HEALTHWARE

Actualities of Hungarian pharmaceutical financing market

Newsletter
No. 7, Issue VIII. 2020
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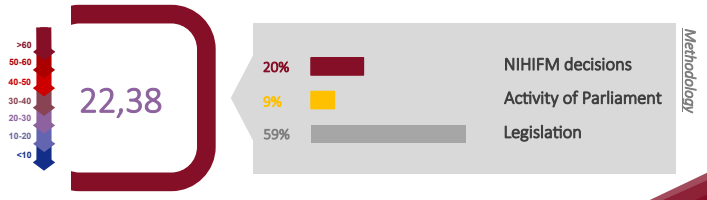
News, current issues

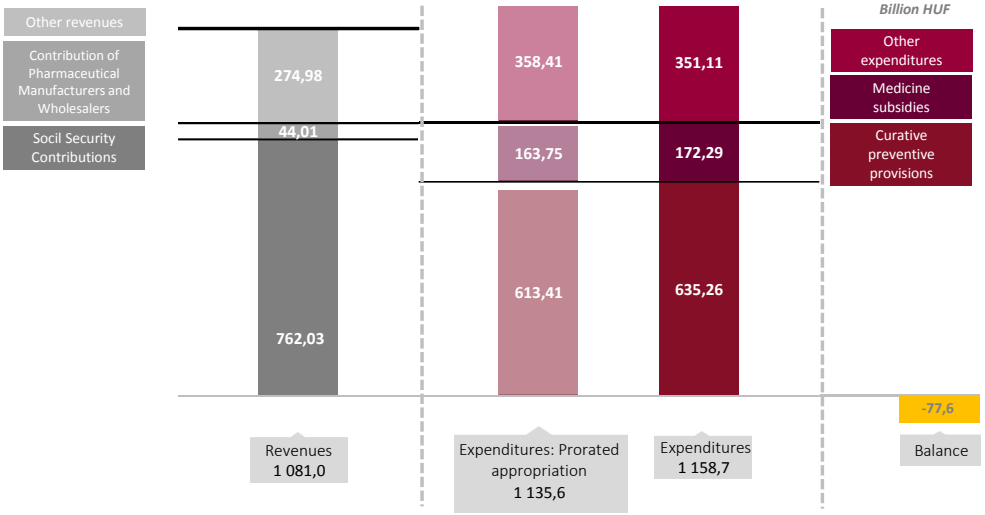
- News: EMA Annual Report 2019 — European Medicines Agency's contribution to science, medicines and health in 2019 »
- News: A seldom seen event has occured in the Hungarian private healthcare sector »
- News: The European Union provides coronavirus medicines to 30,000 patients »

Decision-making index, May 2020



Macro approach to financing healthcare and medicinal products

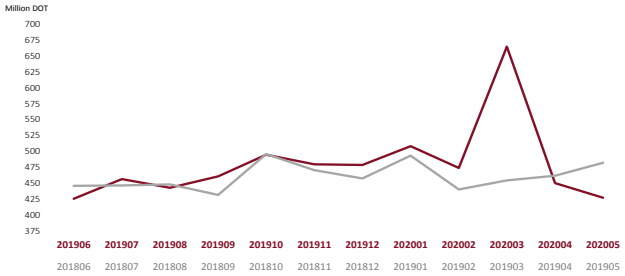
Balance of the Health Insurance Fund, May 2020



Source: Healthware analysis based on NHIFA data

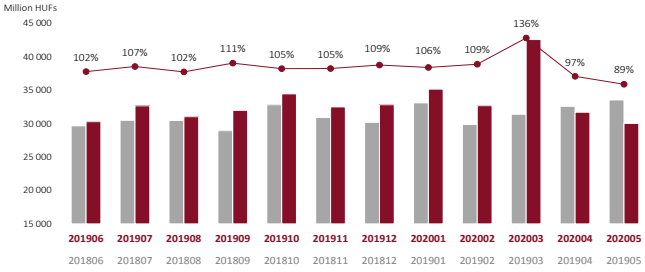
Dynamics of the sales/circulation of prescription-only-medicine

Pharmacy DOT turnover



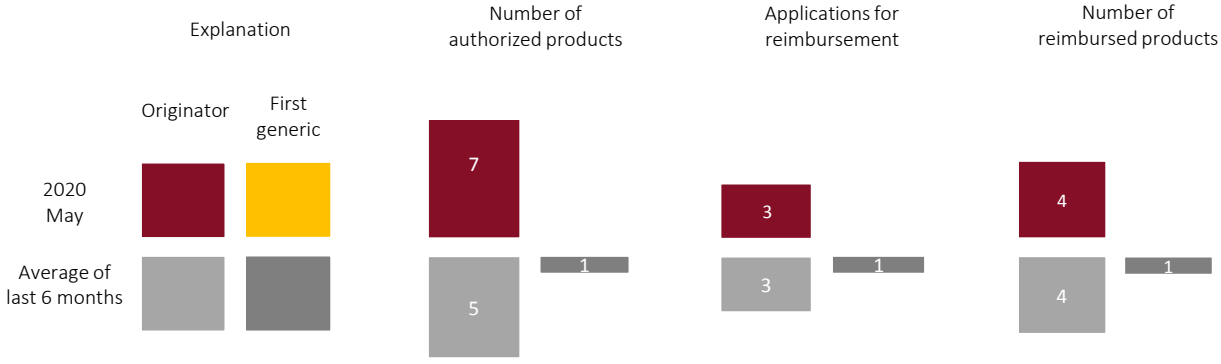
Source: Healthware analysis based on NHIFA data

Pharmacy reimbursement turnover



Source: Healthware analysis based on NHIFA data

Changes to subsidized medicinal product categories, May 2020



Source: Healthware analysis based on NHIFA data

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 Fund data offer well understood and controllable dimension for the expected budget impact calculations for the decision maker.

More about the service: **link**

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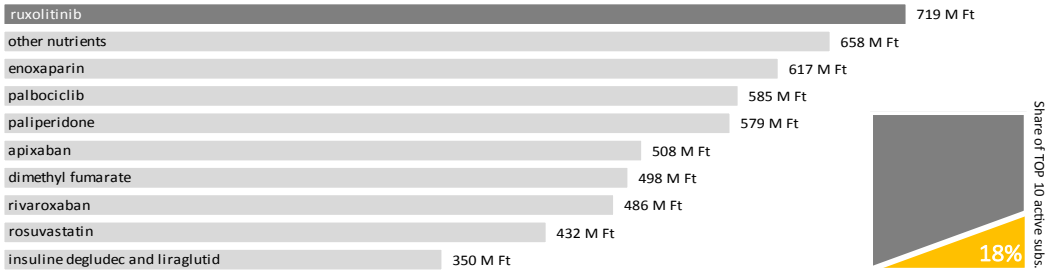
Market data

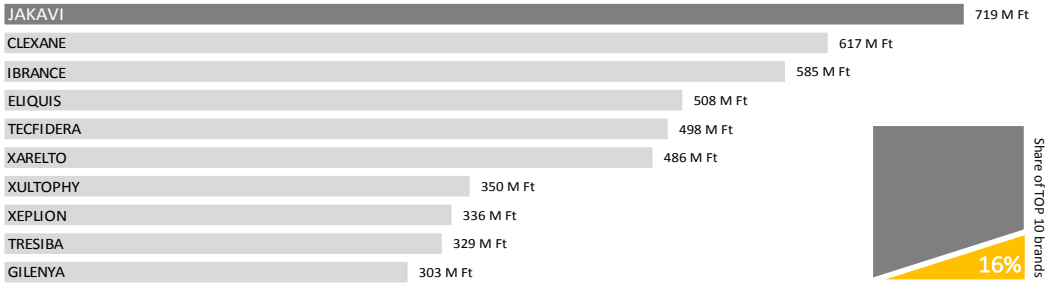
Toplists of reimbursement and number of patients, May 2020

TOP 10 ATCs by all reimbursement paid



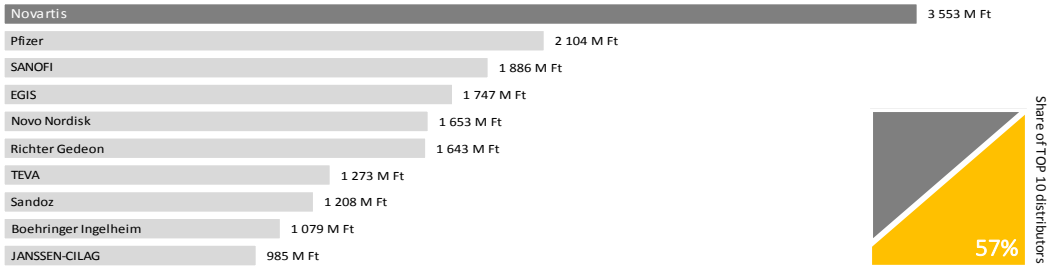
Source: Pharmacy turnover data, Healthware analysis

TOP 10 brands by all reimbursement paid



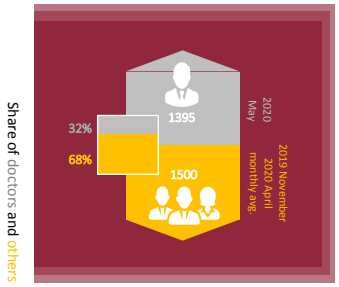
Source: Pharmacy turnover data, Healthware analysis

TOP 10 distributors by all reimbursement paid



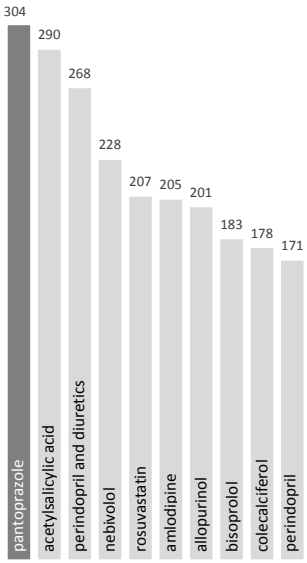
Source: Pharmacy turnover data, Healthware analysis

Average number of medical sales reps



Source: NHIFA data, Healthware analysis

TOP 10 active substances by number of patients (thousand patients)



Source: Pharmacy turnover data, Healthware analysis

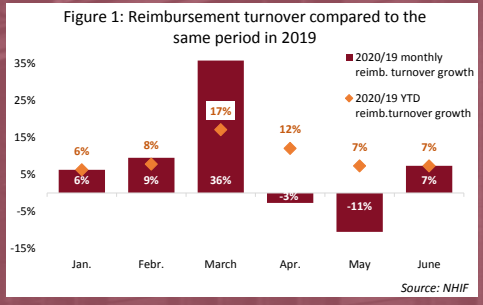
Impacts of COVID-19 on the reimbursed pharmacy market—Case study

The appearance of COVID-19 in Hungary this spring had a significant impact on the economy, including the reimbursed segment of the pharmaceutical market. The time that has elapsed since then allows us not only to analyze the peaking period itself but also to follow the decay of the shock effect, taking into account the turnover of the following months.

Our following two case studies (July and August) both will deal with the turnover trends of these months and the motives behind them, from two different perspectives. Our present study provides a short overview of the highlighted period's turnover, compared to last year and to the pre-COVID six months average (pre-COVID 6M avg) in a macro approach, while in our next case study in August we examine the same topic in more detail, analyzing the most affected therapeutic areas, active ingredients, and actors. It is important to note that we analyze the reimbursed pharmacy turnover data published by NEAK, so our study does not cover the patterns observed in the OTC and hospital market.

Figure 1. examines the reimbursement turnover of the first six months in 2020, compared to the same period of 2019. The orange dots show the year-to-date turnover growth for each, the claret columns follow the turnover growth for each month. Both values are compared to the same period of the year before (so in the first case, the March value – 17% compares the 2020 Jan-March period to the 2019 Jan-March period, while in the second case – 36% compares the 2020 March turnover to the 2019 March turnover).

Figure 1: Reimbursement turnover compared to the same period in 2019

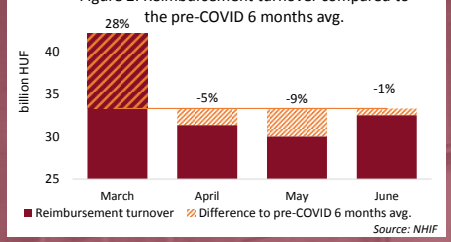


The COVID appearance in Hungary is visible in both growth indicators, the effects of the announced state of emergency – and the connecting decisions regarding the health care system – occurred instantly in the pharmaceutical market.

In March 2020, the reimbursement turnover increased by 36% compared to March 2019, followed by a 3 and 11% decrease in April and in May. Analyzing the YTD reimbursement turnover, we can conclude that the January-March 2020 period exceeded the first quarter of 2019 by 17%, while the YTD growth rate smoothens in May, thanks to the monthly relapse in April and May. Regarding the first half of 2020, the reimbursement turnover was 7% higher than in the first half of 2019 (205 billion HUF in 2020, 191 billion HUF in 2019), which is of the same order of magnitude than the growth rate of 2019/18 H1 (8%).

It is also worth comparing the period highlighted in our case study – four months from the announcement of the emergency – with the pre-COVID six months average reimbursement turnover (33.3 billion HUF based on the 201909-202002 period). Figure 2 – and all the following figures – will examine the March-June data from this perspective.

Figure 2: Reimbursement turnover compared to the pre-COVID 6 months avg.



The peak in March is also significant in this approach (Figure 2). The reimbursement turnover exceeded the previous six months' average by 28%. The subsequent months were below-average; in the April-June period, the reimbursement turnover was 5, 9, and 1% lower than the pre-COVID 6M avg. turnover outflow.
We can conclude, that the March peak was followed by consolidating, gradual compensation, which compensation process seems to end based on the latest available data since the June turnover already approaching the pre-COVID 6M avg.

In the examined period, the copayment (copay) turnover shows higher volatility compared to the pre-COVID 6M avg. than the reimbursement turnover. As shown in Figure 3., both the extent of the March peak and the compensation of the following months were higher in case of patient expenditures. The copay turnover exceeded the pre-COVID 6M avg. by 32%, then a 13, 16, and 9% decrease can be observed.

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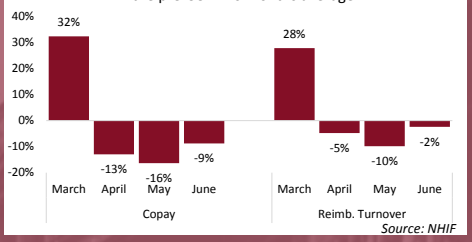
Several factors (PVA related price reductions, FX process in April) could influence the development of co-payment volume (or reimbursement outflow), but in our current case study, we do not consider these factors. In this perspective, the higher volatility of the co-payment volume implies that the patients reacted sensitively to the events in March. Based on the data, we can assume that as a first reaction, patients were willing to buy products with a higher co-pay ratio to procure the necessary therapies. In the compensation period (April-June), as the public sentiment has also calmed down, patients – more rationally - turned to products with lower co-pay ratio. The consumption patterns of March was probably significantly affected by the periodic product shortages and the immediate satisfaction of needs, due to the unpredictability of the situation .

Figure 3: Co-pay and reimb. turnover compared to the pre-COVID 6 months average

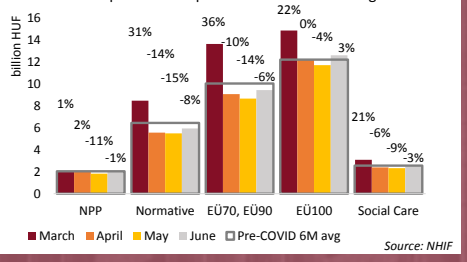


Source: NHIF

The reimbursement category breakdown of the concerning turnovers also supports this conclusion. Figure 4. shows the turnover of each reimbursement category compared to the pre-COVID 6M average. The turnover of the classic categories (normative: 31%, EÜ70, EÜ90: 36%, EÜ100: 22%) and the social care also experienced a peak above 20% compared to the 201909-202002 period's average.

However, reimbursement categories with a higher copay ratio show higher volatility, both in March and in the following periods, with a double-digit decrease in April and May. The EÜ100 and the social care consumption experienced a more consolidated peak in the period of panic buying, but their decline was also lower in the following months of compensation.

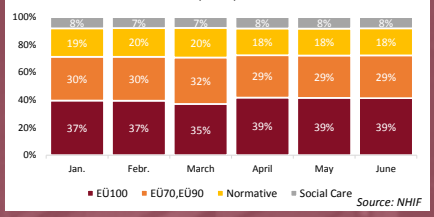
Figure 4: reimb. turnover on each reimb. category, compared to the pre-COVID 6months average



Source: NHIF

The same is reflected in the analyses of the share of the different reimbursement categories. From March to April, the share of 100% reimbursement turnover increased to 39% from 35%. Also, the share of social care turnover increased by 1% (from 7% to 8%), to the detriment of the other reimbursement categories.

Figure 5: Share of reimb. categories in reimb. outflow (2020)



Source: NHIF

In summary, in the first part of the uncertainty created by the emergency state, the population was less price-sensitive and focused primarily on the immediate procurement of their therapies, buying even multiplies of the needed quantity. These procurements generated an almost 36% (~11.2 billion HUF) higher reimbursement outflow in March, compared to 2019. In the subsequent months, the consumption fell back significantly. Although some kind of compensation is observable, the turnover of the examined period still exceeds the expected turnover volume.

It is still a question, whether this surplus will be fully compensated in the coming months, ergo residential accumulations will be actually used, or some part of these panic purchases will end up in the bin (in total a surplus of 3.8 billion HUF co-pay volume, and 9.3 billion HUF reimb. volume regarding the pre-COVID 6M avg.). It is interesting to see that as the crisis progressed, - without taking all other factors into account - patients appeared to become more cost-awareness and more price-sensitive and that the co-pay volumes showed a more significant decrease. The extent of the decrease was perceptible primarily in the case of reimbursement categories with a higher co-pay ratio.

Our case study next month will bring additional perspectives to the turnover trends during the pandemic since it will focus on the role and significance of each therapeutic area. A more detailed analysis will also be useful to evaluate our conclusions; prove their validity or highlight that other factors might be behind these patterns. The analysis of therapeutic fields is also crucial, from the perspective of the annual drug budget, as areas, generating growth during the COVID period is not necessarily the same as the therapies emerging in the peacetime. If this is indeed the case, and the additional reimbursement outflow of March was not only because of advance purchase then we can expect that the peak in spring will partially remain as an extra burden on the annual drug budget.