

Actualities of Hungarian pharmaceutical financing market

Newsletter



News, current issues

- **Legislations** come into force from April 2015: Act LXXXIII of 1997 (2015.04.01.); Act CLIV of 1997 (2015.04.01.); Act XCVIII of 2006 (2015.04.01.); NM Decree No.9/1993. (2015.04.29.); Gov.Decree No.43/1999. (2015.04.01.); Gov.Decree No.235/2009. (2015.04.01.); Gov.Decree No.319/2010. (2015.04.01.); Gov.Decree No.323/2010. (2015.04.01.); Gov.Decree No.364/2010. (2015.04.01.); ESzCsM Decree No.1/2003. (2015.04.29.); ESzCsM Decree No.32/2004. (2015.04.01.); ESzCsM Decree No.44/2004. (2015.04.29.); ESzCsM Decree No.53/2004. (2015.04.29.); EüM Decree No.4/2000. (2015.04.29.); EüM Decree No.43/2005. (2015.04.29.); EüM Decree No.52/2005. (2015.04.29.); EüM Decree No.25/2006. (2015.04.29.); EüM Decree No.14/2007. (2015.04.29.); EüM Decree No.21/2007. (2015.04.29.); EüM Decree No.41/2007. (2015.04.29.); EüM Decree No.53/2007. (2015.04.29.); EüM Decree No.2/2008. (2015.04.29.); EüM Decree No.3/2009. (2015.04.29.); NEFMI Decree No.12/2011. (2015.04.29.); EMMI Decree No.15/2012. (2015.04.29.)
- **NEWS:** "Pharmaceutical companies are faced with more challenges" [link](#)
- **NEWS:** "Drug Authority declared war on the pharmacies' re-export" [link](#)
- **NEWS:** "Next year's budget is on the table" [link](#)
- **NEWS:** "More was spent for medicine" [link](#)
- **NEWS:** "Mylan board rejects Teva takeover bid" [link](#)
- **STUDY:** "European collaboration on relative effectiveness assessments: What is needed to be successful?" [link](#)

Macro approach to financing healthcare and medicinal products

Balance of the Health Insurance Fund

Health Security Fund	2014. I-XII.	2015 original appropriation	2015		
			I-III. months	% of appropriation	% of last year
Total of Budgetary Expenditures	1 907,1	1 910,8	470,1	98,4%	104,6%
Curative preventive provisions	945,6	948,6	231,1	97,4%	106,2%
Medicine subsidies	302,3	298,1	74,6	100,0%	102,7%
Medicine subsidies (pharmacy)	286,4	224,4	74,2	132,2%	106,2%
Total of Budgetary Revenues	1 907,1	1 910,8	482,6	101,0%	99,4%
Social Security Contributions	896,3	1 198,5	302,0	100,8%	135,1%
Contribution of Pharmaceutical Manufacturers and Wholesalers	57,4	58,0	16,9	116,3%	133,1%
Balance	0,0	0,0	12,4		0,0%

Billion HUF

Market forecast

Healthware efficiently simulates market situations by developing and improving complex econometric models using econometric statistical estimators. Based on these models Healthware forecasts turnovers and can provide various scenario analyses.

For further information, please visit our website or contact our colleagues: [link](#)

Product offering

The 2015 budget counts with 0,2% increase in the expenditure and in the revenues too, while the balance is nil. The central budget contribution is planned to be less with 35,1% than last year fulfilment, and this gap is filled with the 33,7% higher social security contribution (302 billion HUFs). The medicine subsidies plan are lower with 4,2 billion HUFs than last year expenses.

In the first three months of 2015 the Health Security Fund produced a 2,61% surplus mainly because of the higher insurance tax (+71,8%; +4,2 billion HUFs) and the lower curative preventive provisions (-2,6%; -6 billion HUFs).

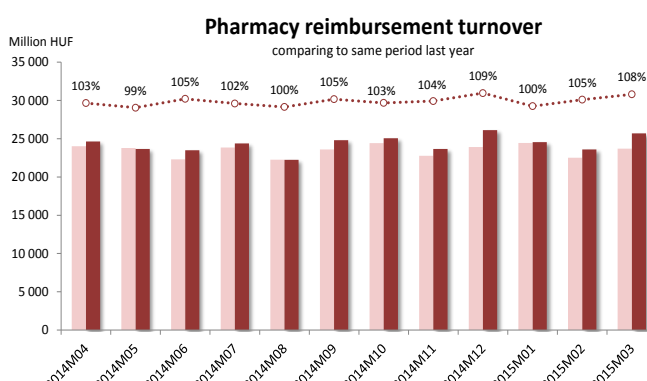
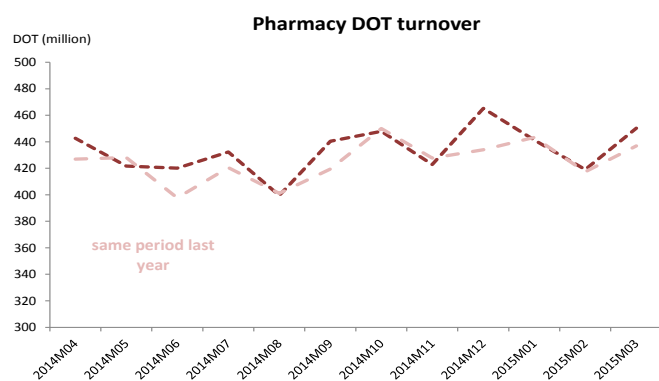
Changes to subsidised medicinal product categories

Changes in the public drug list	2014	2015	2015	2015	2015	2015	2015
	Dec.	Jan.	Feb.	Mar.	Apr.	May	2015
Number of new products	8	26	6	31	57	11	131
Number of new AI	1	3	2	5	2	1	13
Number of delisted products	9	26	10	36	44	51	167
Prices							
Decrease	3	24	1	7	166	3	201
Increase	2	3	0	0	3	0	6

Changes in the public drug list	2014	2015	2015	2015	2015	2015	2015
	Dec.	Jan.	Feb.	Mar.	Apr.	May	2015
Reimbursement							
Decrease	2	47	1	6	393	1	448
Increase	6	13	0	1	69	0	83
Co-payment							
Decrease	4	42	1	14	255	5	317
Increase	5	24	0	1	280	0	305

Source: Healthware analysis based on OEP-PUPHA data

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



While the turnover of reimbursed medicines in pharmacies increased by 2,74% in 2014 (measured in DOT), the total medicine subsidy of Health Security Fund was higher by 2,21%. The subsidy of new INNs (got reimbursed status in 2014) was 1,26% of the yearly total, while its turnover was only 0,03% of the yearly DOT turnover.

Drug sales in the first three months of 2015 was 0,42% higher than the same period last year, while the average reimbursement per DOT increased with 1,4% compared to the previous month. The reimbursement turnover is 3,16% higher for this period compared to last year.

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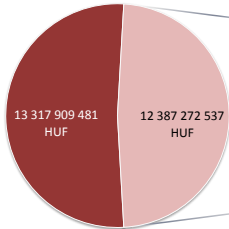
Market data

Marketing authorisation information

2014	EMA	OGYI	2015 - Q1	EMA	OGYI	March 2015	EMA	OGYI
New brands	70	182	New brands	20	42	New brands	5	13
New SKUs	359	1 779	New SKUs	139	532	New SKUs	34	108

Source: Healthware analysis based on OGYI's and EMA's data

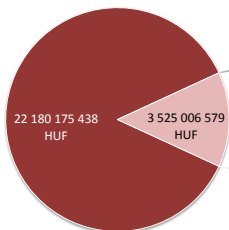
TOP10 DISTRIBUTOR by all reimbursement paid in March 2015



TOP 10 - DISTRIBUTOR	Reimbursement
Novartis Hungária Kft.	2 365 947 723 HUF
SANOPI-AVENTIS Zrt.	1 639 555 242 HUF
EGIS Gyógyszergyár Zrt.	1 311 610 355 HUF
Richter Gedeon Vegyészeti Gyár NyRt.	1 255 022 940 HUF
TEVA Gyógyszergyár Zrt.	1 222 861 103 HUF
Pfizer Kft.	1 041 985 113 HUF
Lilly Hungaria Kft.	937 380 761 HUF
Novo Nordisk Hungária Kft.	917 719 376 HUF
Sandoz Hungária Kereskedelmi Kft.	864 942 804 HUF
Janssen-Cilag Gyógyszerkereskedelmi Marketing Szolgáltató Kft.	830 247 119 HUF

Source: Healthware analysis based on the sales turnover that pharmacies produced from POM

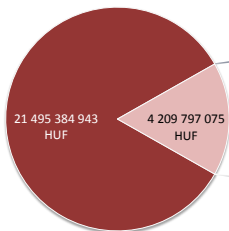
TOP10 BRAND by all reimbursement paid in March 2015



TOP 10 - BRAND	Distributor	Reimbursement
GLIVEC	Novartis Hungária Kft.	554 357 768 HUF
CLEXANE	SANOPI-AVENTIS Zrt.	538 598 284 HUF
SPIRIVA	Boehringer Ingelheim Pharma Gesellschaft m. b. H. N	410 582 051 HUF
XEPLION	Janssen-Cilag Gyógyszerkereskedelmi Marketing Sz	390 704 128 HUF
LANTUS	SANOPI-AVENTIS Zrt.	342 295 964 HUF
HUMULIN	Lilly Hungaria Kft.	289 488 960 HUF
SUTENT	Pfizer Kft.	280 058 130 HUF
FOSTER	Chiesi Hungary Kft.	243 513 432 HUF
LEVEMIR	Novo Nordisk Hungária Kft.	240 467 405 HUF
COVEREX	EGIS Gyógyszergyár Zrt.	234 940 458 HUF

Source: Healthware analysis based on the sales turnover that pharmacies produced from POM

TOP10 ATC by all reimbursement paid in March 2015



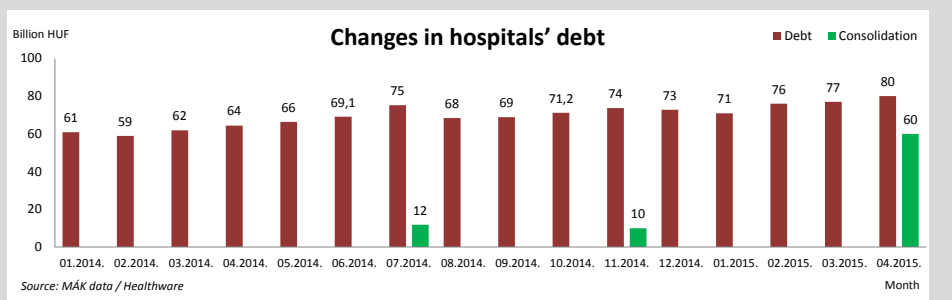
TOP 10 - ATC	International non-proprietary name (INN)	Reimbursement
L01XE01	imatinib	554 357 768 HUF
B01AB05	enoxaparin	538 598 284 HUF
V06D	other nutrients	509 659 581 HUF
N05AX13	paliperidone	466 411 114 HUF
C10AA07	rosuvastatin	411 075 835 HUF
R03BB04	tiotropium bromide	410 582 051 HUF
A10AB01	insulin (human)	363 921 516 HUF
A10AE04	insulin glargine	342 295 964 HUF
C09BA04	perindopril and diuretics	316 963 249 HUF
C10AA05	atorvastatin	295 931 713 HUF

Source: Healthware analysis based on the sales turnover that pharmacies produced from POM

Changes in hospitals' debt — Case study

The settlement of the hospitals' debt has received considerable media attention in the recent weeks. In the recent period the expired debts of the hospitals took on a level, which caused serious problems in the functioning of the supplier companies. The examples¹ turned up in the press illustrated well the scale of the problem in the respect of the suppliers, such as the average 240 days deadline for payment or hospital outstanding debts over 40% of the company's annual sales revenue.

It is worth underlining that the progressive and high level of indebtedness of the hospitals is not a specifically Hungarian phenomenon, in the health systems of developed countries the occasion of this problem was identified several times. In the study² Kornai published in 2008 the issue were examined through the soft budget constraint phenomenon. The meaning of the soft budget constraint is that mental phenomenon, which, in the present case, exists in the hospital decision-makers' minds, that the hospital will be bailed out in the event of a major financial crisis by the (local or state) government. The soft budget constraint is definitely conducive to debt, in addition all stakeholders in the process (patient, doctor, hospital director, policy maker) have motivation to maintain the system of indebtedness and bailout. The period 2000-2007 examined by Kornai year on year, in average the 24% of the Hungarian hospitals had more expired debt than 3% of the annual expenditure, but in 2006 this proportion exceeded 40%.



Source: MÁK data / Healthware

On the figure that is shown below the steadily increasing level of hospitals' debt can be seen from the beginning of 2014, which was slowed down by only two slight consolidation covered by the Health Fund's remained money. The figure also shows that the HUF 60 billion consolidation reported in recent weeks, created from a separate source, does not fully cover the accumulated debts. Overall, it can be stated that hospital funding in the current framework entails the phenomenon of debt accumulation. It is worth highlighting the recommendations of Kornai about the control of the problem like the bailout shall not become automatic, and if it is created, it has to be associated with exploring the causes of the crisis and call to account in personal level. A strong factor supporting the rejection of the bailout could be the invol-

vement of for-profit and non-profit investors, by establishing non-state-run hospitals, so the existing hospitals' monopoly position could be replaced. However, to improve the situation of suppliers in the medium term, change of the funding system could be performed such as the installation of more lenient criteria for supplier firms (e.g. deferred VAT payment option, state-supported refinancing credit facilities). In addition, a purchasing system developed jointly with suppliers which secures the payment schedule in a sustainable and mutually accepted way also would alleviate the uncertainty existing in the system. Other factors that play a role in recurrent hospital debt growth beyond the under-funding are also could be examined.

(1) <http://www.vg.hu/vallalatok/egeszsegugy/magyar-tulajdonu-kkv-k-lete-forog-veszelyben-448136>
(2) János Kornai (2008): The soft budget constraint syndrome in the hospital sector. Közgazdasági Szemle, Vol. LV. December 2008., 1037-1056. p.