Cost containment interventions introduced on the community drug schemes in Ireland

Evaluation of expenditure trends using a national prescription claims database

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Outline

- Background:
  - Pharmaceutical expenditure
  - Pharmaceutical policy
- Drug utilisation, expenditure & drug cost trends
- Conclusion
Pharmaceutical Expenditure in Ireland

- Annual pharmaceutical expenditure > €2.25 billion.
- Accounts for ~15% of total health expenditure.
- Community Drug Schemes account for 85% of pharmaceutical expenditure.
- Six-fold increase in expenditure over a decade.

Pharmaceutical Reimbursement: Community Drugs Schemes

- Four main schemes:
  - General Medical Services (GMS)
  - Drugs Payment (DP)
  - Long-term illness (LTI)
  - High Tech Drugs (HTD)
- GMS means tested and full reimbursement.
- DP co-payment up to €120 / family / month.
### Pharmaceutical Pricing: National Agreement 2006

#### Main components

<table>
<thead>
<tr>
<th>Patented medicines</th>
<th>Off-patent medicines</th>
<th>Generic medicines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price linked to 9 EU countries</td>
<td>Post-patent price cuts</td>
<td>x</td>
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<tr>
<td>Regular price revisions</td>
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<tr>
<td>Pharmacoeconomic assessment</td>
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</tbody>
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### Post-Patent Price Cuts

- Commenced in March 2007.
- Two-stepped price cut on patent expiry:
  - 20% initially and 15% after 22 months.
- February 2010:
  - 40% price cut applied to off-patent medicines.
Interventions

<table>
<thead>
<tr>
<th>Date</th>
<th>Policy Intervention</th>
<th>Patent</th>
<th>Off patent</th>
<th>Generic</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2007</td>
<td>20% price Reduction</td>
<td></td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>January 2009</td>
<td>15% price Reduction</td>
<td></td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>July 2009</td>
<td>Wholesale Margin revised. Pharmacy mark-up reduced. Dispensing fee rearranged</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>February 2010</td>
<td>40% price reduction</td>
<td></td>
<td>√</td>
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</tbody>
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Aim

To analyse volume, expenditure and drug cost trends on the Community Drug Schemes from 2005 -2010.
Methods

- Source of data:
  - National primary care prescription database
  - Primary Care Reimbursement Service (HSE)

- Scope of analysis:
  - GMS, DP and LTI schemes

- Classification of drugs:
  - Patented, off-patent and generic medicines

Methods

- Volume and expenditure from 2005 to 2010
- Total expenditure
  - ingredient cost of drug item
  - pharmacy dispensing fee
  - VAT on pharmacy dispensing fee
  - (+20% mark-up on DP/LTI scheme)
- Segmented Regression used to compare the different interventions throughout the time period.
Methods

- Interventions:
  - March 2007
  - January 2009
  - July 2009
  - February 2010

- Data presented on expenditure trends are adjusted for eligible population in each scheme.

Results
Conclusion

1. Volume & expenditure peaked Dec 2008 then declined
2. Generics – no change
3. Off patents – positive effect of interventions
4. Patents – patents expiring, prescribing habits, economic evaluations prior to reimbursement
5. Distribution margin effect
Conclusion

Continued efforts required to fund increased volumes of new innovative medicines

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Conclusion 3

Future policy changes to promote the generics market

<table>
<thead>
<tr>
<th>% of prescriptions dispensed</th>
<th>2004</th>
<th>2009</th>
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<tbody>
<tr>
<td>Patented medicines</td>
<td>60%</td>
<td>56%</td>
</tr>
<tr>
<td>Off patent medicines</td>
<td>29%</td>
<td>27%</td>
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<tr>
<td>Generic medicines</td>
<td>19%</td>
<td>18%</td>
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