



# MEDICINES PRICING IN BOSNIA AND HERZEGOVINA – WHAT COULD BE SOLUTION TO REDUCE PRICES

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## OBJECTIVES

Bosnia and Herzegovina (B&H) introduced medicines price regulation based on international reference pricing (IRP) setting maximal allowed wholesaler prices (MWP). Referent countries are Slovenia, Croatia and Serbia (primary basket), and alternatively Bulgaria and Italy, in case prices for medical product is not available in primary basket country. MWP is calculated as average price in three of basket countries and published in June each year. In case three prices are not available, average of two can be used or in case only one price is available or not available at all, it is requested to submit pharmacoeconomic study in order to justify proposed price which is a subject of approval. Even this resulted in price decrease, still there are discussions that medicines prices are higher than in neighboring countries.

There are 13 administrative units in Bosnia and Herzegovina including two entities – Republic of Srpska (with centralized one health insurance fund) covering 49% of country territory and Federation of Bosnia and Herzegovina with 10 cantons and health insurance funds in each. Due to this organization there are differences in retail or reimbursed prices across the country.

Prices of medicines are formed by adding distribution and retail margin, and value added tax (VAT). We have conducted analysis on factors affecting prices and suggested possible action to reduce prices.

## METHODS

We have analyzed available legislation covering price regulation and reimbursement lists by internet search and direct contacts with relevant stakeholders.

## RESULTS

We identified that MWP are equal on the country level but retail and reimbursement prices are different in different parts of the country. The wholesale margin in Federation of B&H is regulated and set as 8% while in Republic of Srpska (RS) it is 6%. Retail pharmacy margin in FB&H is defined up to 25% while in RS it is 18%. (Table 1) For reimbursed medicines price is defined by Health Insurance Funds (HIF) and retail margin is not calculated but HIF covers pharmacy remuneration which differs among cantons in FB&H ranging from 0,60 to 0,97 EUR including VAT except one canton where margin of 13% is applied. In RS it is 0,73 EUR with VAT. (Table 2). This fee is fixed and relates to each prescription. VAT rate in B&H is 17% and it is applicable for all goods and services including medicines. Comparing VAT rate applicable on medicines in B&H and neighboring countries it is the highest rate since in Serbia it is 8%, Montenegro 7%, Slovenia 9,5% and Croatia 5%. (Figure 1)

## CONCLUSION

Different medicines prices across Bosnia and Herzegovina are result of different regulations and applicable margins. Due to highly decentralized country the simplest way to impact on price decrease is to introduce lower VAT rate for medicines especially benchmarking to IRP referent countries.

## REFERENCES

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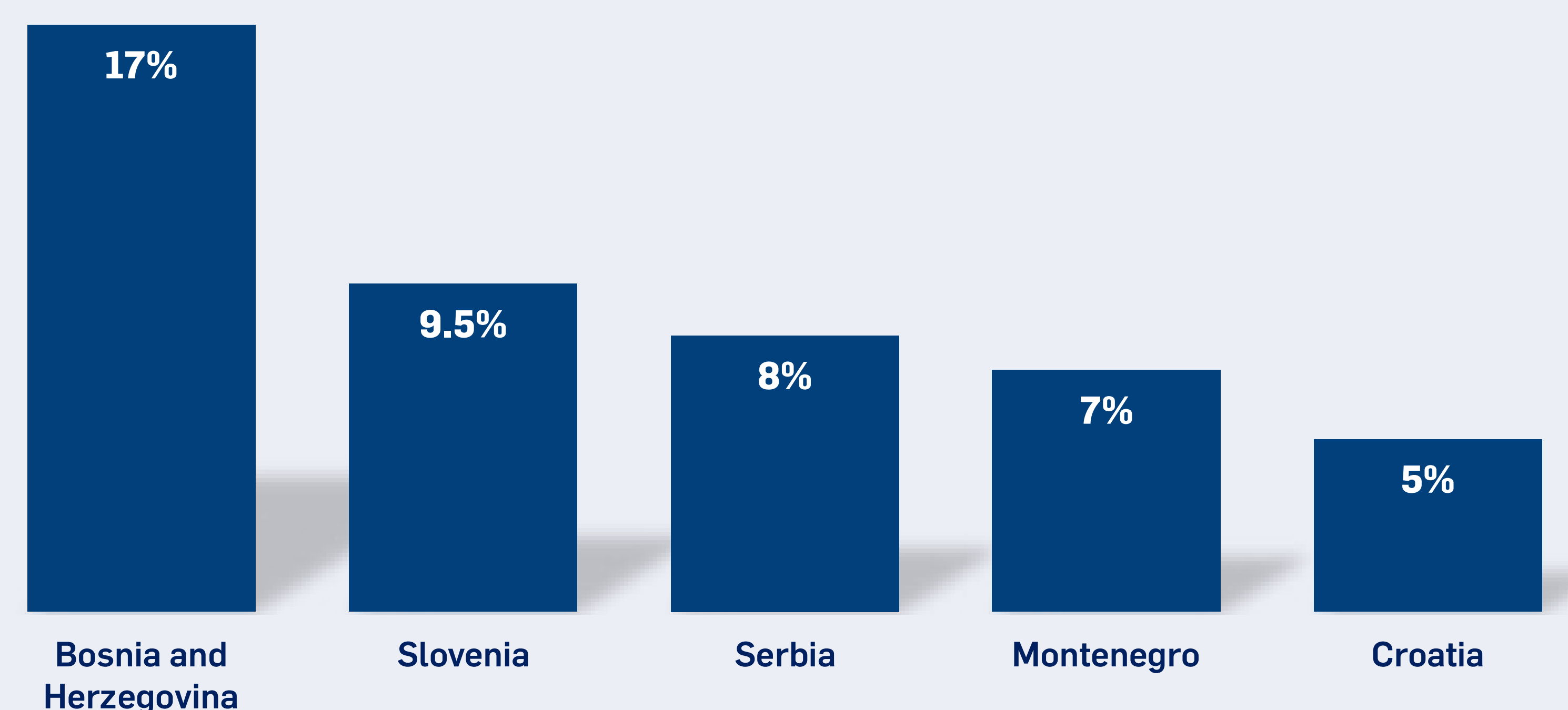
|                        | Bosnia and Herzegovina entities |                    |
|------------------------|---------------------------------|--------------------|
|                        | Federation of B&H               | Republic of Srpska |
| Wholesaler markup      | 8%                              | 6%                 |
| Retail pharmacy markup | 0-25%                           | 18%                |
| VAT*                   | 17%                             | 17%                |
| *Value Added Tax       |                                 |                    |

TABLE 1. Medicines markup and VAT in Bosnia and Herzegovina

| Canton/Entity              | Pharmacy Remuneration fee incl VAT (EUR) |
|----------------------------|--|
| Canton Sarajevo            | 0,97                                     |
| Posavina Canton            | 0,60                                     |
| Central Bosnia Canton      | 0,84                                     |
| Herzegovina-Neretva Canton | 0,84                                     |
| Bosnian-Podrinje Canton    | 0,56                                     |
| West Herzegovina Canton    | 0,77                                     |
| Tuzla Canton               | 0,77                                     |
| Una-Sana Canton            | 0,60                                     |
| Zenica-Doboj Canton        | 0,95                                     |
| Canton 10                  | 13%                                      |
| Brčko District             | 0,73                                     |
| Republika Srpska (entity)  | 0,73                                     |

TABLE 2. Pharmacy remuneration fees

Figure 1.  
Medicines VAT rate in Bosnia and Herzegovina and neighboring countries



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