

The impact of cost-shifting policies on the pharmaceutical sector in Greece during the financial crisis

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INTRODUCTION

- Upon the financial crisis onset in Greece, governments’ policies proceeded with implementing austerity health policies agreed under the three bailout Economic Adjustment Programmes, signed among the Greek Government, the European Commission, the European Central Bank and the IMF (International Monetary Fund) in 2010,2012 and 2015.
- These fiscal consolidation measures, focused mainly on reducing costs through budget caps and price reductions, cost-containment and cost-reallocation¹, thus inducing substitution effects, which burdened the industry via rebates and clawback and patients in the form of increased co-payments².

OBJECTIVE

- To discern the scope of implemented policies, emphasizing on the observed shifting of pharmaceutical expenditure towards the pharmaceutical industry and households.
- To highlight the impact of this cost reallocation towards the industry and the Greek households.

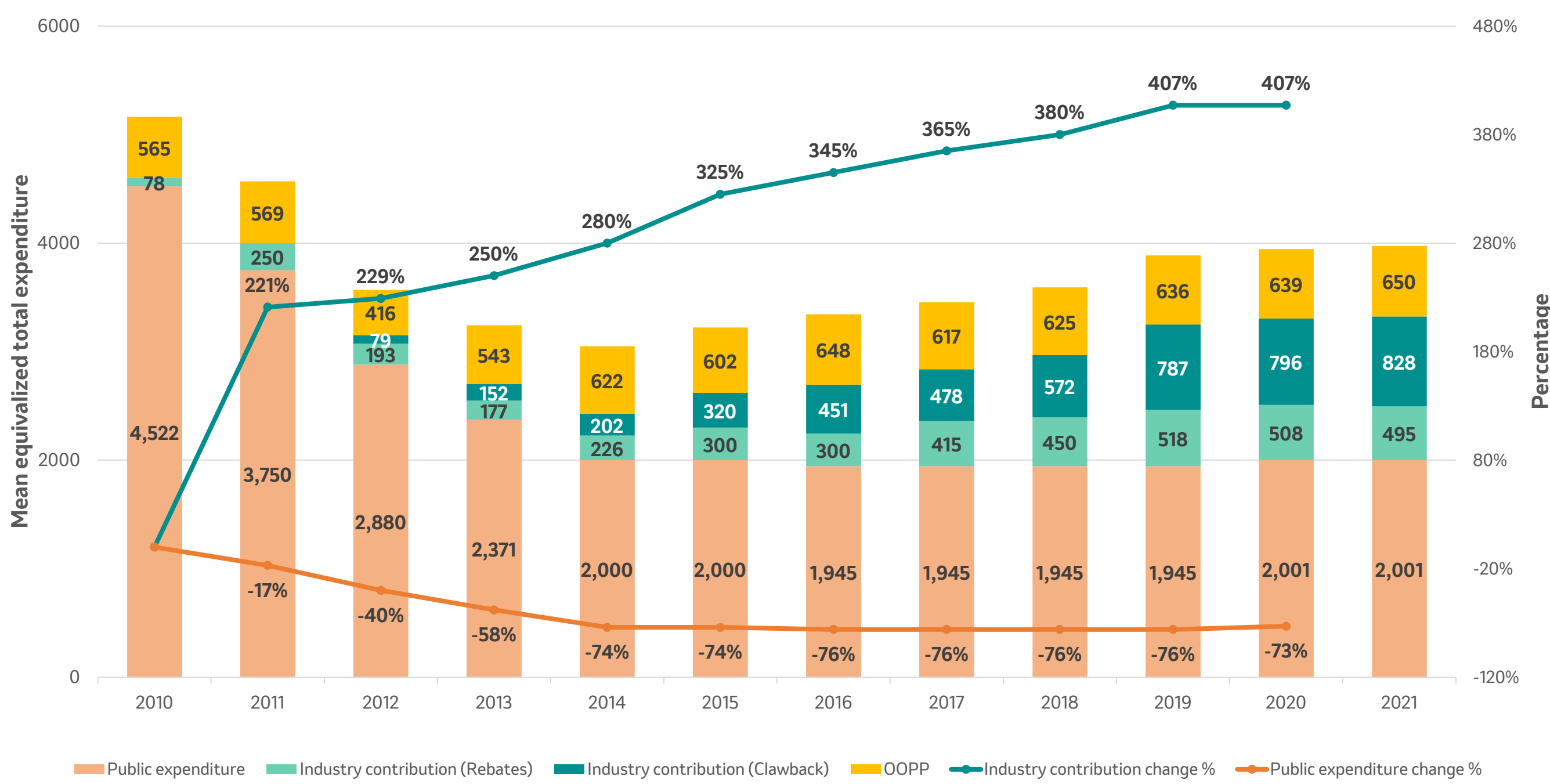
METHODOLOGY

- This study³ implemented content analysis on 377 unique statutes and regulations from the Government Gazette.
- 191 measures that resulted in reallocation of pharmaceutical expenditure were identified and classified based on the consequent payer.
- The consequences of this shift on pharmaceutical care funding is examined through descriptive analysis using:
 - the Household Budget Survey regarding out-of-pocket (OOP) payments and
 - evidence on the clawback and rebates for the pharmaceutical industry.

RESULTS

- While household total and health expenditures decreased by 31% and 20% respectively, total pharmaceutical expenditure increased by 26% between 2008 and 2018.
- Public pharmaceutical expenditure thresholds were set, which however failed to control total pharmaceutical expenditure, which increased rapidly after 2015. (Figure 1)

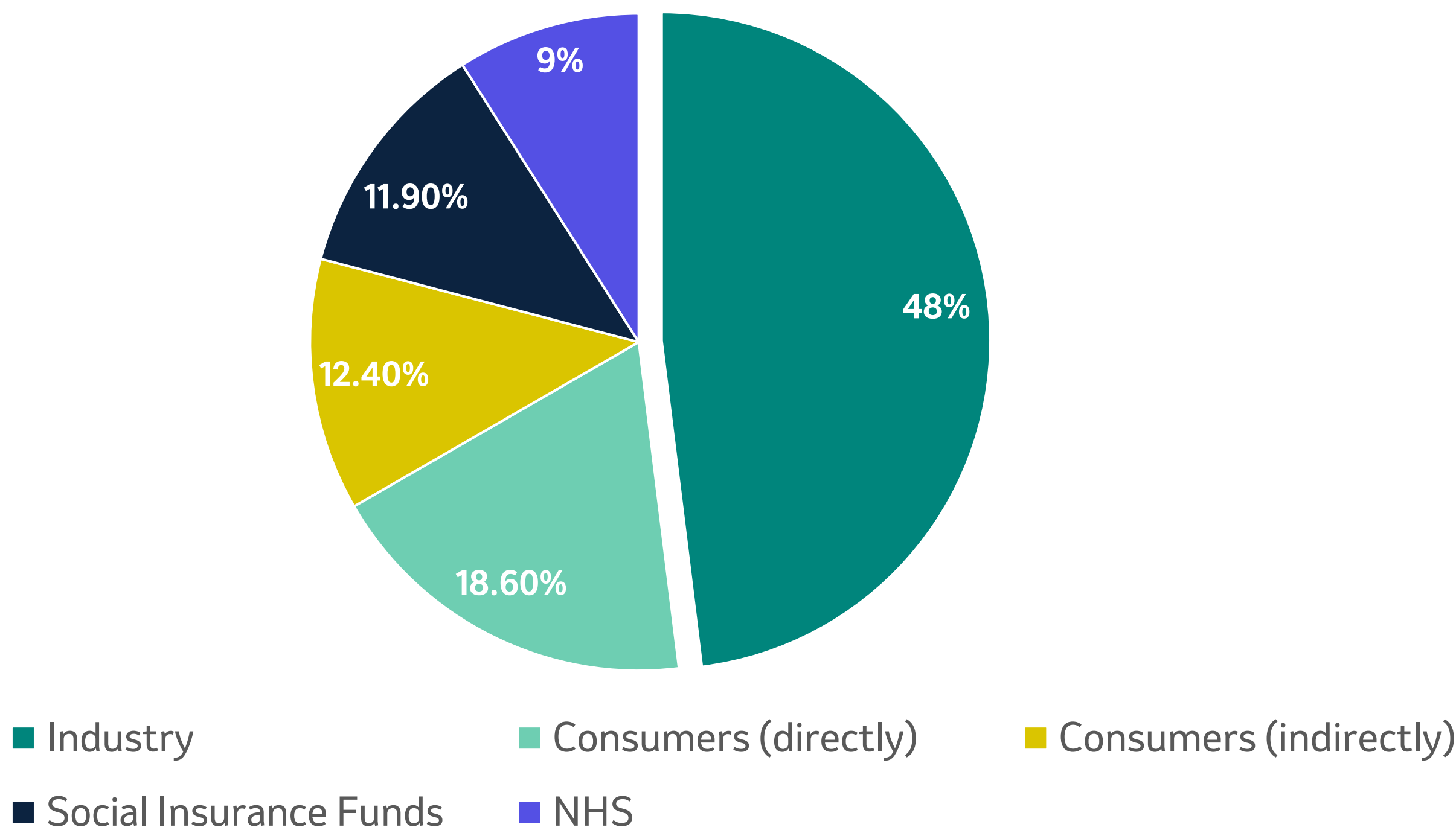
Figure 1. Breakdown of total outpatient reimbursed pharmaceutical expenditure (mil €, 2010-2020⁴



- Almost a third of pharmaceutical expenditure’s cost-containment measures (31%) shifted pharmaceutical cost to households through direct (OOP) or indirect payments. (Fig. 2)

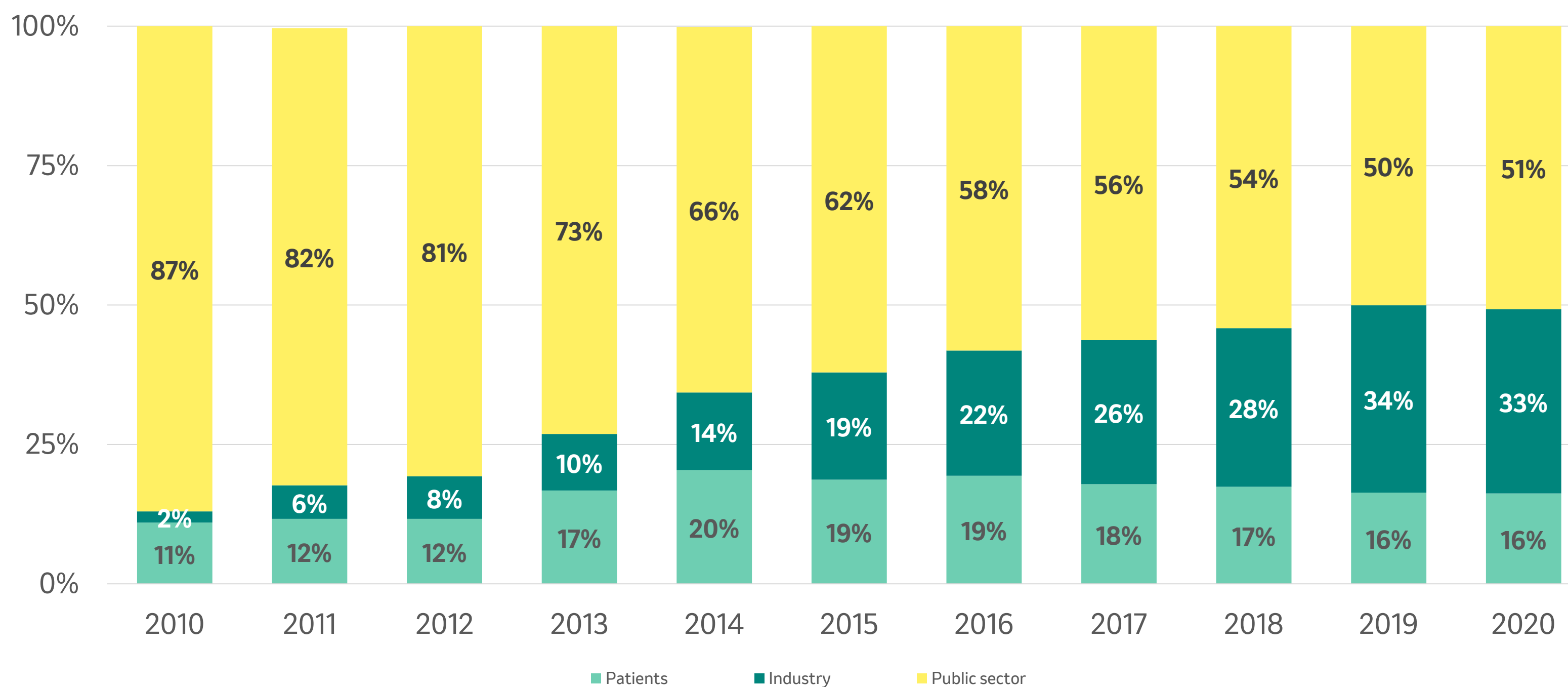
- A staggering 48.7% of all measures regarding pharmaceutical cost-containment, transferred pharmaceutical cost to the industry. (Figure 2)

Figure 2. Share (%) of measures shifting pharmaceutical expenditure based by consequent payer for the period 2010-2020



- As a result of these regulations, the contribution of the public sector into the funding of the pharmaceutical care, was reduced from 87% in 2010 to 51% in 2020. (Figure 3)
- An increasing contribution of the pharmaceutical industry in the total outpatient pharmaceutical spending was observed, moving from 1.5% in 2010 to 33.1% in 2020. (Figure 3)
- Between 2010-2016, patients’ contribution increased significantly reaching up to 20%, followed by a subsequent stabilization reaching the level of 16%. This declining patient contribution was cost-shifted to the pharmaceutical industry, which absorbed this additional burden.

Figure 3. Share (%) of total outpatient pharmaceutical expenditure by financing scheme, 2010-2020⁴



CONCLUSION

- During the decade 2010-2020 there was a clear legislative tendency to shift pharmaceutical expenditure towards patients and the industry (co-payments, clawback, rebates), instead of curbing chronic inefficiencies⁵ through structural reforms.
- As demand increases, without structural reforms, both patients and the industry contribute to the financing of pharmaceutical care.
- Shifting the cost of pharmaceutical care to patients in the form of out-of-pocket payments, has a significant impact on household budgets in terms of well-being.
- The industry is transforming into a main financing pillar of pharmaceutical care, thus substituting the government’s fundamental role of covering patients’ needs.
- Pharmaceutical policy should focus on improving efficiency through demand-driven structural measures and optimal healthcare budget planning.

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