

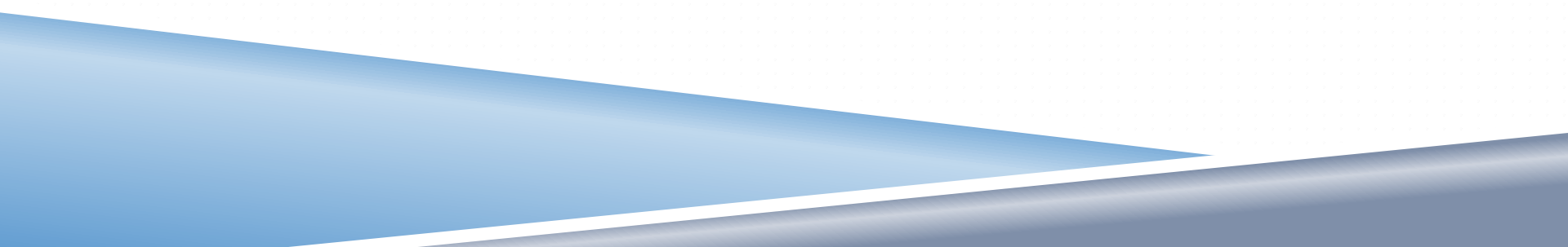
PHARMACEUTICAL PRICE CONTROL IN SLOVAKIA, AUSTRIA, & POLAND

Laura Stack

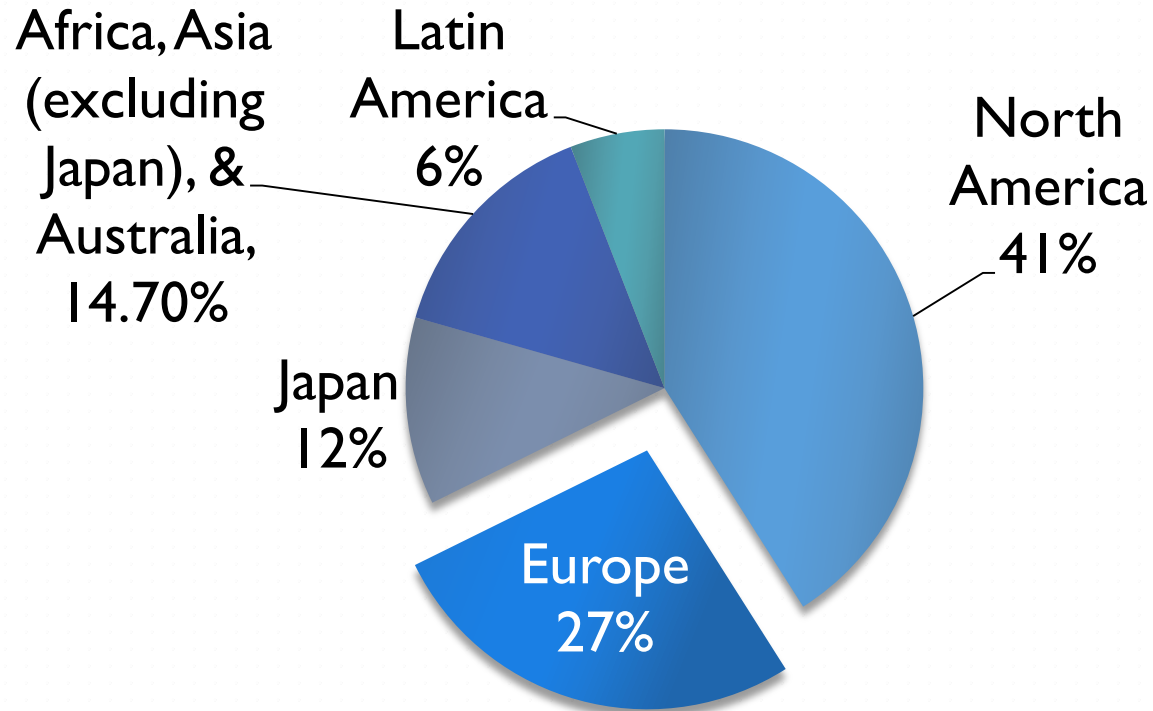
University of Scranton



OVERVIEW

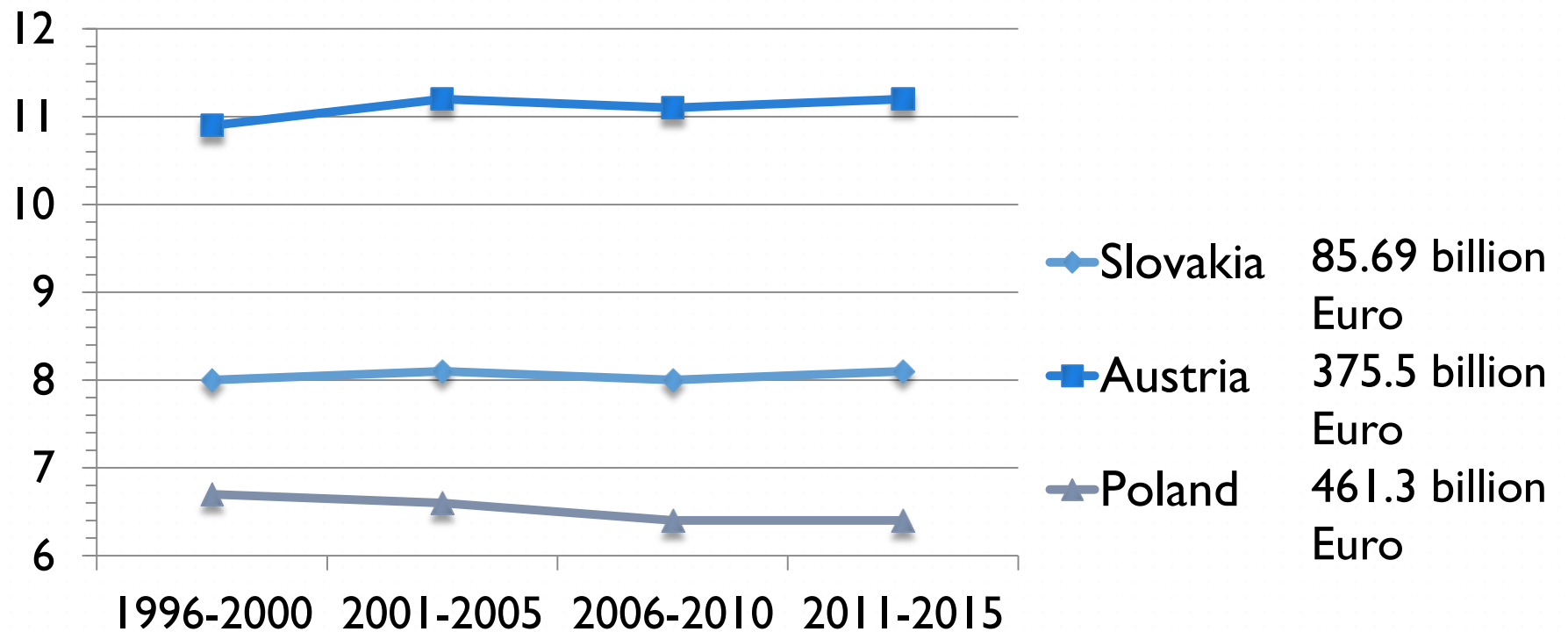
- ▶ Why Pharmaceutical Price Control
 - ▶ Patient Healthcare
 - ▶ Prescriptions
 - ▶ Research
 - ▶ Hospital Formularies
 - ▶ Concluding Lessons
- 

WHY PHARMACEUTICAL PRICE CONTROL?



- ▶ Pharmaceutical market= €655, 222 million
- ▶ 2nd largest sector

TOTAL HEALTH SPENDING (% GDP)



TOTAL HEALTH SPENDING (% GDP)

- ▶ **Slovakia**

- ▶ 8.0-8.1% GDP from 1996-2015

- ▶ **Austria**

- ▶ Increase of 0.3% from 1996-2000

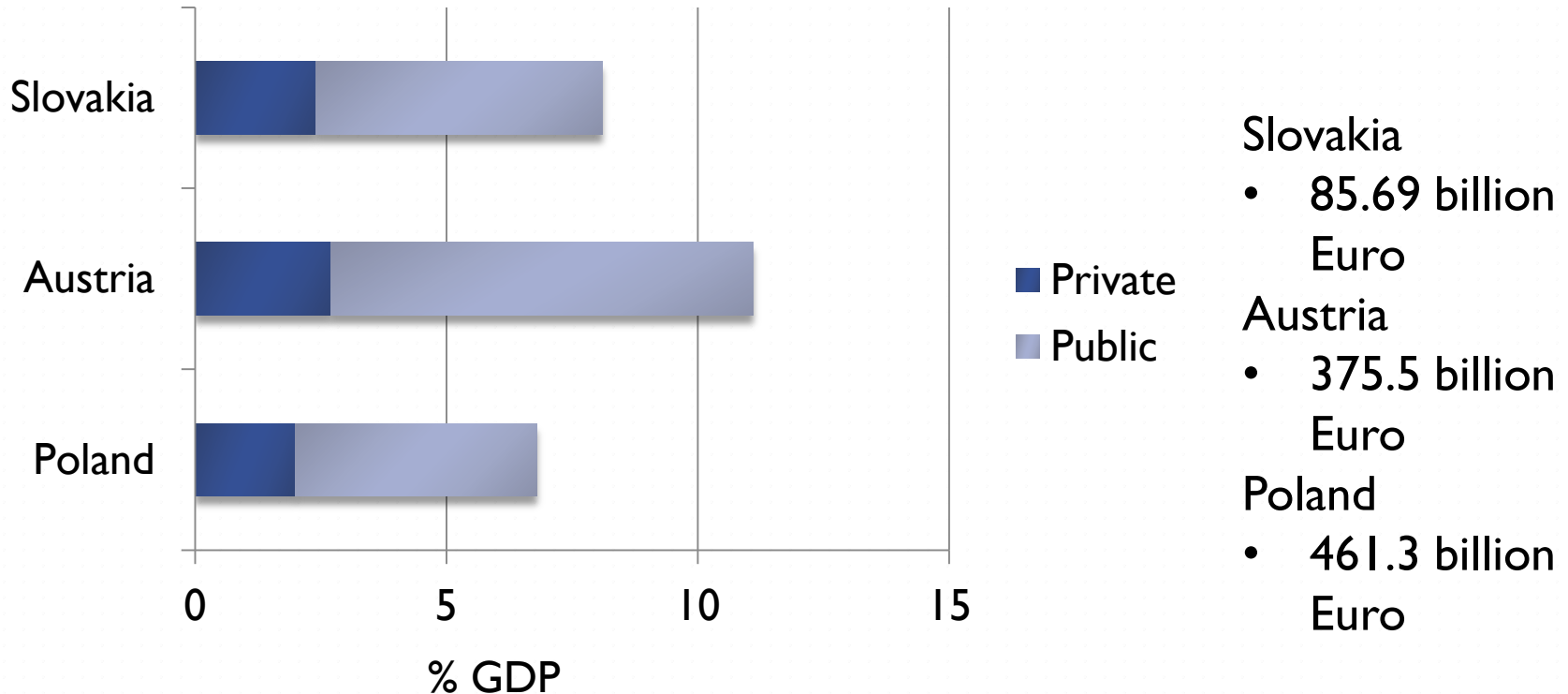
- ▶ 11.1-11.2% GDP from 2001-2015

- ▶ **Poland**

- ▶ Steady decrease but has leveraged out

- ▶ 6.4% GDP from 2006-2015

TOTAL HEALTH SPENDING



- ▶ Most health spending done in public sector
- ▶ Hospital care, pharmaceuticals, and wages

World Bank 2013
<http://www.oecd.org>
<https://www.imf.org>

STANDARDS OF HEALTHCARE

- ▶ Euro Health Consumer Index 2015- standard for European Healthcare
- ▶ **Slovakia**
 - ▶ Healthcare ranks 24th out of 35 in Euro Health Consumer Index
 - ▶ Fairly recent Slovakia system of private (additional) healthcare insurance may create change in scores
- ▶ **Austria**
 - ▶ Healthcare ranks 12th out of 35 in Euro Health Consumer Index
 - ▶ Introduction of abortion indicator- Austria does not have the ban
- ▶ **Poland**
 - ▶ Healthcare ranks 34th out of 35 in Euro Health Consumer Index
 - ▶ Drop in rank, but an increase in EHCI score since 2013

TARGETED MEDICINES IN HEALTHCARE

▶ **Slovakia**

- ▶ Beta-interferons to treat multiple sclerosis

▶ **Austria**

- ▶ Oncologic medicines to treat lung cancer
- ▶ Cardiovascular drugs

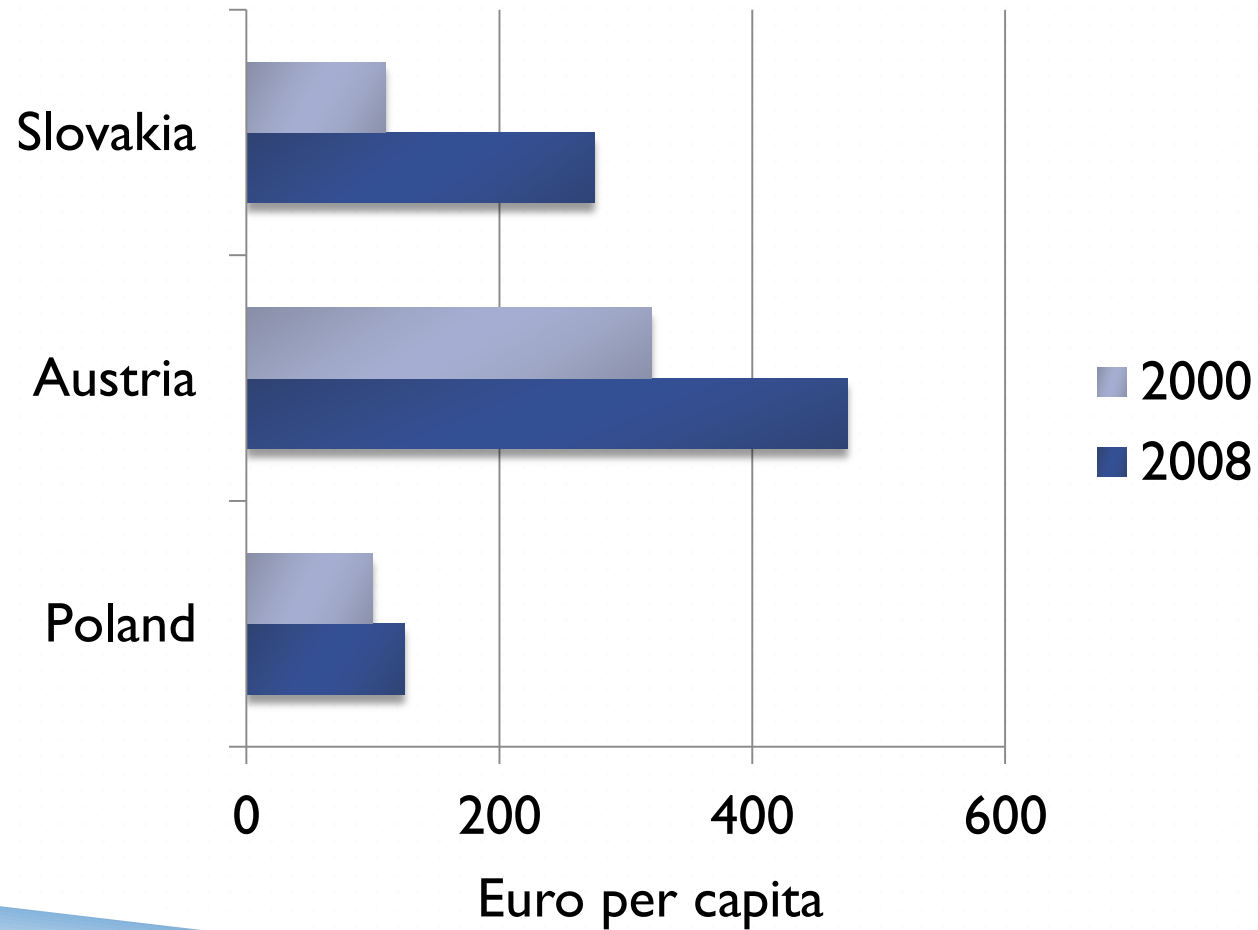
▶ **Poland**

- ▶ Highly specialized services like tele-surgery and in treatment and diagnosis of heart and circulatory

EUROPE PHARMACEUTICAL EXPENDITURE

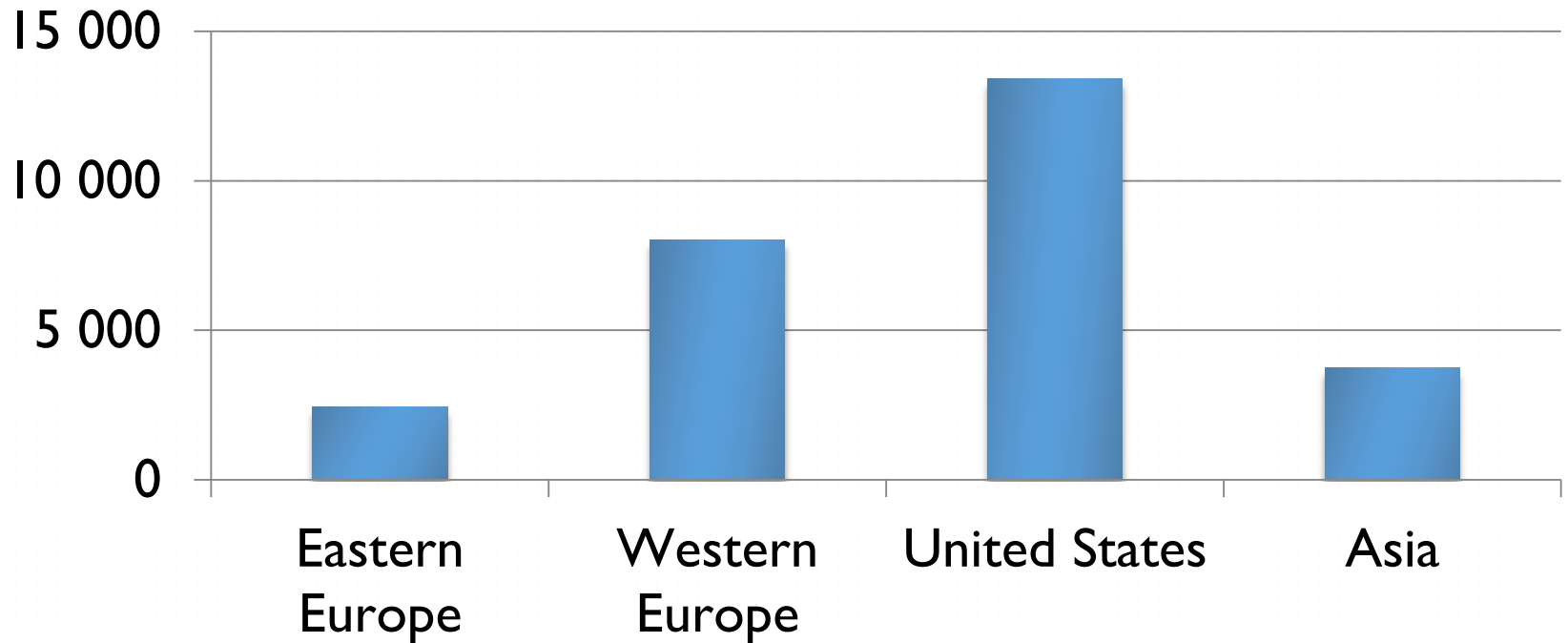
- ▶ Pharmaceutical expenditure cut annually by 2%
- ▶ This is due to cost containment measures
 - ▶ *Price cuts*
 - ▶ *Introduction of references pricing*
 - ▶ *Inclusion of compulsory rebates*
 - ▶ *Reduction of pharmacy margins*
 - ▶ *Value-added tax*
- ▶ This is due to rise of generics

TOTAL PHARMACEUTICAL EXPENDITURE



SANOFI WORLDWIDE COMPARISON

Revenue of Sanofi by region in 2015 (in million euros)



PHARMACEUTICAL PRICES

Who sets the price?

- ▶ State / Authority
 - ▶ Reimbursable medicines
- ▶ Pharmaceutical Company
 - ▶ Non-reimbursable medicines
- ▶ Value-added tax (VAT) rate on medicines that is lower than the standard rate

VALUE-ADDED TAX RATE

Country	V.A.T Rate
Slovakia	20%
Austria	20%
Poland	23%

- ▶ V.A.T rate is the consumption tax assessed on the value added to goods and services
- ▶ Reduced rates for certain products and services

<http://www.worldwide-tax.com>

Europa.eu

PHARMACEUTICAL FUNDING

▶ **Slovakia**

- ▶ Health insurance company reimburses the hospitals by a fixed fee for “completed hospitalization” of every in-patient
- ▶ Sickness funds

▶ **Austria**

- ▶ Pharmaceuticals covered by the lump sums calculated for the reimbursement
- ▶ Provinces have agreements with regional sickness funds

▶ **Poland**

- ▶ All hospital beneficiaries receive medicines free of charge
- ▶ Medicines part of the annual hospital budgets
- ▶ Funded by state budget

<http://ec.europa.eu>

PRICE REDUCTIONS & COST FREE MEDICINES

Discounts / Rebates	Country
Mandatory	---
Voluntary	Slovakia Austria Poland
Cost-free medicines	Slovakia Austria

<http://ec.europa.eu>
PHIS 2009c-u, PHIS 2009v

PRICE REDUCTIONS & COST FREE MEDICINES

▶ **Voluntary**

- ▶ Discounts granted with negotiation between supplier and hospital
- ▶ Slovakia has a price reduction of 1-10%
- ▶ Austria has a price reduction of 0-99%
- ▶ Poland has a price reduction of 2-10%

▶ **Cost-Free Medicines**

- ▶ In Austria and Slovakia medicines were provided cost free to some/all hospitals
- ▶ Slovakia
- ▶ 10% of Austria's medicines are cost-free

<http://ec.europa.eu>
PHIS 2009c-u, PHIS 2009v
<http://whocc.goeg.at>

ABILIFY 15 MG TABLET

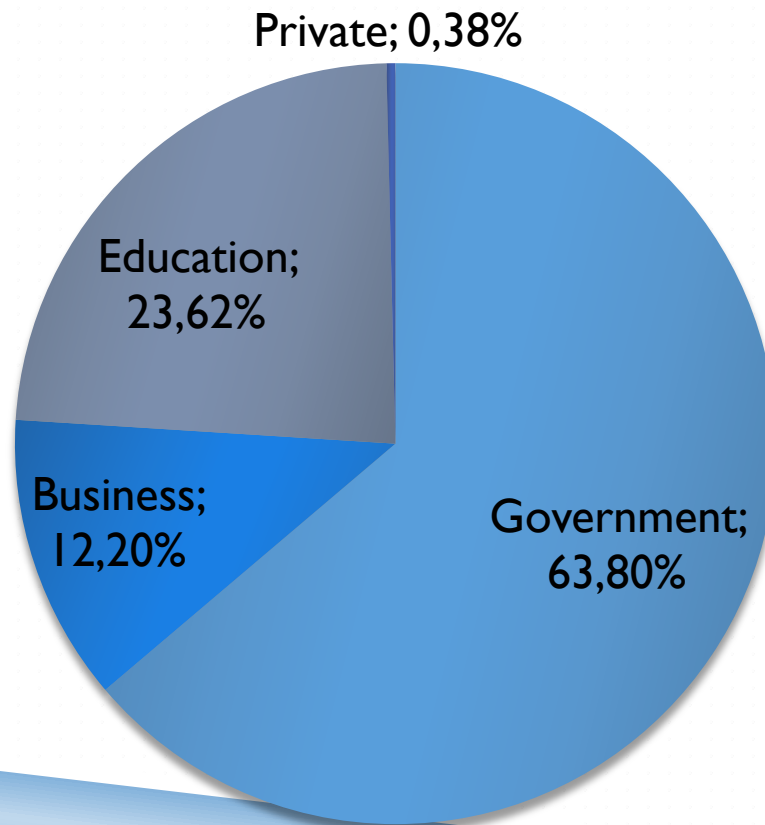
	Slovakia	Austria	Poland
Pack size	28x	28x	28x
MAN price	5.47 Euro	3.61 Euro	---
WHS price	---	3.91 Euro	---
NETR Price	---	4.62 Euro	---
GROSSR Price	4.53 Euro	5.08 Euro	3.59 Euro

- ▶ Austria hold competitive advantage in manufacturing price and gross revenue price

Currency Exchange Rate: Slovakia
<http://cedd.oep.hu>

RESEARCH & DEVELOPMENT EXPENDITURE IN EUROPE

- ▶ Expenditure on R & D split into 4 institutional sectors



RESEARCH & DEVELOPMENT EXPENDITURE

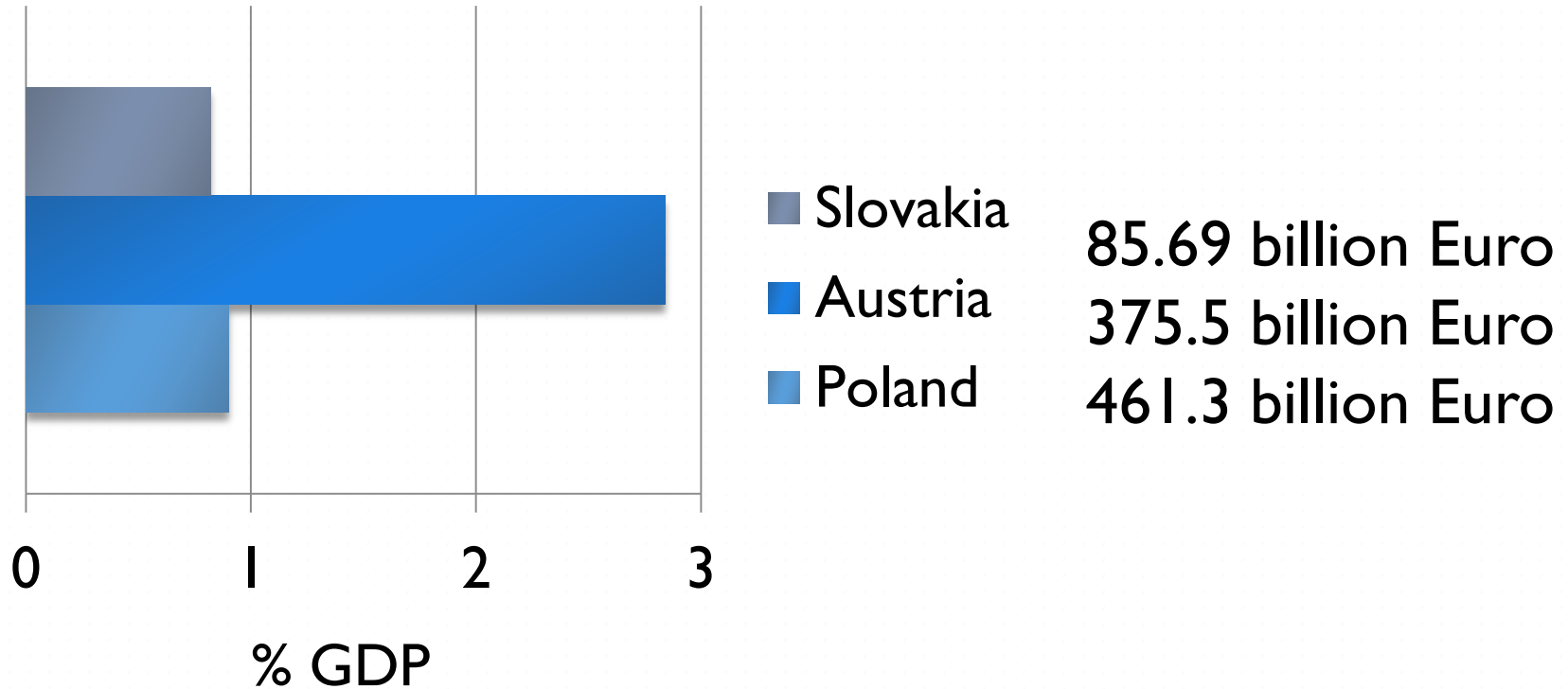
- ▶ When the financial crisis hit Europe in 2008, Austria boosted public R&D expenditure
 - ▶ Stimulated economic growth
 - ▶ Encouraged private R&D investment
- ▶ In Slovakia and Poland, R&D effort relies on the public sector
- ▶ Conditions for business R&D investment insufficiently attractive

RESEARCH & DEVELOPMENT FUNDING

- ▶ Government R&D funding grew faster (or decreased less) than GDP during the financial crisis in Austria
- ▶ In Slovakia and Poland, direct government R&D funding complemented efforts by providing indirect support through tax incentives
- ▶ Efforts to preserve government R&D investment have been strongest in Slovakia

<http://ec.europa.eu>

RESEARCH & DEVELOPMENT EXPENDITURE



<http://www.theglobaleconomy.com>
World Bank 2013

RESEARCH & DEVELOPMENT

- ▶ New research enables Europe to progress in areas like
 - ▶ *Personalized medicines*
 - ▶ *Orphan drugs*
 - ▶ *Biologics- cancer cells*
- ▶ Up to 13 years- long, expensive, and complex process
- ▶ Medicines must meet standards of...
 - ▶ Quality, Efficacy, and Safety

HOSPITAL PHARMACEUTICAL FORMULARIES

▶ Slovakia

- ▶ No country-wide list exists
- ▶ HPF's decentralized at level of single hospitals and Pharmaceutical and Therapeutic Committee decides about the inclusion of medicine
- ▶ Criteria- medical and therapeutic benefit, cost effectiveness, and budget impact
- ▶ Medical doctors can make recommendations once a year
- ▶ Only active substances (500-900) listed in HPF

HOSPITAL PHARMACEUTICAL FORMULARIES

▶ **Austria**


- ▶ Hospitals must establish a pharmaceutical commission
- ▶ Joint pharmaceutical commissions for hospital associations or all hospitals of one owner organization are common
- ▶ Some prefer the decentralized organization of the pharmaceutical commission per hospital
- ▶ Criteria- medical and therapeutic benefit, cost effectiveness, and budget impact
- ▶ Senior chief doctors can make recommendations
- ▶ 1,500-2,500 pharmaceuticals included in HPF
- ▶ Updated 2-4 times per year

HOSPITAL PHARMACEUTICAL FORMULARIES

▶ **Poland**

- ▶ No obligatory HPF for economic reasons
- ▶ Based on demand submitted by departments
- ▶ Decided by the Pharmaceutical and Therapeutic Committees working in hospitals
- ▶ Even if HPF is in place, the doctor is allowed to demand another medicine for patient

CONCLUDING LESSONS

- ▶ Europe accounts for 26% of pharmaceutical spending
 - ▶ Slovakia and Austria's health spending % GDP has stayed same or increased and Poland's has decreased
 - ▶ Euro Health Consumer Index - Austria, Slovakia, then Poland
 - ▶ Pharmaceutical expenditure cut annually by 2% because of cost containment efforts and the rise of generics
 - ▶ The state / authority sets the price on reimbursable medicines and the pharmaceutical company sets the price on non-reimbursable medicines
 - ▶ Efforts to preserve government R&D investment have been strongest in Slovakia
 - ▶ Autonomous relationships between medical doctors and PTC's
- 

QUESTIONS?

The bottom of the slide features two overlapping blue gradient shapes. The first is a large, light blue shape that tapers to a point on the right side. The second is a darker blue shape that starts from the left and tapers to a point on the right, overlapping the bottom edge of the first shape.