

# The impact of the Health Act (Pricing and Supply of Medical Goods) (2013) on the pricing of medicines in Ireland

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## BACKGROUND

A regulated medicine pricing system is used in Ireland, which means manufacturers of medicines are not free to set their own prices [1]. The Health (Pricing and Supply of Medical Goods) Act (2013) was introduced to promote the use of generic medicines and reduce the cost of medicines in Ireland [2]. The Framework Agreement between the Industry and the Government set the prices for new medicines and dictate the maximum price for medicines that go off patent and generic medicines. The Health Act (2013) introduced generic substitution and reference pricing [2], with the aim of achieving cost savings to the Irish healthcare system [3-6].

Generic reference pricing sets a common reimbursement price that the government reimburses for specific groups of interchangeable medicines [4]. Interchangeable medicines are defined as medicines that contain the same active ingredient in the same strength, in the same pharmaceutical form, and have the same route of administration [4]. The generic reference pricing is not linked to the acquisition and/or distribution cost of the medicines but is dependent on the number of suppliers in the market [7]. The setting of the reference price is a continuous process involving the price being reviewed downwards at regular intervals [7].

Savings to the State from the reduction in the price of generic medicine cannot be realised without people using the generic medicine, which is encouraged by generic substitution and international non-proprietary name (INN) prescribing [8]. Generic substitution is when lower priced generic medicines on the interchangeable list are made available to patients instead of a higher priced originator medicine [4]. Generic substitution is mandatory at pharmacy level in Ireland following the 2013 Health Act [2].

## OBJECTIVE

The objective of this study is to describe the impact of the Health Act (2013) on the price of medicines and to identify where the greatest savings have been made.

## METHODS

The proportion of medicines subject to price reductions and the impact on prices since the introduction of the Health Act was analysed, to identify where the greatest savings have been made. First, the ingredient costs for each of the top 100 most prescribed medicines from 2013 (before the Act) to 2023 was obtained, from a HSE source [9]. Based on this, the average ingredient cost for each year (2013–2023) was then calculated, for the 100 most prescribed medicines [9].

The initial list of medicines prioritised for the interchangeable list by the Department of Health (DoH)/Health Service Executive (HSE) were chosen because they were considered as offering the greatest savings to the state, as generic versions of them were available [10]. The original price from 2013 (before the Act) was compared to the reference price from 2023 (10 years after the Act) for each of these medicines, and the reduction in price as a percentage between the two years was calculated [10, 11].

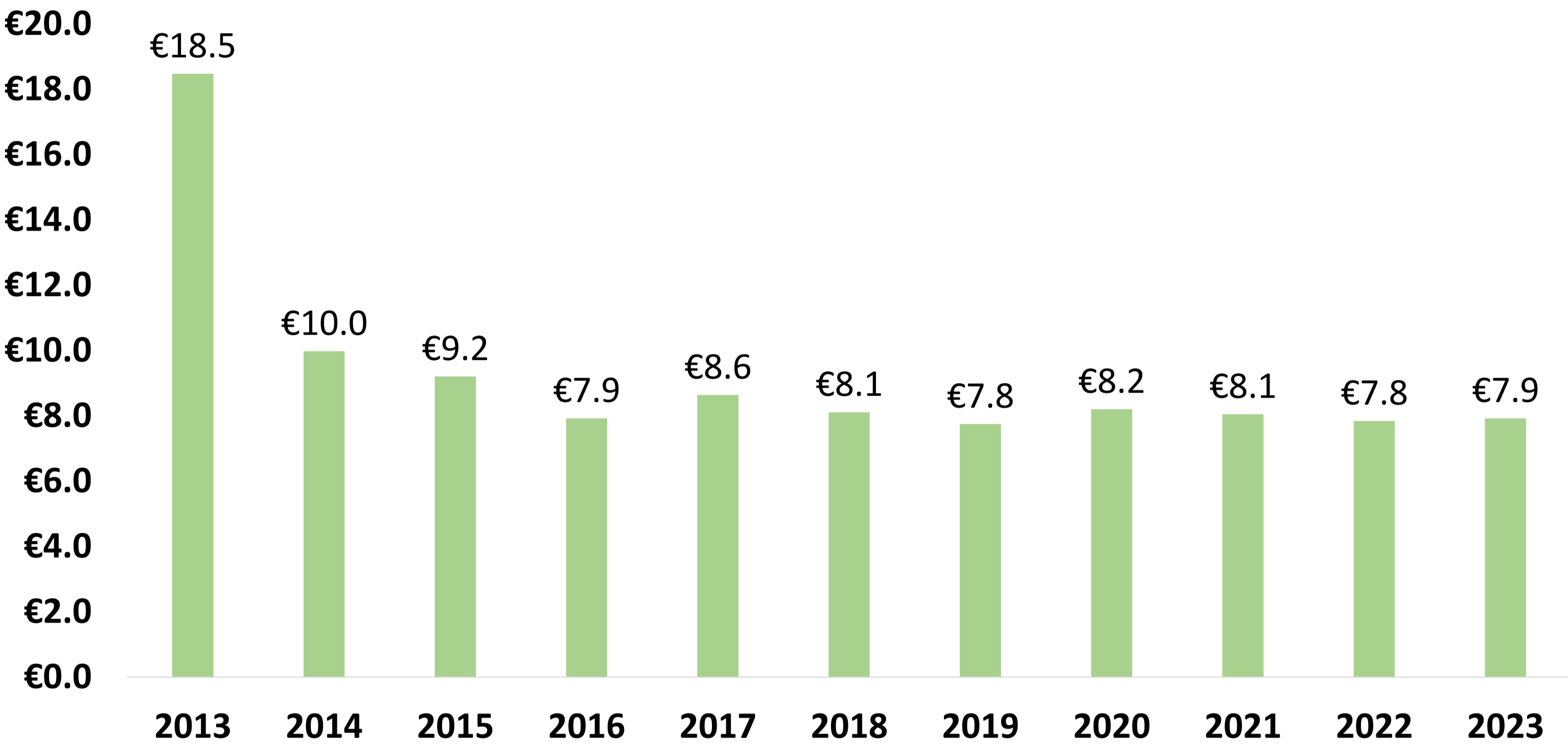
## RESULTS

Over the last ten years since the introduction of The Health Act (2013), pricing policies for generic medicines have had a big impact with 45% of the top 100 most expensive General Medical Services medicines (GMS) in 2013 now subject to generic reference pricing and/or price reductions upon generic entry.

## RESULTS

This has had the effect of decreasing the price of the most prescribed products [10]. It can be seen in **Figure 1** that the average ingredient cost of the most prescribed products has decreased from €18.50 in 2013 to €7.90 in 2023 [9].

Figure 1: Average ingredient cost of 100 most prescribed medicines (2013–2023)



Source: Health Service Executive (HSE) The Top 100 Products by Ingredient Cost (2013 to 2023) (2023) [9]

## RESULTS

The price of medicines that the Department of Health/HSE prioritised for interchangeability has decreased substantially over 2013-2023 period. It can be seen in **Figure 2** that the prices of interchangeable medicines have decreased substantially over the previous 10 years, with price reductions ranging from 48% for Ramipril to 88% for Perindopril. This was a result of reference pricing [10, 11].

Figure 2: Original and reference price (average ingredient cost per prescription)

INN	Average Ingredient Cost per Prescription, 2013 (Original Price)	Average Ingredient Cost per Prescription, 2023 (Reference Price)	Average Ingredient Cost Reduction (%)
Atorvastatin	€17.14	€3.16	82%
Esomeprazole	€22.60	€6.59	71%
Olanzapine	€57.29	€12.96	77%
Omeprazole	€18.04	€6.72	63%
Rosuvastatin	€15.04	€4.32	71%
Lansoprazole	€13.07	€4.78	63%
Quetiapine	€35.85	€7.09	80%
Pantoprazole	€12.42	€3.14	75%
Clopidogrel	€26.04	€3.91	85%
Pravastatin	€24.30	€4.05	83%
Perindopril	€42.81	€5.03	88%
Risperidone	€154.56	€45.64	70%
Ramipril	€4.86	€2.51	48%
Valsartan	€18.31	€4.48	76%
Losartan	€13.47	€3.44	74%

Abbreviations: INN= International Non-proprietary.

Source: Gorecki (2018) [10], updated by Salutem Insights (2023) [11]

## CONCLUSION

The Health Act (2013) has played a crucial role in reducing the cost of medicines and promoting the use of generic medicines in Ireland, leading to increased affordability and accessibility while contributing to cost containment within the healthcare system. A medicines sustainability taskforce was set up in 2024 with the aim of finding savings in the medicines budget and one of the key performance indicators is more updates in the list of interchangeable medicines [12].

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