HEALTHWARE

Actualities of the Hungarian pharmaceutical financing market

Newsletter
No. 8, Issue V. 2017
Published: 18/10/2017

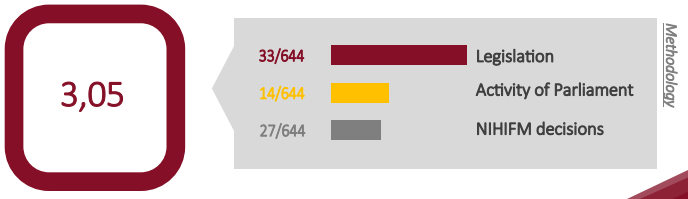
News, current issues

News New procurment was announced for drugs with itemized accounting »

News The EU exodus: When doctors and nurses follow the money »

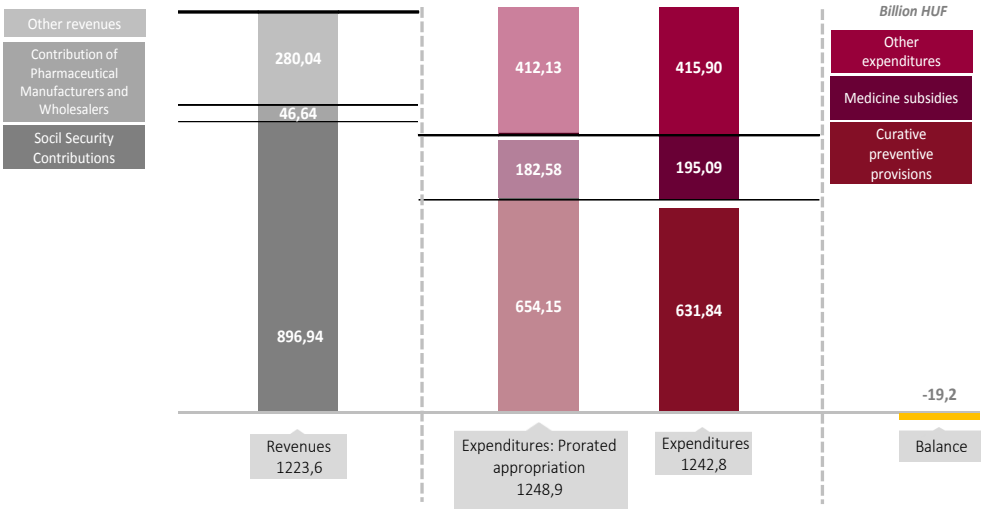
News Availability of evidence of benefits on OS and quality of life of cancer drugs approved by EMA: retrospective cohort study of drug approvals 2009-2013 »

Decision-making index, July 2017



Macro approach to financing healthcare and medicinal products

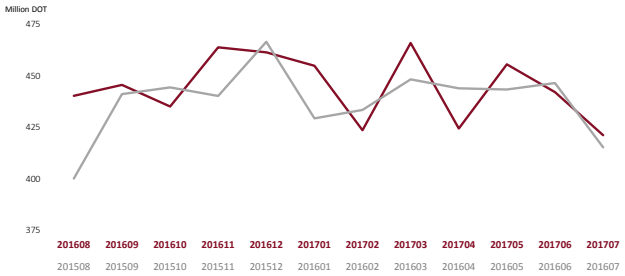
Balance of the Health Insurance Fund, July 2017



Source: Healthware analysis based on NHIFA data

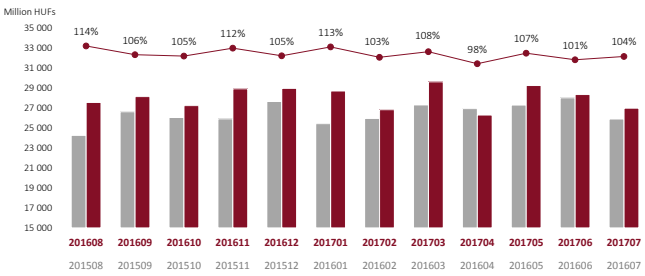
Dynamics of the sales/circulation of prescription-only-medicine

Pharmacy DOT turnover



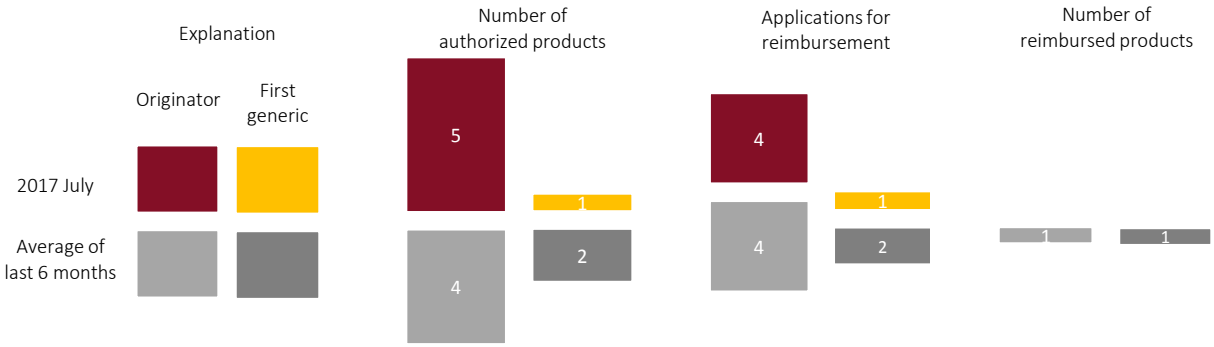
Source: Healthware analysis based on NHIFA data

Pharmacy reimbursement turnover



Source: Healthware analysis based on NHIFA data

Changes to subsidized medicinal product categories, July 2017



Source: Healthware analysis based on NHIFA data

Product offering

Public turnover data in our Medalyse service

With our service Medalyse for our clients, public turnover data published by NHIFA is easily available and it is possible to follow them with time series analysis.

The turnover data is available on the following 16-18th day after the given month.

Healthware takes under to upload the data in the information system of Medalyse, if it is possible within 1 workday.

Therefore our clients are free to reach and analyze the turnover data of NHIF on the 20th day after the given month.

Detailed description about the data published by NHIFA: **link**

Details about Medalyse: **link**

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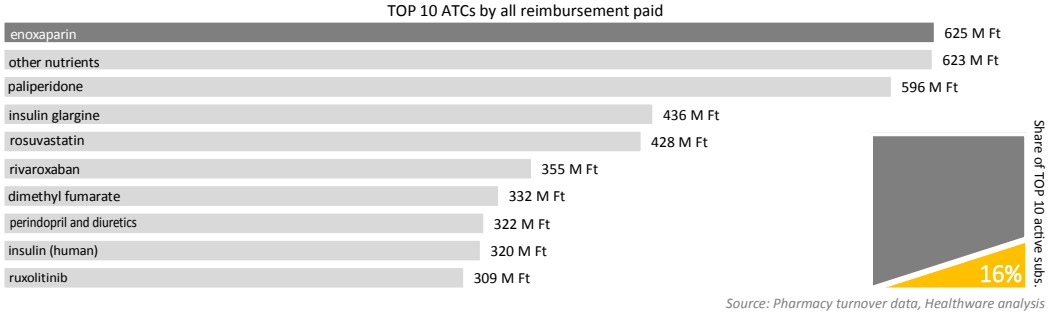
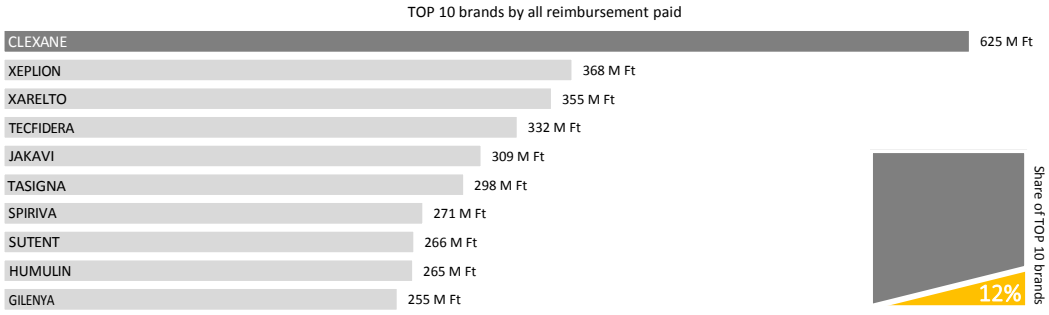
Market data

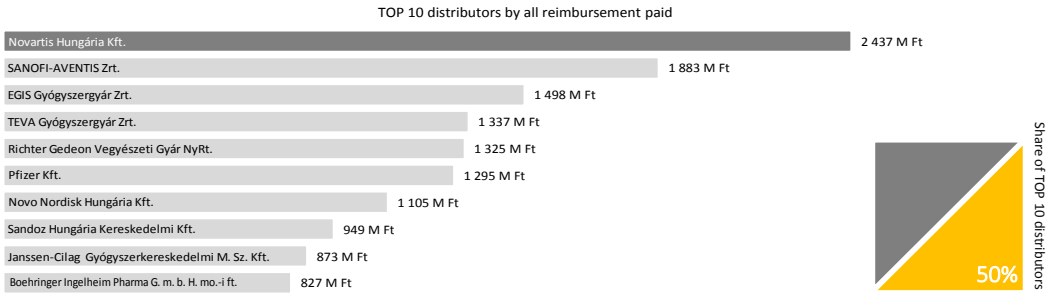
Toplists of reimbursement and number of patients, July 2017



Source: Pharmacy turnover data, Healthware analysis

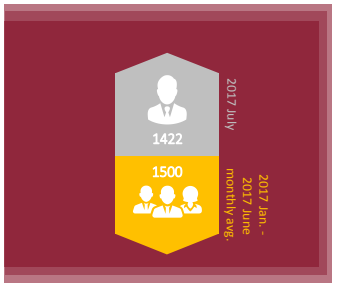


Source: Pharmacy turnover data, Healthware analysis

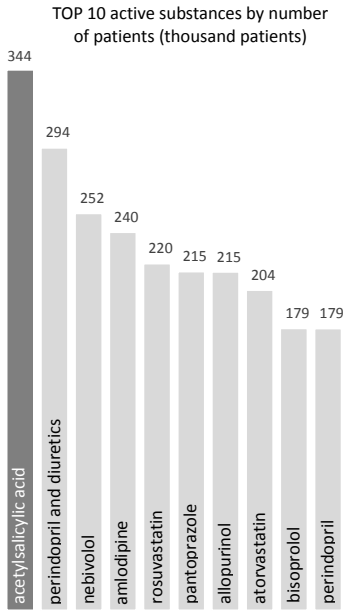


Source: Pharmacy turnover data, Healthware analysis

Average number of medical sales reps



Source: NHIFA data, Healthware analysis



Source: Pharmacy turnover data, Healthware analysis

The peculiarities of medicine pricing in different health financing model – Case study

In some countries, different pricing of medicines is a preferred topic from time to time, but it is also difficult to research. This topic is especially interesting in the case of the very expensive, so-called NICHE therapies, which have emerged over the past decade. Therefore, every survey in this subject should be welcomed.

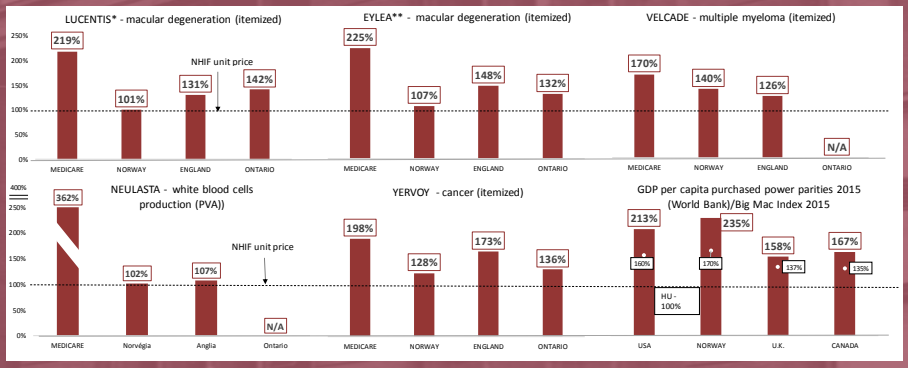
These therapies have some aspects in common: they are suitable to treat only a narrow group of patients, and not to satisfy mass market demands. They also have high unit cost, and from the viewpoint of marketing, they affect well-recognizable groups of physicians and patients. Furthermore, change of therapy (especially among biological therapies) is problematic, and so far, generic price erosion did not affected them the same extent as other therapeutic areas. In their case, the criteria of cost-effectiveness are milder (due to unmet medical needs or orphan status) than in the case of mass-produced products.[1]

The practice of the past few years shows that the healthcare and health insurance system in a country also has a very strong influence on the price for which insurers and patients get these medicines. To illustrate this, at the end of 2015 the American daily paper Wall Street Journal (WSJ) made comparative price analysis of more than fifty medicines, mostly within the same category.[2] WSJ compares the public prices of Norway, Britain and Canada's Ontario province to the amount paid by Medicare, the largest American health insurance company. In the case of Medicare, it means that 80% of the medicine's price is paid by the health insurer and the other 20% is paid by the patient. These prices are public prices, there are no rebate or other private contracts in the background. The paper concludes that overwhelming majority of medicines are more expensive in the United States than in the other countries. This is largely due to two things: on the one hand, in the other countries there is one central health insurer, which is in a much better position negotiating with pharmaceutical companies than the providers of the fragmented US market. Unlike in other countries, in the US system, there is no complex cost-effectiveness assessment process before the medicine is taken into reimbursement. If a medicine receives marketing authorization, physicians can describe it, and the insurer will cover the appropriate price. In addition, free market-based American thinking makes it difficult to introduce such evaluation systems at principle level. On the other hand, it should also be pointed out that high US prices cover most of the research and development of pharmaceutical companies, thus high US pharmaceutical prices are also the engines of innovation.

In our case study, these brands are compared with the list price from the Hungarian drug list. Necessarily, our analysis has its limitations, as it is mainly about products that have already itemized accounting reimbursed in the Hungarian system in 2015, or have been available as itemized accounted pharmaceuticals since then. However, comparative comparison can provide a good insight into the pricing technique of the Hungarian health insurance system. In our methodology, we selected the brands included in domestic financing, looked at what products belonged to them, and as the WSJ article shows that price which Medicare pays to pharmaceutical manufacturers on average, ex-factory prices were used as basis. This article is dated to December 2015, thus we used the ex-factory price published at that time (or nearest) in public drug list, and we used the $/HUF exchange rate at that time to convert. We calculated a unit price for each brand. In the case of active substances/brands where several product variants were available with different unit prices we calculated a weighted average price. If there was no turnover, arithmetic average was the base. Finally, we examined whether a price volume agreement was concluded for the brand, or it was available as itemized accounting pharmaceutical in the domestic financing system. The latter are those kind of distorting financing instruments which eventuate the procurement of the examined products at a much lower price in Hungary, than those ex-factory (list) prices which are the base of our comparisons.

In our analysis, we found that except for one brand (LUCENTIS), the Hungarian ex-factory prices were the cheapest out of the 37 brands for one unit. 17 brands were itemized accounting reimbursed and 7 brands were part of price volume agreements. In the case of non-itemized accounted pharmaceuticals, US prices were on average 3.5 times higher, while the prices of other countries were about 70% higher than the Hungarian ex-factory prices. In the case of itemized accounting reimbursement, the same rates were the following: US 239%, Norway 133%, England 144%, Ontario 139%.

In our chart, we compared the unit prices of the five most expensive products available in different countries, in percentage terms. We took the Hungarian ex-factory prices as 100% in every case. In the lower right corner, we also present the five countries' GDP per capita based on purchasing power parity and the purchasing power based on the so-called Big Mac index according to the Economist.



Overall, in the current system the Hungarian health insurer provides the access to the patients at low price level both at itemized accounting and pharmacy reimbursement, already at the level of public listing prices. In view of itemized tender prices and the real volume agreement prices, the differences would be even more drastic. The model of the Hungarian financing system is closer to the North European and the Canadian model, considering its role and weight in the insurance price negotiations. At the same time, it is also important to note that in the case of international reference pricing, the purchasing power of a particular country is not taken into account in the procedure of drug pricing. However, due to different price support techniques these differences are still perceptible. The further price comparison available on the next page.

[1] József Bodrogi – Zoltán Kaló: Innováció a gyógyszeriparban
[2] https://www.wsj.com/articles/why-the-u-s-pays-more-than-other-countries-for-drugs-1448939481

The peculiarities of medicine pricing in different health financing model – Case study (table for price comparison)

Brand	Hungarian Reimbursement - 2017 Pharmacy			Weighted price/unit					Price rate compering to the Hungarian price			
	Itemized accounting	PVA	Named Patient Program Only	Hungarian weighted unit price	Medicare	Norway	England	Ontario	Medicare	Norway	England	Ontario
LUCENTIS*	x			112 728 HUF	246 672 HUF	113 907 HUF	147 672 HUF	159 776 HUF	219%	101%	131%	142%
VELCADE	x			79 399 HUF	134 803 HUF	111 526 HUF	99 721 HUF	N/A	170%	140%	126%	N/A
EYLEA**	x			69 861 HUF	157 107 HUF	74 809 HUF	103 707 HUF	91 904 HUF	225%	107%	148%	132%
NEULASTA		x		46 747 HUF	176 807 HUF	49 721 HUF	52 358 HUF	N/A	362%	102%	107%	N/A
YERVOY	x			19 896 HUF	39 491 HUF	25 566 HUF	34 322 HUF	27 066 HUF	198%	128%	173%	136%
ADCETRIS	x			19 034 HUF	34 545 HUF	22 782 HUF	22 881 HUF	22 588 HUF	181%	120%	120%	119%
JEVTANA				18 531 HUF	42 292 HUF	N/A	N/A	22 555 HUF	228%	N/A	N/A	122%
SANDOSTATIN				13 447 HUF	45 130 HUF	24 763 HUF	21 510 HUF	30 829 HUF	337%	185%	161%	230%
TORISEL				7 298 HUF	17 829 HUF	N/A	N/A	11 663 HUF	244%	N/A	N/A	160%
ELIGARD				3 577 HUF	8 479 HUF	5 353 HUF	N/A	9 651 HUF	237%	150%	N/A	270%
PULMOZYME				2 316 HUF	11 116 HUF	3 462 HUF	3 028 HUF	N/A	480%	149%	131%	N/A
CIMZIA***	x			1 250 HUF	3 454 HUF	1 177 HUF	1 637 HUF	1 550 HUF	276%	94%	131%	124%
TYSABRI		x		1 237 HUF	4 730 HUF	1 827 HUF	N/A	2 513 HUF	382%	148%	N/A	203%
VECTIBIX	x			1 063 HUF	2 892 HUF	1 383 HUF	1 735 HUF	1 459 HUF	272%	130%	163%	137%
HERCEPTIN	x			1 027 HUF	2 514 HUF	1 415 HUF	1 243 HUF	1 445 HUF	245%	138%	121%	141%
PROLIA		x		933 HUF	4 362 HUF	1 270 HUF	1 397 HUF	1 392 HUF	467%	136%	150%	149%
AVASTIN	x			815 HUF	2 007 HUF	1 169 HUF	1 111 HUF	1 166 HUF	246%	144%	136%	143%
NPLATE		x		749 HUF	1 640 HUF	980 HUF	883 HUF	884 HUF	210%	125%	113%	113%
BOTOX				663 HUF	1 650 HUF	522 HUF	633 HUF	832 HUF	249%	79%	95%	125%
MABTHERA	x			657 HUF	2 156 HUF	895 HUF	799 HUF	1 067 HUF	328%	136%	122%	162%
XOLAIR		x		630 HUF	1 665 HUF	905 HUF	781 HUF	951 HUF	264%	144%	124%	151%
ALIMTA	x			629 HUF	1 770 HUF	917 HUF	733 HUF	1 002 HUF	281%	146%	116%	159%
ERBITUX	x			497 HUF	1 544 HUF	791 HUF	815 HUF	885 HUF	311%	159%	164%	178%
ROACTEMRA	x			475 HUF	1 117 HUF	615 HUF	586 HUF	527 HUF	235%	130%	123%	111%
ARANESP				473 HUF	1 169 HUF	389 HUF	672 HUF	719 HUF	251%	83%	144%	154%
FIRMAGON		x		409 HUF	1 033 HUF	663 HUF	740 HUF	744 HUF	256%	164%	183%	184%
FASLODEX				403 HUF	1 063 HUF	394 HUF	N/A	N/A	264%	98%	N/A	N/A
ORENCIA	x			355 HUF	1 033 HUF	512 HUF	553 HUF	457 HUF	291%	144%	156%	129%
FEIBA				203 HUF	527 HUF	382 HUF	N/A	N/A	260%	188%	N/A	N/A
REFACTO			x	162 HUF	343 HUF	265 HUF	230 HUF	N/A	212%	164%	142%	N/A
BENEFIX				145 HUF	425 HUF	274 HUF	278 HUF	N/A	293%	189%	191%	N/A
EMEND				53 HUF	498 HUF	164 HUF	145 HUF	N/A	933%	307%	271%	N/A
ALOXI		x		30 HUF	240 HUF	104 HUF	102 HUF	N/A	790%	343%	335%	N/A
OCTAGAM	x			12 HUF	22 HUF	19 HUF	19 HUF	N/A	182%	157%	152%	N/A
PRIVIGEN	x			12 HUF	22 HUF	15 HUF	21 HUF	N/A	188%	124%	179%	N/A
HIZENTRA	x			11 HUF	23 HUF	18 HUF	21 HUF	N/A	215%	161%	194%	N/A
GAMMAGARD				9 HUF	N/A	26 HUF	N/A	N/A	N/A	302%	N/A	N/A

Changes compared to the newsletter was sent 12/10/2017:

****LUCENTIS:*** *We changed this to the mg unit price calculated from total amount of active substance in the presentation (2,3 mg). The rates showed on the diagram were changed.*

*****EYLEA:*** *Originally the table contained the unit price calculated from the beneficial mg amount of the presentation (2 mg). We changed this to the mg unit price calculated from total amount of active substance in the presentation (3,6 mg), so it can be compared to other unit prices more correctly. The rates showed on the diagram did not changed.*

******CIMZIA:*** *The Hungarian price referred to the single presentaion while the foreign ones referred to the twofold presentation so the correct Hungarian price is the double of the originally published.*