

How to interpret and compare pharmaceutical prices

Price types and price levels
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Public pricing policies in Europe

- » Pricing framework at manufacturer level (statutory price control, price notification, negotiations)
- » External price referencing
- » Internal price referencing
- » Mark-ups and Margins
- » Fee-for-service
- » Taxes (VAT but also others)
- » Price cuts, discounts, rebates and claw-backs on all parts of the distribution chain

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External price referencing

- Synonym: international price comparison / international price benchmarking
- The practice of using the price(s) of a medicine in one or several countries in order to derive a benchmark or reference price for the purposes of setting or negotiating the price of the product in a given country.

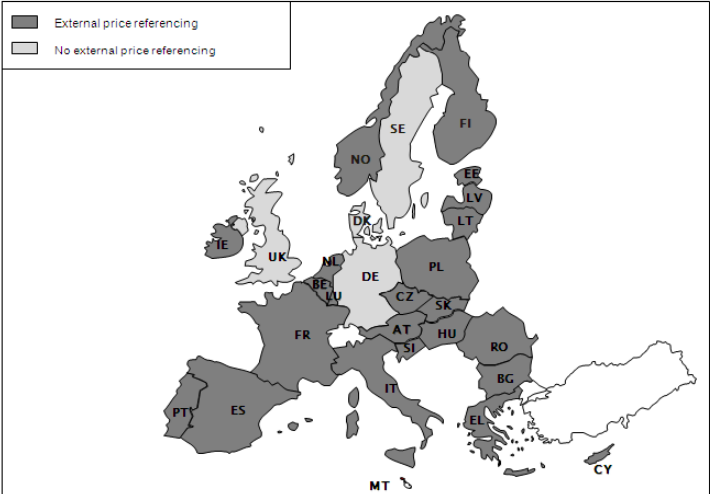


<http://phis.goeg.at>
→ Glossary

Source: PHIS Pharma glossary

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24 of 28 European countries use ERP to determine prices of medicines at least as one of the policies applied.



Legend:
 ■ External price referencing
 □ No external price referencing

Sources:
 PPRI 2010,
 WHO CC 2011


ERP Price Sources

- » Pharmaceutical companies
- » Wholesalers
- » Commercial database providers / Media houses
- » Pharmacists Associations
- » National P + R bodies → some countries have built up national systems
- » Possible: Joint European Price Database for authorities


ERP Price Sources – Examples

Bulgaria


| Препаратна на разписание за употреба | Производител/и | Утвърдена продажна цена по елементи | | | | | | | | | | № и дата на издаване на разписанието | | | |
|--------------------------------------|--|-------------------------------------|------|------------|--------|---------|-------|------|------------|--------|---------|--------------------------------------|------|-------|---------------|
| | | цена | ДДС | обем с ДДС | маж. % | маж. п. | цена | ДДС | обем с ДДС | маж. % | маж. п. | | цена | ДДС | обем с ДДС |
| Нобел Фарма ООЗ | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | 12.50 | 2.50 | 11.00 | 8.00% | 1.00 | 13.50 | 2.70 | 16.20 | 20.00% | 2.50 | 16.00 | 3.20 | 19.20 | 20.02.2008 г. |
| | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | | | | | | | | | | | | | | |
| Нобел Фарма ООЗ | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | 21.87 | 4.37 | 26.24 | 8.00% | 1.75 | 23.62 | 4.72 | 28.34 | 20.00% | 4.37 | 27.96 | 5.60 | 33.56 | 20.02.2008 г. |
| | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | | | | | | | | | | | | | | |
| Нобел Фарма ООЗ | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | 21.87 | 4.37 | 26.24 | 8.00% | 1.75 | 23.62 | 4.72 | 28.34 | 20.00% | 4.37 | 27.96 | 5.60 | 33.56 | 20.02.2008 г. |
| | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | | | | | | | | | | | | | | |
| Нобел Фарма ООЗ | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | 17.06 | 7.41 | 44.47 | 6.00% | 2.21 | 19.28 | 7.86 | 47.14 | 18.00% | 6.67 | 45.91 | 9.19 | 55.14 | 20.02.2008 г. |
| | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | | | | | | | | | | | | | | |
| Нобел Фарма ООЗ | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | 12.52 | 2.50 | 11.02 | 8.00% | 1.00 | 13.52 | 2.70 | 16.22 | 20.00% | 2.50 | 16.02 | 3.20 | 19.22 | 20.02.2008 г. |
| | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | | | | | | | | | | | | | | |
| Нобел Фарма ООЗ | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | 0.88 | 0.18 | 1.06 | 9.00% | 0.08 | 0.96 | 0.18 | 1.15 | 22.00% | 0.18 | 1.15 | 0.23 | 1.38 | 20.02.2008 г. |
| | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | | | | | | | | | | | | | | |
| Нобел Фарма ООЗ | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | 7.53 | 1.51 | 9.04 | 9.00% | 0.68 | 8.21 | 1.64 | 9.85 | 22.00% | 1.66 | 9.87 | 1.97 | 11.84 | 20.02.2008 г. |
| | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | | | | | | | | | | | | | | |
| Нобел Фарма ООЗ | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | 12.52 | 2.50 | 11.02 | 8.00% | 1.00 | 13.52 | 2.70 | 16.22 | 20.00% | 2.50 | 16.02 | 3.20 | 19.22 | 20.02.2008 г. |
| | NobelFarma Inc. Sanayi Ve Ticaret A.S., Turkey | | | | | | | | | | | | | | |



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ERP Price Sources – Examples

Estonia

| Selgitused | | | | | | | | |
|------------|---|--|--|--|--|--|--|--|
| Nimetus | tooteinfo ravimite andmebaasist. Kui nimetuse lõpus on tähis (RT), siis on tegemist raviarsti taotluse alusel väljastatava ravimiga. | | | | | | | |
| ATC | sama toimeainega ravimite otsing valitud apteegist või regioonist. | | | | | | | |
| Orig. arv | valik võimaldab arvutada ravi maksumuse patsiendi jaoks. | | | | | | | |
| Piirhind | Sotsiaalministri määrusega kehtestatud piirhind, mis rakendus alates 01/01/2003 | | | | | | | |
| Sood. h. | ravimi maksumus patsiendile antud soodustuse korral. Hiireklõps soodushinnal teavitab retsepti väljakirjutamise tingimustest. Kui väli on tühi, siis ravim ei kuulu soodusravimite nimekirja. | | | | | | | |

Kokku leiti 7 nimetust, näitame: 1 - 7

🏪 PAPIINIIDU APTEEK (28/09/2011)


| AptCode | Nimetus | ATC | Orig. arv | Hind | Piir-hind | Sood.h. (50%) | Sood.h. (75%) | Sood.h. (90%) | Sood.h. (100%) |
|-----------|--|-------------------------|-----------|--------|-----------|---------------|---------------|---------------|----------------|
| MM0082166 | AVONEX SÜSTELAHUS 30MCG/0.5ML N4 | L03AB07 | 1 | 569.39 | 569.39 | 556.80 | | | 1.27 |

🏪 RISTIKU HARUAPTEEK (28/09/2011)


| AptCode | Nimetus | ATC | Orig. arv | Hind | Piir-hind | Sood.h. (50%) | Sood.h. (75%) | Sood.h. (90%) | Sood.h. (100%) |
|-----------|--|-------------------------|-----------|--------|-----------|---------------|---------------|---------------|----------------|
| MM0082166 | AVONEX SÜSTELAHUS 30MCG/0.5ML N4 | L03AB07 | 1 | 569.37 | 569.39 | 556.58 | | | 1.27 |

🏪 STROOMI APTEEK (28/09/2011)


| AptCode | Nimetus | ATC | Orig. arv | Hind | Piir-hind | Sood.h. (50%) | Sood.h. (75%) | Sood.h. (90%) | Sood.h. (100%) |
|-----------|--|-------------------------|-----------|--------|-----------|---------------|---------------|---------------|----------------|
| MM0082166 | AVONEX SÜSTELAHUS 30MCG/0.5ML N4 | L03AB07 | 1 | 569.37 | 569.39 | 556.58 | | | 1.27 |



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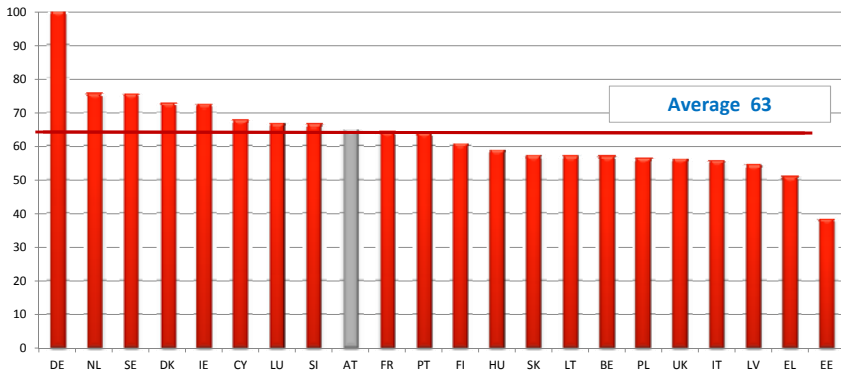
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Therefore ERP countries like Austria have built up own information systems

Interferon beta 1-a 30/0.5 mcg/ml, Pharmacy purchasing price/syringe - indexed, most expensive country = 100



| Country | Indexed Price |
|---------|---------------|
| DE | 100 |
| NL | 75 |
| SE | 75 |
| DK | 72 |
| IE | 72 |
| CY | 68 |
| LU | 68 |
| SI | 68 |
| AT | 65 |
| FR | 65 |
| PT | 65 |
| FI | 62 |
| HU | 60 |
| SK | 58 |
| LT | 58 |
| BE | 58 |
| PL | 58 |
| UK | 58 |
| IT | 58 |
| LV | 55 |
| EL | 52 |
| EE | 38 |

Average 63

Source: PPI 4/2011

Limiting factors – price types

Authorities or data providers may not have knowledge about all price types available in a country

- » e.g. Nordic Countries, Malta, Cyprus: Manufacturer price
- » e.g. Czech Republic, Switzerland: Wholesale price
- » e.g. Slovenia, UK: Actual Pharmacy Retail price

... or prices in all dispensing places → prices could vary throughout a country

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Limiting factors – price deviations

Price deviations between “real” or market prices and “statutory” or so-called “list” prices are possible and likely because

- » Exchange rates
- » Approved or notified prices change over time
- » Contractual agreements between providers and payers (e.g. Rabattverträge in Germany)
- » Elements of the distribution chain unknown to data providers
- » Tariffs and taxes
- » Rebates, discounts, claw-backs in cash/kind
- » Non-product related discounts (e.g. risk-sharing models)

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Discounts, rebates, claw-backs

✓ Spain: 7.5% discount on originator medicines (4.0% for orphans) on retail price level
→ official Spanish database reflects it
→ but how and if this discount is shared within the distribution chain is un-known to authorities

Mesures amb impacte econòmic directe (5)
5. Deduccions sobre la facturació de medicaments amb recepta mèdica (July 2010)
→ Dèficit de medicaments de marca no inclosos en el sistema de preus de referència (SPR) i excepció d'aquells que, tot i estar inclosos, formen part de sospesa especial (RD 4/2010)
→ 7,5% amb caràcter general i 4% pels orfes (no implica modificació dels preus)

MC (PVL-c) $\xrightarrow{-7.5\% PVL}$ MC=(1-7.5%) (PVL)-c = 64.5% PVP (1-7.5%) (64.5% PVP) - c

MC (PVM-PVL) $\xrightarrow{-7.5\% PVM}$ MC=(1-7.5%) (PVM-PVL) $\xrightarrow{-7.5\% PVP}$ MC=(1-7.5%) (7.6% PVP)

MC (PVP-PVM) $\xrightarrow{-7.5\% PVP}$ MC=(1-7.5%) (PVP-PVM) $\xrightarrow{-7.5\% PVP}$ MC=(1-7.5%) (27.9% PVP)

4,84 + 0,67 + 2,09 = 7,5

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Discounts, rebates, claw-backs

✗ Portuguese „price modifications“ in reaction to Financial crisis for specific biologicals are not considered in „official prices“

“... According to Order n.º 18419/2010, 2nd December – biologics for the treatment of patients with rheumatoid arthritis, ankylosing spondylitis, psoriatic arthritis, polyarticular juvenile idiopathic arthritis and plaque psoriasis, can only be purchased, during 2011, by NHS institutions at a unit price 7.5% lower than the unit prices charged in 2010. However, the official price of these medicines remained unchanged.”

Source: PPRI Analysis 2011 “Pharmaceutical policies in European countries in response to the crisis”

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Lessons learned

- ... Growing complexity to figure out the same products
- ... Price is only part of the story for thorough analysis you also need to be familiar with the national regulatory framework and the reimbursement rules
- ... Are the various national price types (reference prices, trade prices, retail prices, ex-factory prices) comparable at all?
- ... So don't forget to look at the big picture!

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