

## ISRAEL

### Recent and planned developments in pharmaceutical policies 2017

#### Special topic: hospital medicines


##### CHANGES IN PRICING

- January 1st 2017 - number of changes in the price control order:
- The new annual price list will be valid since January 1st instead of December 1st. However, the draft price list is published on November 15.
  - We added a regressive pharmacist margin of 15% for pharmaceuticals that cost more than 1,750 NIS per package. This margin will be reduced to 12.5% on the 1<sup>st</sup> of January 2018.
  - If the average exchange rate of the Euro will rise above/under 3% between publication of the annual price list (January 1st) and the end of the following May, the price list will be updated by the amount of said change on July 1st. The change is limited to no more than 5%.
  - In order to encourage registration of medicines that followed several conditions, we decided to quote the most expensive price among the 7 reference countries for two years instead of the regular method used.
  - Drugs which cost less than 17 NIS their price will not declined

##### CHANGES IN REIMBURSEMENT

- A review of the public health basket of medicines and co-payment:
- In 2017 the list of drugs in the public health basket increased by around 87 new medications / indications (and 20 other non-pharmaceutical medical technologies) at an evaluated cost of 394 million NIS.
  - 30% of the new drugs added to the public health basket in 2017, entered via RSS based on quantity hedging or on performance based agreements.
  - No changes of reimbursement rates. There is full coverage by the HMOs for drugs that are included in the public health basket (No reimbursement rate, only co-payments)
  - No changes of co-payment. Generally patients pay co-payment starting from a minimum of 17 NIS, to 10%-15% of the public maximum price list including VAT. In addition, there are quarterly ceilings and discounts for certain target population.
  - The purchase prices of medicines included in the public health basket and in the additional health services given by the HMOs are determined separately by the HMOs and the marketing authorization holders.

##### OTHERS CHANGES

- OTC - The ministry of health developed an application which gives patients information regarding OTC drugs and a tool to compare OTC prices.
- No reference price medications – there are around 220 medications that we could not set a price for and we are working to change the price control order in order to set a maximum price for this group of drugs as the market price. Any change at the price will require authorisation of the ministry.
- Modifying the Price Quotation Model - A series of meetings is currently being held at the Prices Committee of the Ministries of Health and Finance regarding the change in the price quote model. No final decisions have been made as of now.
- "Kol Habriut" - In order to empower the public and to create full transparency in the subject of patient's rights the Ministry of Health Created Internet site and mobile application. The "Kol Habriut" (all the health) List of all the medical and pharmaceutical technologies in the basket and in the supplementary insurance . 

##### SPECIAL TOPIC: HOSPITAL MEDICINES

- Payment to the hospitals for services in the public Health Basket is performed by the HMOs for in-patient sector. The payment is determined by the actual purchase of services subject to the Ministry of Health maximum price list and Capping system which is determined by regulation. However, there is a certain amount of flexibility for hospitals and HMOs to establish individual agreements that differ from the Capping system. The capping system imposes discounts that range between 18.5% and 80% of the maximum prices. The discount is determined by a system of different purchasing ceilings and discount strips.
- There are three different main types of ownership of public hospitals: The "CLALIT" HMO, government and different non-profit centers. Each group of hospitals carry out their own joint procurement besides the non-profit centers that are not affiliated.
- The Ministry of Health maximum price list for the public health suppliers is available to the public on the ministry's website. Medications given in hospitals are provided to patients in the framework of the general rates set by the Ministry of Health's maximum price list, usually according to the type of procedure or according to the price per day of hospitalization.
- Health Technology Assessments (HTA) performed by the annual national committee in charge of adding new health technologies to the public health basket.
- Israel has a national interoperability infrastructure ("Ofek") running since 2014, enabling treatment continuum. Ofek enables medical personal to view medical information, including patient medicines from the various resources, including hospitals and HMOs. The next generation of "Ofek", called "Eitan", is intended to go live in Q1 2018, also enabling "translation" of pharmaceutical coding (terminology) between the various points of care, thus making the data to also be machine readable.
- Main challenges in 2017 regarding hospital medicines - There are certain cases of addition of medication to the basket that are needed in hospitalization settings, which are not ultimately provided to the patients because the budget is transferred to the health funds, while there are no price arrangements that allow compensation for hospitals for these medicine as for the payment arrangement explained above.