model	Source
Implementing delinkage of price from volume, through granting a predefined fixed award to suppliers in return for the supply of medicines. Synonyms: subscription fee-based model, subscription-based procurement model	PPRI
Last update: 16 April 2025	
Supplementary protection certificate	Source
An intellectual property right that serves as an extension to a patent right. Supplementary protection certificates (SPCs) are primarily governed by European Union regulations, but such mechanisms for patent term extension also exist in other countries and regions.	European Commission 2025a
Last update: 16 April 2025	
Supplier	Source
Person or company providing medicines on request. Suppliers include manufacturers, distribution actors and (parallel) traders.	adapted from: WHO 2019
Last update: 16 April 2025	
Supply	Source
Schedule of quantities of a product (good/service) that potential sellers are willing and able to sell at a given price during a certain period and at a certain location.	PPRI
Last update: 16 April 2025	
Supply side measures	Source
Policies that are applied by governments (e.g. public authorities and public payers in the healthcare system) to control prices and/or profit, manage access and/or determine coverage.	PPRI
Last update: 16 April 2025	

Surrogate endpoint	Source
<p>A biomarker that is intended to substitute for a clinical endpoint. A surrogate endpoint is expected to predict clinical benefit (or harm or lack of benefit or harm) based on epidemiological, therapeutic, pathophysiologic, or other scientific evidence.</p> <p>Surrogate endpoints are a subset of biomarkers. Although all surrogate endpoints can be considered biomarkers, it is likely that only a few biomarkers will achieve surrogate endpoint status. The term surrogate endpoint applies primarily to endpoints in therapeutic intervention trials; however, it may sometimes apply in natural history or epidemiological studies.</p> <p>It is important to point out that the same biomarkers used as surrogate endpoints in clinical trials are often extended to clinical practice in which disease responses are similarly measured. The use of biomarkers as surrogate endpoints in a clinical trial requires the specification of the clinical endpoints that are being substituted, class of therapeutic intervention being applied, and characteristics of population and disease state in which the substitution is being made.</p> <p>The term surrogate literally means “to substitute for”; therefore use of the term surrogate marker is discouraged because the term suggests that the substitution is for a marker rather than for a clinical endpoint.</p> <p>Cf. biological marker, clinical endpoint</p>	Biomarkers Definitions Working Group 2001
Last update: 16 April 2025	
Sustainability	Source
The capacity to meet the needs of the present without compromising the ability to meet future needs.	Roberts & WHO Regional Office for Europe 1998
Last update: 16 April 2025	
Switch	Source
<p>Two meanings:</p> <p>Reclassification done by a regulatory authority of a prescription-only medicine (POM) to a non-prescription medicine (NPM).</p> <p>Action by a prescriber to change medication (e.g. from an originator biological to a biosimilar medicine or from one biosimilar to another biosimilar medicine).</p> <p>Synonym: switching</p>	PPRI
Last update: 16 April 2025	
Taxation	Source
<p>A compulsory transfer of money from private individuals, institutions or groups to the government.</p> <p>It may be levied upon wealth or income (direct taxation) or in the form of surcharges on prices (indirect taxation). It may be paid to the central government (central taxation) or to the local government (local taxation). Taxation is one of the principal means by which a government finances its expenditure, including health care systems.</p>	Bannock & Baxter 2011
Last update: 16 April 2025	
Tendering	Source
Any formal and competitive procurement procedure through which tenders (offers) are requested, received and evaluated for the procurement of goods, works or services, and as a consequence of which an award is made to the tenderer whose tender/offer is the most advantageous.	PPRI
Last update: 16 April 2025	

Therapeutic benefit	Source
The effect conveyed on a patient following administration of a pharmaceutical which either restores, corrects or modifies a physiological function(s) for that patient.	PPRI
Last update: 16 April 2025	
Therapeutic equivalence	Source
Two pharmaceutical products are considered to be therapeutically equivalent if they are pharmaceutically equivalent or pharmaceutical alternatives and after administration in the same molar dose, their effects, with respect to both efficacy and safety, are essentially the same when administered to patients by the same route under the conditions specified in the labelling. This can be demonstrated by appropriate bioequivalence studies, such as pharmacokinetic, pharmacodynamic, clinical or in vitro studies.	WHO 2017
Last update: 16 April 2025	
Therapeutic group	Source
A set of medicines that are used to treat the same or similar medical conditions, often grouped based on their pharmacological or therapeutic properties.	adapted from: Norwegian Institute of Public Health 2024
Last update: 16 April 2025	
Therapeutic referencing	Source
The practice of using the price(s) of similar products (ATC 4 level) or with therapeutical equivalent treatment (not necessarily a medicine) in a country in order to derive a benchmark or reference price for the purposes of setting or negotiating the price or reimbursement of the product in a given country. Cf. ATC, reference price system	PPRI
Last update: 16 April 2025	
Third party payer	Source
Public or private organisation that pays or insures health or medical expenses on behalf of beneficiaries or recipients. Recipients pay a premium for this coverage in all private and some public programs of social insurance, while the system is supported by general taxation in the National Health Services. The payer then pays bills on behalf of covered individuals, which are called third party payments. They are distinguished by the separation among the individual receiving the service (the first party), the individual or institution providing it (the second party), and the organisation paying for it (third party).	PPRI
Last update: 16 April 2025	
Traceability	Source
The ability to identify the movement of a medicine in the supply chain (track forward) as well as to verify its history, application or location (track backward).	adapted from: WHO 2021
Last update: 16 April 2025	

Unit price	Source
The price of a single item in one package (calculated as the price divided by the pack size).	PPRI
Last update: 16 April 2025	
Value added tax	Source
A sales-tax on products collected in stages by enterprises.	adapted from: EUROSTAT- OECD 2023
Last update: 16 April 2025	
Value based pricing	Source
Through this policy authorities set the prices of a new medicine and/or decide on reimbursement based on the therapeutic value that a medicine offers, usually assessed through health technology assessment (HTA) or economic evaluation. In a full-fledged VBP, the pricing and reimbursement systems are integrated, and the price and reimbursement decision is taken jointly based on a value assessment	PPRI
Last update: 16 April 2025	
Value for money	Source
A definition of quality that assesses the quality of provision, processes or outcomes against the monetary cost of making the provision, undertaking the process or achieving the outcomes.	PPRI
Last update: 16 April 2025	
Volume control	Source
Measures applied by authorities (e.g. state, third party payers) or actors (e.g. hospitals) in order to affect and limit the amount of medicines prescribed and/or dispensed (e.g. pharmaceutical budgets).	PPRI
Last update: 16 April 2025	
Voluntary health insurance	Source
Health insurance that is taken up and paid for at the discretion of individuals or employers on behalf of individuals. VHI can be offered by public or quasi-public bodies and by for-profit (commercial) and non-profit private organisations. In the European context, VHI can be classified in three different ways: Substitutive Private Health Insurance provides cover that would otherwise be available provided by state. In a social health insurance system people who have no insurance obligation (in some countries e.g. self-employed) may opt for substitutive private health Insurance. Complementary VHI provides cover for services excluded or not fully covered by the state (e.g. dental care), including cover for co-payments imposed by the statutory health care system. Supplementary VHI provides cover for faster access and increased consumer choice.	PPRI
Last update: 16 April 2025	

Vulnerable populations	Source
Groups within a society facing higher risks of poverty and social exclusion compared to the general population. These vulnerable and marginalised groups include but are not limited to: people with disabilities, isolated elderly people and children, migrants, homeless people, ex-prisoners and drug addicts.	adapted from: European Commission 2010
Last update: 16 April 2025	
Wholesale	Source
All activities consisting of procuring, holding, supplying or exporting medicines, apart from supplying medicines to the public.	Directive 2001/83/EC
Last update: 16 April 2025	
Wholesale outlet	Source
Logistics facility of wholesale companies	PPRI
Last update: 16 April 2025	
Wholesaler	Source
Entity performing wholesale activities	PPRI
Last update: 16 April 2025	
Winner-takes-it-all procedure	Source
A winner-takes-it-all procedure is a procurement procedure where the full contract for purchasing goods and services is awarded to the single winning bid.	PPRI
Last update: 25 March 2022	

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This Glossary contains definitions that the authors and further members of the PPRI Secretariat developed, and adapted through review and consultation processes, for terms where no adequate definition in the context of pharmaceutical policy had previously existed. For those definitions, PPRI is indicated as source.

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