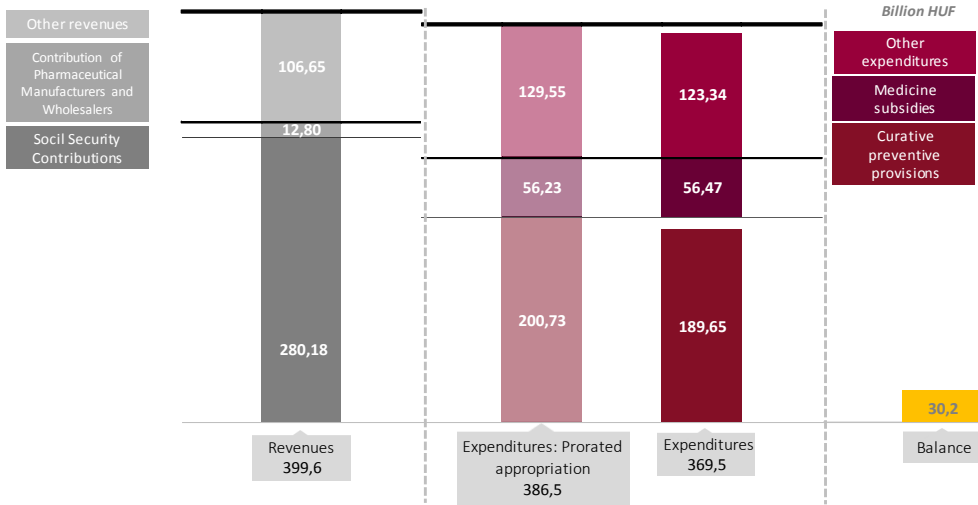


## News, current issues

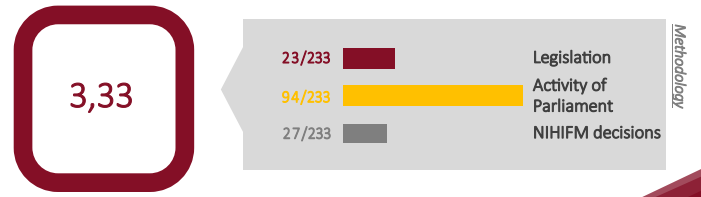
- News** The effectiveness of drug support should be improved. >>
- News** Nearly 100 Million Chinese Adults Have COPD, New Study Reports. >>
- News** The relationship between public and private health services needs to be arranged. >>

## Macro approach to financing healthcare and medicinal products

### Balance of the Health Insurance Fund, February 2018



## Decision-making index, February 2018



Product offering

### Budget impact simulation models

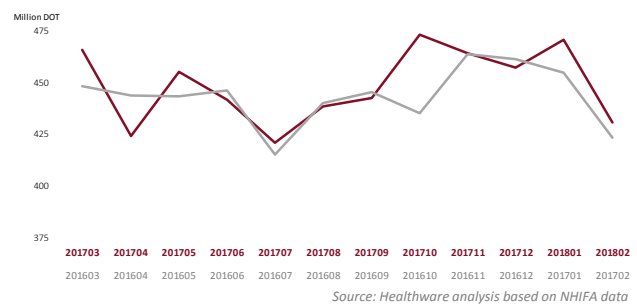
Illness/subgroup-specific budget impact analysis that reflect the actual uses, and simulation platforms built upon these analysis are becoming more important role in domestic acceptance mechanism.

The simulation models built on National Health Insurance data offer well understood and controllable dimension for the expected budget impact calculations for the decision maker.

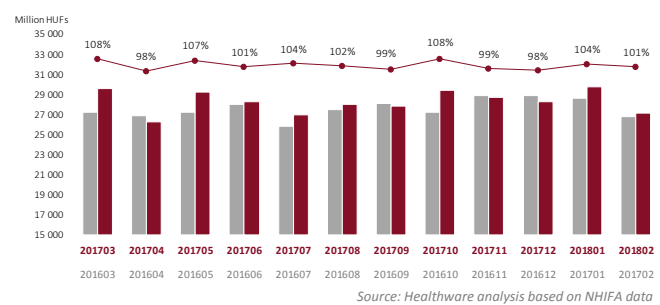
More about the service: [link](#)

## Dynamics of the sales/circulation of prescription-only-medicine

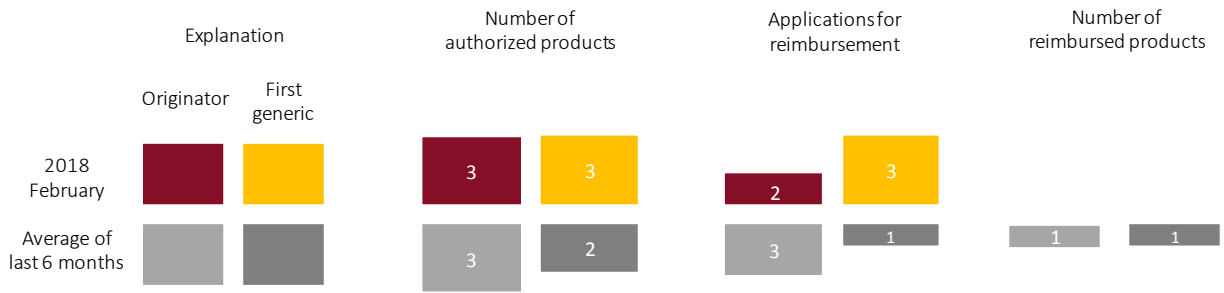
### Pharmacy DOT turnover



### Pharmacy reimbursement turnover



## Changes to subsidized medicinal product categories, February 2018

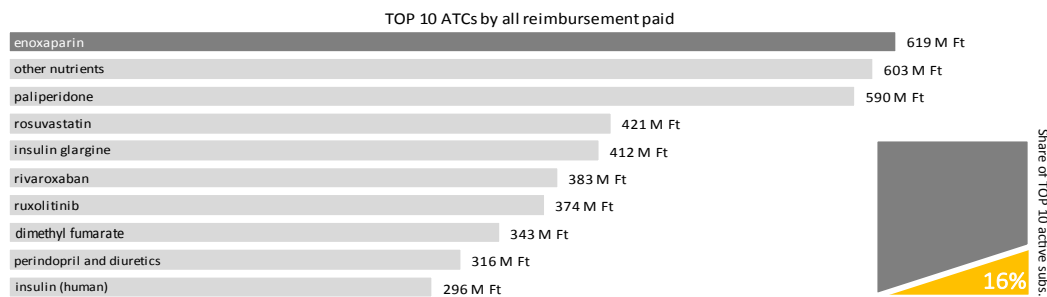


*Source: Healthcare analysis based on NHIFA data*

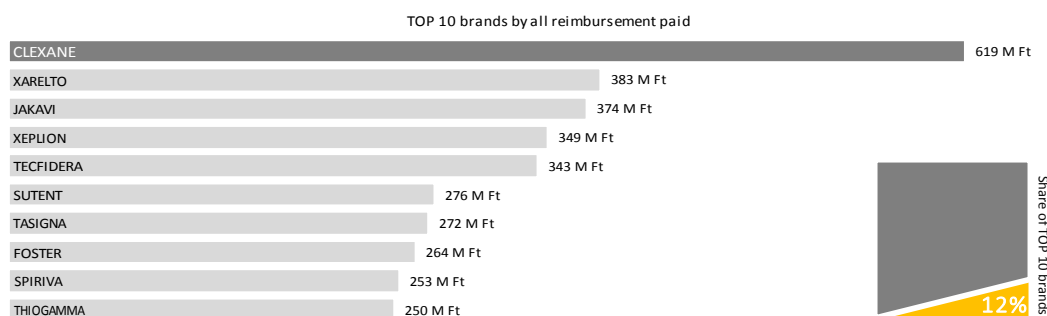


## Market data

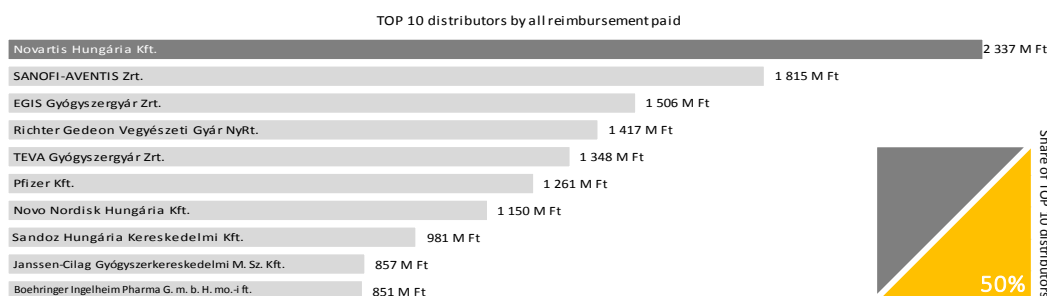
### Toplists of reimbursement and number of patients, February 2018



Source: Pharmacy turnover data, Healthware analysis

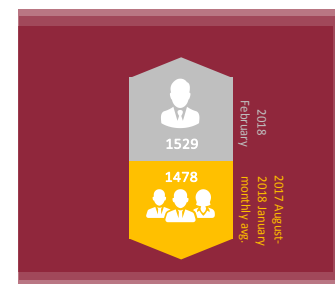


Source: Pharmacy turnover data, Healthware analysis

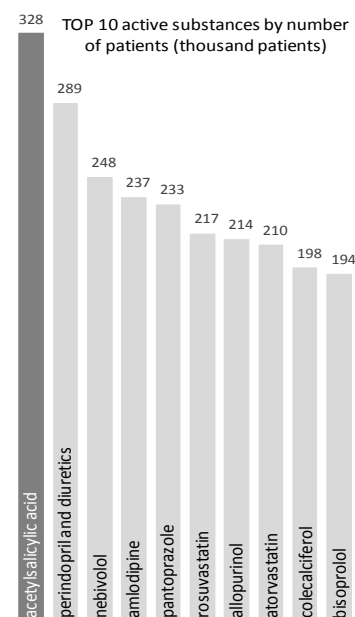


Source: Pharmacy turnover data, Healthware analysis

### Average number of medical sales reps



Source: NHIFA data, Healthware analysis

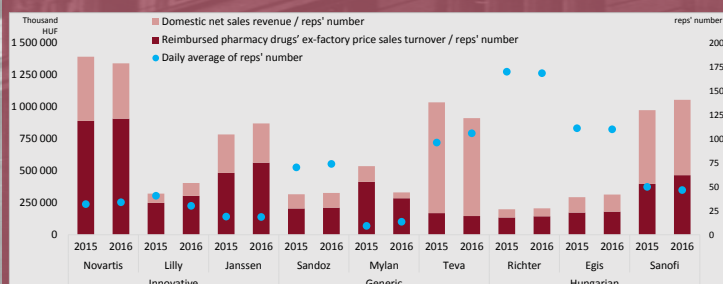


Source: Pharmacy turnover data, Healthware analysis

## The relation between the number of medical sales representatives and the revenue – Case study

The relation between the number of medical sales representatives and the amount of sales turnover was examined last time in our newsletter [December 2015](#). In the present case study we analyze the average number of sales representatives in 2015 and 2016 in the light of the reimbursed pharmacy drugs' ex-factory price sales turnover and the domestic net sales revenue. In this way, we repeat the previous analysis for a new period, but we use ex-factory price sales turnover instead of retail price turnover for the pharmacy sales channel, furthermore the analyzed manufacturers are changed. The methodology of the revenue considered of each company changes, because we wanted to determine the revenue of each affiliated companies of the company groups, and we have tried to deal with the acquisitions that can significantly distort the time series result.

The figure shows the retail reimbursed pharmacy drugs' ex-factory price sales turnover and the domestic net sales revenue according to the annual reports per one sales representative in 2015 and 2016 for 9 manufacturers, which are classified in 3 categories – innovative, generic and Hungarian. On the secondary axis (points) the average number of sales representatives in the given year are represented for each company.



In each of the 3 categories there is a manufacturer – Novartis, Teva, Sanofi – whose significant part of the revenue was generated by the products and services that are not part of the reimbursed pharmacy drugs. Sanofi is the market leader in the OTC drug segment, while in the case of Teva, production of basic pharmaceutical products and active ingredients, and the wholesale activities are also significant. For each manufacturer, the difference between the two sales

revenue might be distinguished by the revenue of products that are under itemized accounting, special purchase budget, used exclusively only in hospitals or sold directly to the healthcare providers. Sanofi – correspondingly to its portfolio - achieved a high reimbursed pharmacy drugs' ex-factory price sales turnover per one sales representative like the companies in the innovative category, while the outstanding value of Novartis in the same category is explained by the higher price level portfolio.

The number of sales representatives, and through also amounts per capita, are substantially influenced by the fact, that allowance (Act XCVIII of 2006.) can be required after the domestic R+D expenditures from the tax payment obligation associated with sales representative activities (~HUF 10 mn/capite/year). In our [February 2017](#) newsletter we analyze the extent of this pattern, which means 90% allowance in case of Richter and Egis, and thus HUF 1-1,5 bn lower tax payment obligation. Based on the amount of the obtained allowances from the total pharma taxes, published in the 2016 annual report of Sanofi, we anticipate 60% allowance entitlement, while the annual reports of Teva do not contain information regarding this, but based on R+D expenditures they are likely entitled for allowance.

In our next month case study we will examine the portfolio of the companies, for instance their concentration by brands and therapeutic areas, which may furtherly nuance the observed differences in the number of sales representatives and the revenue per capita. According to the 12. § of Act XCVIII of 2006 based on the commission of the MAH/distributor, other business entity can also carry out sales representative activities for its products. We assumed, that in case of those MAHs/distributors, who do not have representation in Hungary, but another member of the company group is on the Hungarian market, then they carry out sales representative activities also for them based on the MAH's/distributor's commission, if it is needed.

Source  
NHIFA: PUPHA, Pharmacy sales data, Payment obligation  
Electronic financial reports: <http://e-beszamolo.im.gov.hu/oldal/kezdolap>  
Number of medical sales representatives: OGYÉI