

News, current issues

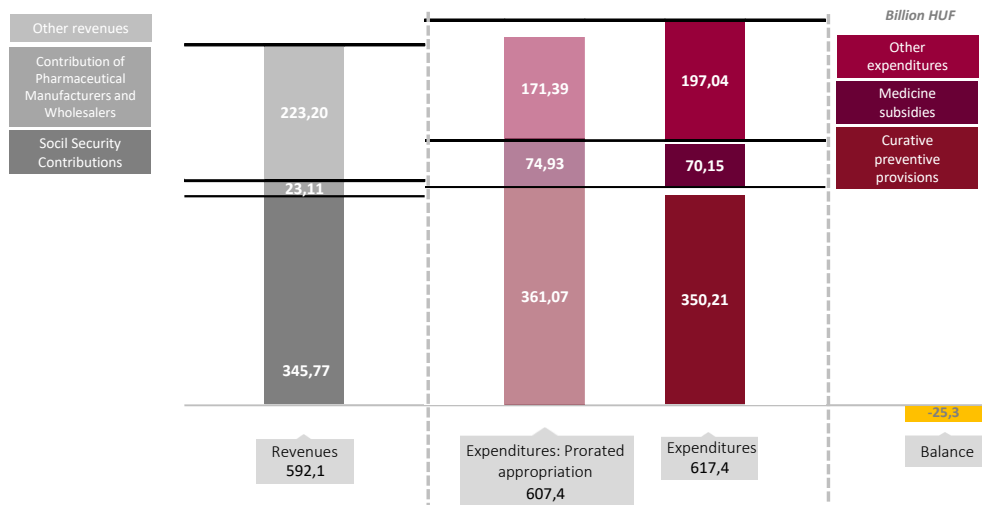
News Huge increase, two-thirds of Hungarians use the private health system >>

News Prescription medicines sold less in pharmacies >>

News AIPM supports the new government with a concrete action plan >>

Macro approach to financing healthcare and medicinal products

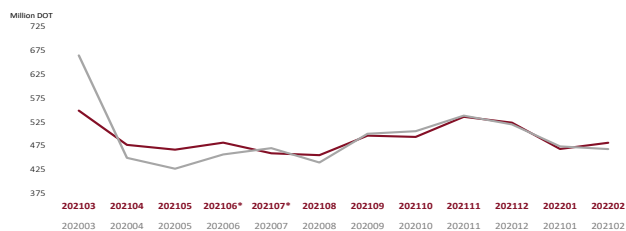
Balance of the Health Insurance Fund, February 2022



Source: Healthware analysis based on NHIFA data

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

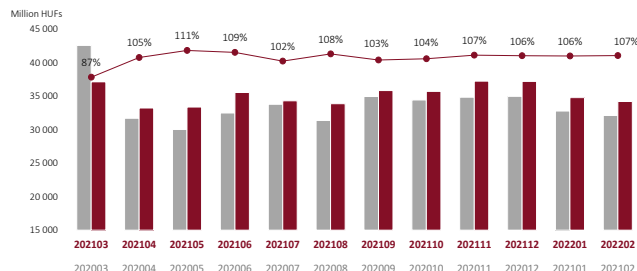
Pharmacy DOT turnover



*Note: Turnover data of SKU no. 210900238 is not displayed in DOT turnover figure (vitamin D3) - DOT 200,000 days -, this product first appeared in June 2021, as it significantly distorts the DOT turnover values as well as the overall market performance. The reimb. turnover of the SKU was taken into account.

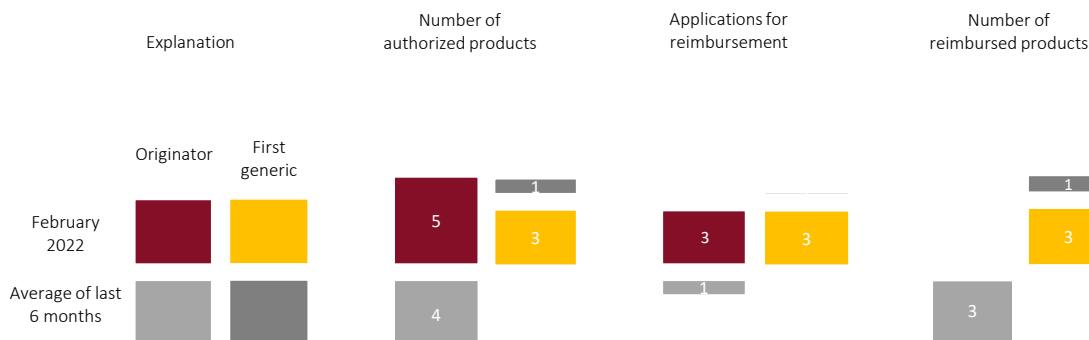
Source: Healthware analysis based on NHIFA data

Pharmacy reimbursement turnover



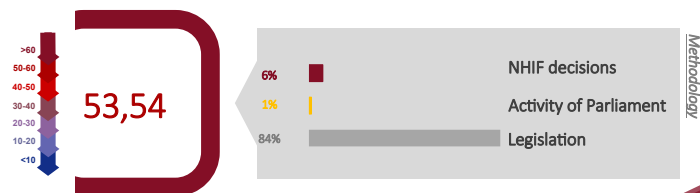
Source: Healthware analysis based on NHIFA data

Changes to subsidized medicinal product categories, February 2022



Source: Healthware analysis based on NHIFA data

Decision-making index, February 2022



Methodology

Product offering

Indicator system development

Quality indicators are needed to evaluate a therapy at macro level. The individual micro-level knowledge enables to seek/elaborate parameters which allow to build up an indicator system.

With the comprehensive knowledge acquired along our micro-level analysis products we can ensure elaboration of systems, which show the success of certain medical technologies in transparent way, with objective parameters.

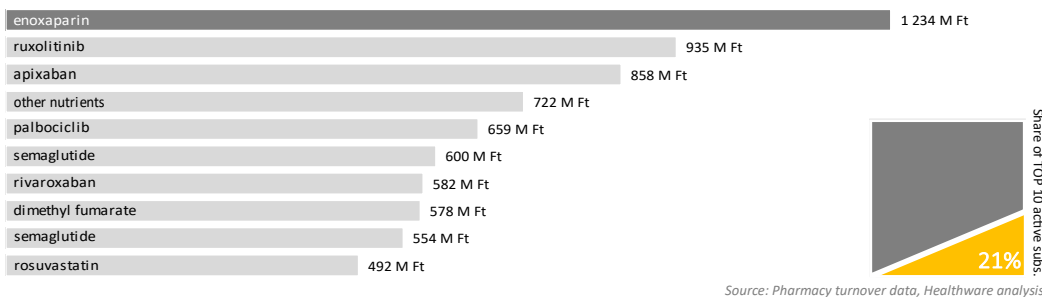
More about the service: [link](#)



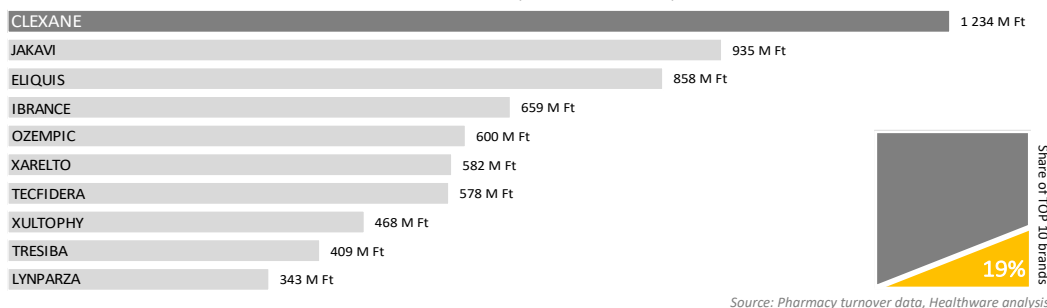
Market data

Toplists of reimbursement and number of patients, February 2022

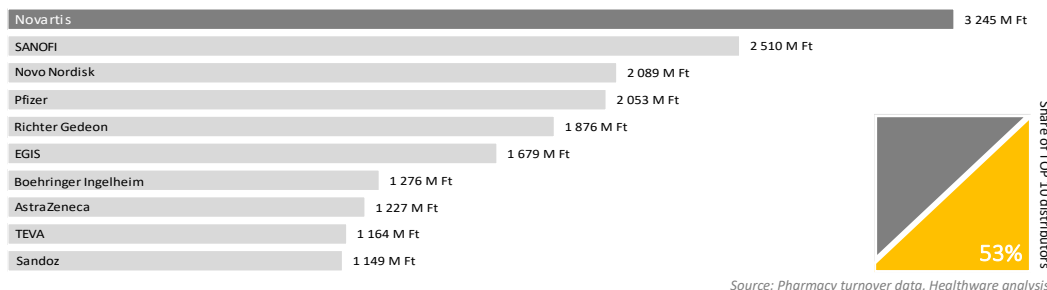
TOP 10 ATCs by all reimbursement paid



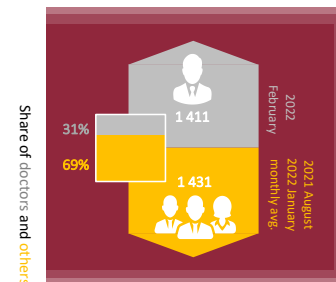
TOP 10 brands by all reimbursement paid



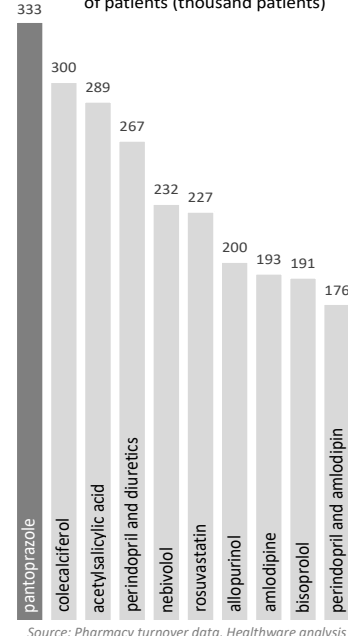
TOP 10 distributors by all reimbursement paid



Average number of medical sales reps



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



Reimbursement of medical aids, price increases - Case study

Healthware analysis based on NEAK data

In this newsletter, we cover the price increases affecting medical aid products. Other issues affecting the financing of medical aid products are beyond the scope of this newsletter. Our previous case study on this topic can be found [HERE](#).

Mass-produced medical aid products are often produced through complex workflows where, among other things, amortization, the continuous depreciation of the forint, the purchase of different raw materials, energy requirements, represent a significant fixed cost burden within the production of the products, and require higher added human capacity compared to pharmaceuticals. Due to these higher fixed costs, medical aid manufacturers typically have lower profitability compared to pharmaceuticals and much higher exposure to the external market price environment. In this context, the funding practices for pharmaceuticals, the support system following a generic pricing logic for each group, and the regulatory price itself, where the possibility of price adjustment/raise is almost unknown, are incomprehensible.

For many years, the medical aid manufacturers and distributors concerned have been voicing their underfunding and their inability to be profitable in various fora. The annual amount of the medical aid fund has been growing at an annual rate of 6-10% in previous years. However, based on our experience, producers and distributors report difficulties in accessing aid and price problems.

- ♦ According to a press conference at the FESZ (Federation of Distributors for Health) congress, the medical aid financing system has been struggling for years with, among other things, the lack of price indexation and the fixing of margins. *
- ♦ In 2021, the advocacy organizations indicated to the government in several consultations that "hundreds of medical aids could disappear from the supply because they are more expensive to purchase than the health insurance and the patient pay". Inflation, minimum wage increases, rising delivery charges and 18 years of unchanged prices have combined to make supply of critical and negatively priced products uncertain. **

It was published in issue 55 of the Hungarian Gazette on 22.03.2022, before the parliamentary elections:

- ♦ Government Decree No 113/2022 (22.III.) on certain emergency rules relating to the social security support of medical aids (link) [Entry into force: 23.03.2022]
- ♦ Government Decree No 114/2022 (22.III.) amending Government Decree No 451/2017 (XII. 27.) on the rules for the inclusion of medical aids in social security support and for changes to the support (link) [Entry into force: 01.04.2022]

In the light of the above, NHIFA has launched an ex-officio price tendering procedure in accordance with the rules laid down in the Regulation. NHIFA has published on its website the range of products defined and the maximum net prices that can be applied for. Each operator had a **total of 5 days to notify the financier of its intention to increase prices**. The price increases took effect on 8 April.

We have examined the price increases based on published NHIFA data. In our analysis we wanted to find out:

- ♦ what percentage of operators were able to take advantage of the price increase
- ♦ the extent to which price increases are covered by the HUF 3 billion in extra resources provided by the government to cover them.

The regulation set the possibility of price increases at different levels, for some groups at group level and for some products at product level.

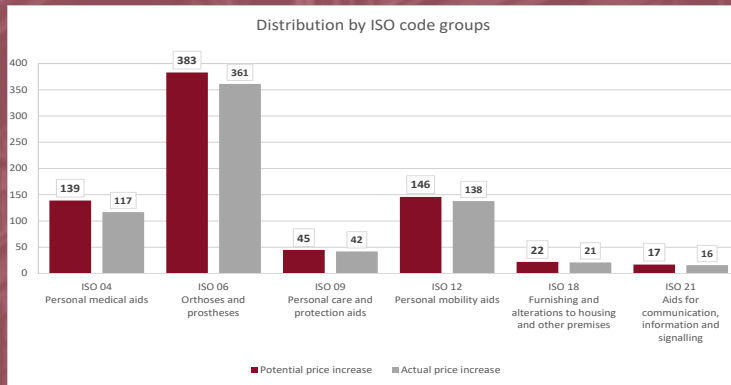
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Reimbursement of medical aids, price increases - Case study

Healthware analysis based on NEAK data

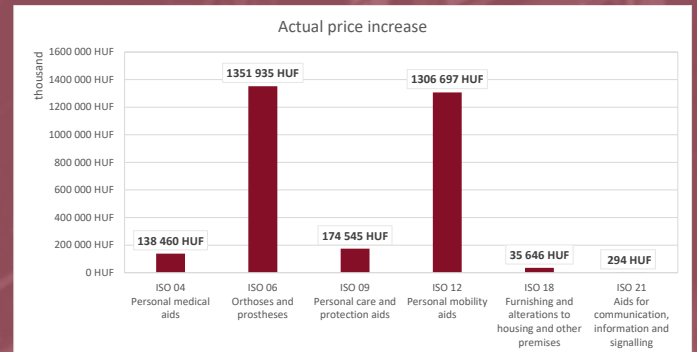
Based on our calculations

- ◆ In total, 6 ISO groups were affected by price increases, i.e. not all groups (8). A total of 752 types of medical aids were affected by price increases, of which 695 (92.4%) were subject to price increases by manufacturers/distributors.
- ◆ The average price increase ranged from 33% to 34% (On average, a price increase of 34% was calculated on the basis of the maximum prices under the Regulation, but since not all of them took advantage of this option, only 33% of the price increase was implemented). The lowest price increase option was around 5.4%.
- ◆ The maximum price increase was used by the applicants, who increased their prices up to the maximum price.
- ◆ The highest price increase was for certain 'toilet grab rails' (group 18 18 06 03 03; increase of 382%). However, due to the inherently low price and low turnover of the products in this group, the price increase for these products could result in 'only' HUF 14 million additional expenditure per year.
- ◆ The price increase of orthopedic shoes and accessories in group 06 33 represents an additional expenditure of HUF 512 million per year, which represents 16% of the total estimated additional cash flow (18 products/line - products of individual distributors).
- ◆ Most of the products concerned were in ISO 06 (Orthotics and prostheses), with 50% of the products concerned in this ISO group, 19% in ISO 12 (Personal mobility equipment) and 18% in ISO 04 (Personal medical aids).



Unfortunately, not all products are available with published turnover data. Taking into account the available turnover data, based on 2021 turnover data, a surplus of more than HUF 3 billion (HUF 3 062 million) in aid expenditure could be quantified on an annual basis if all products had increased their prices, taking advantage of the maximum price increase opportunity. As there were products for which no price increase was applied, or not all producers took advantage of the maximum price increase, a smaller surplus can be expected assuming unchanged turnover (HUF 3 007 million).

As For a period of 9 months in 2022, the cash effect of the price increase for NHIFA can be estimated at HUF 2.2-2.3 billion (with unchanged turnover rates). The distribution of the estimated annual surplus of aid outflow by ISO group is illustrated in the figure below.



Under the regulation, the price increase is fully financed by NHIFA, while the fees remain unchanged, which is important and welcome for patient care.

- ◆ Unfortunately, it is not known on the basis of which products/groups were included in the price increase range and on the basis of which others were excluded, and on what basis the maximum prices were set. Our calculations are based on published data and are estimates, relying on factual data for turnover in 2021, unfortunately not complete (missing data). Based on these, the actual subsidy outflow may be underestimated due to the lack of completeness and using 2021 as a base year introduces uncertainty due to COVID. Taking all these into account, however, it can be a useful starting point for assessing the impact of price increases.

To sum up

A large number of operators were able to take advantage of the five-day price increase window before the election and the price increase came into force on 1 April. Based on published prices, the additional demand of HUF 3 billion planned by the government covers the increase in subsidy outflows associated with the price increase with a high degree of accuracy, according to our calculations. The financial injection in March, while certainly welcome and a serious help to current producers and distributors, is likely to have been only a fire-fighting measure to improve the situation of the most ineligible product group. Unfortunately, systemic and forward-looking changes have not been made. The external exposure of the medical aids market and the price structure of the significant fixed costs necessary to produce the products have not changed. In the medical aids market, it is clear that further intervention will be inevitable in order to create a predictable regulatory and financing environment in the long term. The inclusion of an annual price adjustment, as well as the responsibilities of supply chain operators and the state-fixed margin, are still not guaranteed and need to be addressed.