

News, current issues

- **Legislations** come into force from April 2014: NM Decree No.9/1993. (2014.04.01.); ESzCsM Decree No.32/2004. (2014.04.19.); EüM Decree No.4/2000. (2014.04.05.); NEFMI Decree No.11/2011. (2014.04.05.)
- **NEWS:** "British PM says wants assessment on Pfizer takeover bid for AstraZeneca" [link](#)
- **NEWS:** "Strick rules of insulin brought half billion savings" [link](#)
- **NEWS:** "Patient data: few patient prohibit, few doctors looking at" [link](#)
- **NEWS:** "Reimbursement for new anticoagulants" [link](#)
- **NEWS:** "More expensive drugs, worsening care - another budget cut may happen" [link](#)

Macro approach to financing healthcare and medicinal products

Balance of the Health Insurance Fund

Billion HUF

| Health Security Fund | 2013. I-XII. | 2014 original appropriation | 2014 | | |
|--|----------------|-----------------------------|--------------|--------------------|----------------|
| | | | III. | % of appropriation | % of last year |
| Total of Budgetary Expenditures | 1 847,8 | 1 884,2 | 449,5 | 95,4% | 102,9% |
| Curative preventive provisions | 908,0 | 931,9 | 217,6 | 93,4% | 106,3% |
| Medicine subsidies | 296,0 | 294,1 | 72,6 | 98,7% | 100,1% |
| Medicine subsidies (pharmacy) | 281,5 | 222,4 | 69,9 | 125,7% | 99,8% |
| Total Of Budgetary Revenues | 1 847,8 | 1 884,2 | 485,5 | 103,1% | 104,5% |
| Social Security Contributions | 768,0 | 852,9 | 223,4 | 104,8% | 118,2% |
| Contribution of Pharmaceutical Manufacturers and Wholesalers | 58,7 | 56,0 | 12,7 | 90,5% | 76,6% |
| Balance | 0,0 | 0,0 | 36,0 | | 128,5% |

The 2014 budget counts with 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 5% than last year fulfilment, and this gap is filled with the 11% higher social security contribution (85 billion HUF). The medicine subsidies plan are lower with 2 billion HUF than last year expenses.

In the first three months of 2014 the Health Security Fund produced a 7,6% surplus mainly because of the higher social security contributions (+4,8%) and lower spending. The in- and outcare expenditure was 6,6% lower than the budget plan proportional to that time interval.

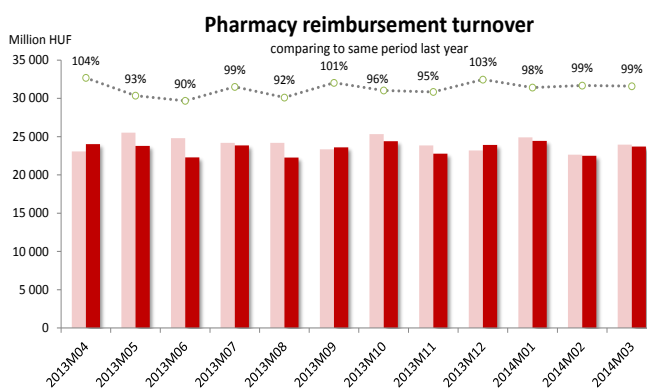
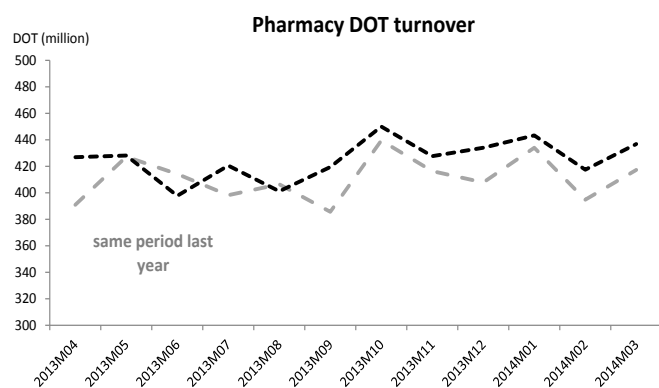
Changes to subsidised medicinal product categories

| | Changes in the public drug list | | | | | | |
|-----------------------------|---------------------------------|-----------|-----------|-----------|-----------|----------|------|
| | 2013 Dec. | 2014 Jan. | 2014 Feb. | 2014 Mar. | 2014 Apr. | 2014 May | 2014 |
| Number of new products | 42 | 22 | 34 | 13 | 16 | 21 | 106 |
| Number of new AI | 0 | 1 | 8 | 1 | 0 | 1 | 11 |
| Number of delisted products | 41 | 63 | 21 | 42 | 49 | 18 | 193 |
| Prices | | | | | | | |
| Decrease | 4 | 33 | 7 | 5 | 349 | 6 | 400 |
| Increase | 0 | 0 | 0 | 1 | 51 | 1 | 53 |

| | Changes in the public drug list | | | | | | |
|----------------------|---------------------------------|-----------|-----------|-----------|-----------|----------|------|
| | 2013 Dec. | 2014 Jan. | 2014 Feb. | 2014 Mar. | 2014 Apr. | 2014 May | 2014 |
| Reimbursement | | | | | | | |
| Decrease | 3 | 0 | 47 | 1 | 7 | 9 | 64 |
| Increase | 1 | 9 | 3 | 2 | 0 | 1 | 15 |
| Co-payment | | | | | | | |
| Decrease | 13 | 14 | 46 | 10 | 8 | 8 | 86 |
| Increase | 0 | 0 | 16 | 0 | 3 | 11 | 30 |

Source: Healthware analysis based on OEP-PUPHA data

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



While the turnover or reimbursed medicines in pharmacies increased by 2,2% in 2013 (measured in DOT), the total medicine subsidy of Health Security Fund was lower by 5,9%. The main cause of this saving was the reference price system which lead to significant cuts in prices and reimbursements.

Drug sales in the first three months of 2014 was 4,12% higher than the same period last year, while the average reimbursement per DOT decreased. The reimbursement turnover is 1,19% below for this period compared to last year.

Burden of disease analysis

The indirect costs of therapies can currently be validated in only a limited way in health economic analysis made from local financing viewpoint. However, in other levels of decision making the cost analyses, which are made in social approach, can include objective and well communicable messages. These details can aid in forming of preferences between different healthcare technologies. By way of data-request from OEP we provide the summing up of the following information:

- Demographic and epidemiologic characteristics (by age, sex and comorbidity)
- Dispersion of patients by disease severity based on pharm. treatment pattern
- Cost analyses (on data of prescr., inpatient and outpatient care, labs and diagnostic services, hospice, sickness benefit)

We suggest the patient survey method to define the patients indirect costs and the other state expenditure

- Sickness absence costs
- Home remodeling costs
- Informal care
- Other indirect burdens

More information about our services: [link](#)

Product offering



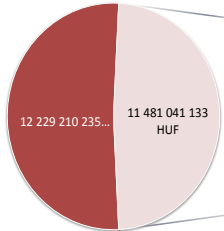
Market data

Marketing authorisation information

| 2013 | EMA | OGYI | 2014 - Q1 | EMA | OGYI | March 2014 | EMA | OGYI |
|------------|-----|-------|------------|-----|------|------------|-----|------|
| New brands | 79 | 207 | New brands | 14 | 56 | New brands | 5 | 19 |
| New SKUs | 716 | 1 742 | New SKUs | 175 | 510 | New SKUs | 134 | 132 |

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

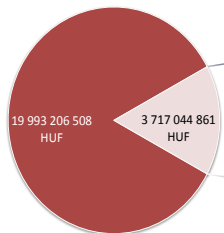
TOP10 DISTRIBUTOR by all reimbursement paid in March 2014



| TOP 10 - DISTRIBUTOR | Reimbursement |
|--------------------------------------|-------------------|
| Novartis Hungária Kft. | 2 143 613 237 HUF |
| SANOFI-AVENTIS Zrt. | 1 496 118 674 HUF |
| TEVA Gyógyszergyár Zrt. | 1 207 976 145 HUF |
| EGIS Gyógyszergyár Nyrt. | 1 185 743 785 HUF |
| Richter Gedeon Vegyészeti Gyár NyRt. | 1 116 713 078 HUF |
| Pfizer Kft. | 1 024 710 184 HUF |
| Lilly Hungaria Kft. | 897 172 118 HUF |
| Novo Nordisk Hungária Kft. | 811 450 240 HUF |
| Sandoz Hungária Kereskedelmi Kft. | 799 435 360 HUF |
| GlaxoSmithKline Kft. | 798 108 312 HUF |

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

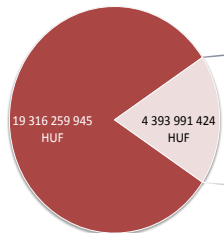
TOP10 BRAND by all reimbursement paid in March 2014



| TOP 10 - BRAND | Distributor | Reimbursement |
|----------------|---|-----------------|
| GLIVEC | Novartis Hungária Kft. | 599 792 608 HUF |
| CLEXANE | SANOFI-AVENTIS Zrt. | 494 693 344 HUF |
| SPIRIVA | Boehringer Ingelheim Pharma Gesellschaft m. b. H. N | 435 950 272 HUF |
| SYMBICORT | AstraZeneca Kft. | 395 870 042 HUF |
| XEPLION | Janssen-Cilag Gyógyszerkereskedelmi Marketing Szo | 318 037 715 HUF |
| LANTUS | SANOFI-AVENTIS Zrt. | 316 122 586 HUF |
| SUTENT | Pfizer Kft. | 312 362 197 HUF |
| SERETIDE | GlaxoSmithKline Kft. | 305 383 673 HUF |
| HUMULIN | Lilly Hungaria Kft. | 288 278 057 HUF |
| RISPERDAL | Janssen-Cilag Gyógyszerkereskedelmi Marketing Szo | 250 554 367 HUF |

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

TOP10 ATC by all reimbursement paid in March 2014



| TOP 10 - ATC | International non-proprietary name (INN) | Reimbursement |
|--------------|---|-----------------|
| L01XE01 | imatinib | 599 792 608 HUF |
| R03AK07 | formoterol and other drugs for obs. airway diseases | 580 270 801 HUF |
| B01AB05 | enoxaparin | 494 693 344 HUF |
| V06D | other nutrients | 447 580 914 HUF |
| R03BB04 | tiotropium bromide | 435 950 272 HUF |
| C10AA07 | rosuvastatin | 404 169 047 HUF |
| N05AX13 | paliperidone | 395 076 917 HUF |
| R03AK06 | salmeterol and other drugs for obs. airway diseases | 367 128 764 HUF |
| A10AB01 | insulin (human) | 353 178 266 HUF |
| C10AA05 | atorvastatin | 316 150 490 HUF |

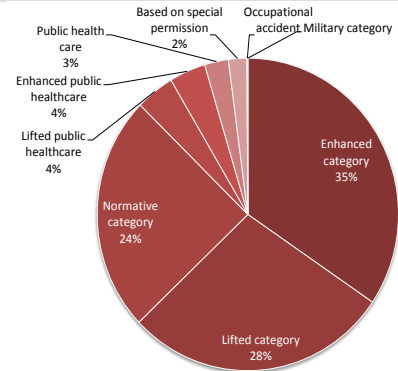
Source: Healthware analysis based on the sales turnover that pharmacies produced from POM

Average number of medical sales reps; 03/2014

| | |
|--------------------|-------|
| All | 1 826 |
| Medicinal products | 1 557 |
| Medical aids | 228 |
| Both | 41 |

Source: Healthware analysis based on OGYI's

Drug reimbursement by legal title; 03/2014



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

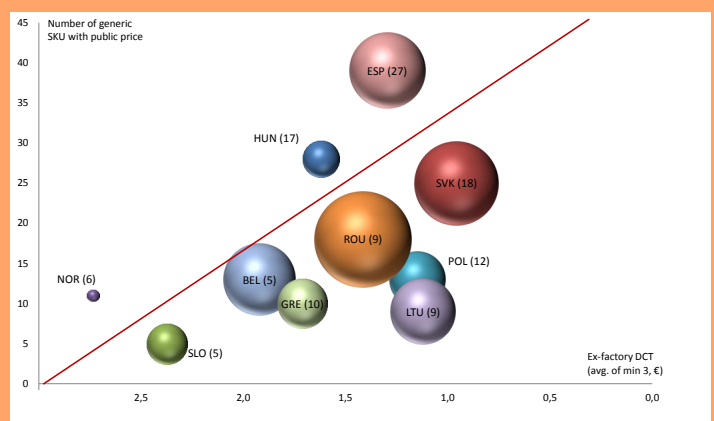
International price comparisons of oral anastrozol substance containing SKU, based on EF prices — Case study

In our case study we present statistics related to anastrozole (L02BG03) substance containing generic SKUs of 10 European countries, which are based on the price and product information of SKUs effective in 1st January 2011. The anastrozole is marketed by Astra Zeneca under the trade name ARIMIDEX, the first generic brand appeared in Hungary in February, 2008. We didn't consider the SKUs with original brands, we use only the generic SKUs' prices on purpose to analyze a country's clopidogrel market.

We investigated the hypothesis that the wider the range of products, the sharper competition will occur in terms of the prices. Based on this it can be expected, that the bubbles of the countries will be located around the diagonal, which can be seen in the coordinate system. The anastrozole market of the researched ten countries, except Lithuania and Poland, have shown the expected location. The SD (standard deviation) of the DTC (daily therapeutic cost calculated at ex-factory price) of generic SKU's was extremely low in case of Norway (NOR) while in case of Belgium (BEL) and Romania (ROU) the SD were relatively high.

The DCT deviation calculated at ex-factory price of the 01.01.2011 drug list of Hungarian anastrozole substance containing SKUs showed to be low in the light of the international comparison. The similar number of brands were present in Slovakia as in Hungary while the DTC counted at ex-factory prices shows a few times higher SD. It may refer to a less strict reimbursement system.

The correlation is a positive moderate relationship (0,5785) between the three lowest DTCs calculated at ex-factory prices and the number of brands on anastrozole market has shown a



Explanation of the figure:

- "x" axis: DCT average of the three cheapest SKUs at ex-factory price (in €)

- "y" axis: number of SKUs with price in public lists of countries

- radius of bubbles: deviation of daily therapeutic cost of SKUs calculated at ex-factory price

- bubbles' caption: country's short name, the number of brands in brackets

With the use of standardized international price data, besides the above issue, strategic, situation assessing, decision support analysis can be conducted in several other topics such as:

- defining, clarifying pricing objectives;
- analyzing price strategy of competitors;
- product life cycle pricing issues;
- international price comparisons
- local and international reference pricing;
- assessment of the risks of parallel import