The Webscout

Section Editor:

Karin Eichele
Novartis Pharma GmbH
Nürnberg, Germany
karin.eichele@novartis.com

Pricing and reimbursement

Public health funding constitutes a big part of European social systems' expenditures. Governments and health insurance companies are thus interested in reducing spending. Applying pricing initiatives to innovative products confronts pharmaceutical companies with problems in the context of new product launches. The financial crisis in Europe has increased the pressure, as noted by the European Federation of Pharmaceutical Industries and Associations:

http://www.efpia.eu/topics/industry-economy/pricing-of-medicines

When initiating price control measures, EU Member States must follow the EU transparency directive, which can be found at:

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31989L0105:en:HTML

This directive, however, leaves governments substantial freedom in how to regulate the market.

One way of saving money within the healthcare system is to reduce medication costs by regulating pricing and reimbursement. In general, this can be regarded as a common goal of European countries.

Approaches to regulate the pharmaceutical market differ greatly between countries. A number of practices have been established – price control, cost-sharing, reference pricing, and generics policies.

Price regulation is used by many countries, including Sweden and the UK. Usually, a ceiling price is determined, initially limited to a certain product, and, later, the ceiling price is applied to the whole product class. Details of price regulation methods differ between countries, leading to different prices for the same medication in different countries. Ways to determine the price may include evidence-based evaluation of clinical data and price negotiations. A report by the Andalusian School of Public Health that summarises six established practices of pricing and reimbursement, including price regulation and reference pricing, can be found at:

http://ec.europa.eu/enterprise/sectors/healthcare/files/docs/study_pricing_2007/andalusian_school_public_health_report_pricing_2007_en.pdf

Often health economic and health technology assessment tools are used in these processes. Pharmacoeconomic methods and tools were introduced in a previous issue of the Webscout.[1]

Besides methods for regulating prices, reimbursement is regulated to reduce healthcare costs. Reimbursable products most often are subject to price control, whereas non-reimbursable products usually allow for free pricing. The same applies to generics. Many countries regulate generics by linking the price to that of the originator including a predefined deduction of 20–50%. A recent survey analysed the effect of pricing and reimbursement initiatives with respect to generics. The report can be found here:

http://gabi-journal.net/the-impact-of-pharmaceutical-pricing-and-reimbursement-policies-on-generics-uptake-implementation-of-policy-options-on-generics-in-29-european-countries%e2%94%80an-overview.html

European countries continue to optimise their pricing and reimbursement processes. This results in a wide variety of procedures across Europe. Networking activities should help spread knowledge in this field between countries. The Health Economics Department of the Austrian Health Institute has been designated a WHO collaborating centre for pharmaceutical pricing and reimbursement policies to help these networking initiatives. Their website is an excellent source of information about pricing for those of you who want to continue reading about this topic:

http://whocc.goeg.at/

Karin Eichele
karin.eichele@novartis.com

Reference

1. Eichele K. The Webscout. Write Stuff 2011;1(20):52.

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