

Can we alleviate current market failures from international price referencing of pharmaceuticals in middle income countries? ISPOR, Madrid Nov 2011

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Agenda:

- **Public payer/Ministry of Health/HTA Agency perspective**
 - My personal perspective
- **Health care budgets**
 - Limited resources for health care
 - Middle income countries
- **Transparency v. confidentiality**
 - Criteria for reimbursement
- **Information exchange**
 - public domain, between payers, ministries, agencies
- **Conclusions**

Perspective:

- **Decision maker – responsibility**
 - Decisions have to be made in transparent way
 - Available in the public domain
- **Public payer/MoH/HTA Agency/Pricing Agency etc.**
- **Maximum health effect within available public funds**
 - To spend the public money in the best possible way
- **Resources always limited**
 - Middle income countries
- **Public health**
 - Priorities, health needs, population....

Health care budgets:

- **Some statistics**
- **Source: OECD Health Data 2011**
 - <http://stats.oecd.org/Index.aspx?DataSetCode=SHA>
- **Total expenditure on health:**
 - % Gross Domestic Product, per capita US\$ Purchasing Power Parity
- **Total expenditure on pharmaceuticals and other medical non-durables:**
 - % Gross Domestic Product, per capita US\$ Purchasing Power Parity
- **The choice of 9 countries 1999-2009**
 - United Kingdom, France, Germany
 - Czech Republic, Estonia, Hungary, Poland, Slovak Republic, Slovenia
 - Alphabetic order

Total expenditure on health % GDP:



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Czech Republic	6,6	6,5	6,7	7,1	7,4	7,2	7,2	7,0	6,8	7,1	8,2
Estonia	5,9	5,3	4,9	4,8	5,0	5,1	5,0	5,0	5,2	6,1	7,0
France	10,1	10,1	10,2	10,5	10,9	11,0	11,1	11,0	11,0	11,1	11,8
Germany	10,3	10,3	10,4	10,6	10,8	10,6	10,7	10,8	10,5	10,7	11,6
Hungary	7,2	7,0	7,1	7,5	8,3	8,0	8,3	8,1	7,5	7,2	7,4
Poland	5,7	5,5	5,9	6,3	6,2	6,2	6,2	6,2	6,4	7,0	7,4
Slovak Republic	5,8	5,5	5,5	5,6	5,8	7,2	7,0	7,3	7,7	8,0	9,1
Slovenia	7,9	8,3	8,6	8,6	8,6	8,4	8,4	8,3	7,8	8,4	9,3
United Kingdom	6,8	7,0	7,2	7,6	7,8	8,0	8,2	8,5	8,4	8,8	9,8

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Total expenditure on pharmaceuticals % total expenditure on health:



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Czech Republic	23	23,4	24	23,9	24,2	24,8	24,8	22,8	21,5	20,4	19,4
Estonia	19,5	22,3	25,2	26,5	24	25,4	23,9	23,5	21,4	20,7	23,4
France	16	16,5	16,9	16,8	16,7	16,8	16,7	16,3	16,4	16,3	16,1
Germany	13,5	13,6	14,2	14,4	14,4	13,8	15	14,7	15	15	14,8
Hungary			28,5	27,6	27,5	28,8	31,1	31,7	31,1	31,6	32,6
Poland				28,4	30,3	29,6	28	27,2	24,5	22,6	22,4
Slovak Republic	34	34	34	37,3	38,5	31,4	31,9	29,7	27,9	27,6	26,6
Slovenia				20,9	20,5	20,7	20,7	20,4	19,8	18,5	18,8
United Kingdom	14,2	13,9	13,6	13,8	13,3	12,8	12,3	12,2	11,6		

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Transparency v. confidentiality:



- Everyone wants transparency
- But there are some issues around confidentiality
 - Risk Sharing Schemes
- EU Transparency Directive
- Criteria for reimbursement, e.g.
 - The importance of the clinical condition
 - Efficacy and effectiveness, safety, the benefit-risk ratio
 - The cost - effectiveness ratio
 - Price competitiveness
 - BIA

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Criteria for reimbursement:



- The threshold value for cost per additional quality-adjusted life-year (cost/QALY)
- Determined by the amount of triple GDP per capita
- In case of the impossibility of calculation cost/QALY - the cost per additional life-year gained (cost/LYG)
- Taking into account other possible medical procedures which can be replaced by the requested medicine

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Information exchange:



- MEDEV
 - network mainly for public payers but HTA agencies, Ministries also take part
 - ESIP – European Social Insurance Platform <http://www.esip.org/>
 - Funded by members, membership fee
- Visegrad group countries meetings, e.g. supported by WHO
- PPRI – Pharmaceutical Pricing and Reimbursement Information <http://ppri.oebig.at/>
 - EU funded project
 - 60 members, 38 countries, international organisations

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Conclusions:



- Decision makers and payers want to control pharmaceutical prices
- International reference pricing - very efficient tool but with some limitations
- Narrow price corridor between countries
- Differences in GDP between countries and expenditures on health
- Different tools also available - limitations

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