HEALTHWARE

Actualities of the Hungarian pharmaceutical financing market

Newsletter
No. 1, Issue VI. 2018
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News, current issues

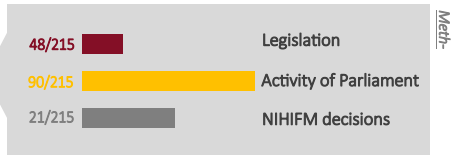
News AI early diagnosis could save heart and cancer patients »

News 50 new innovative drugs are waiting to positive reimbursement decisions »

News The transition of the supplier system of medical products has finished successfully »

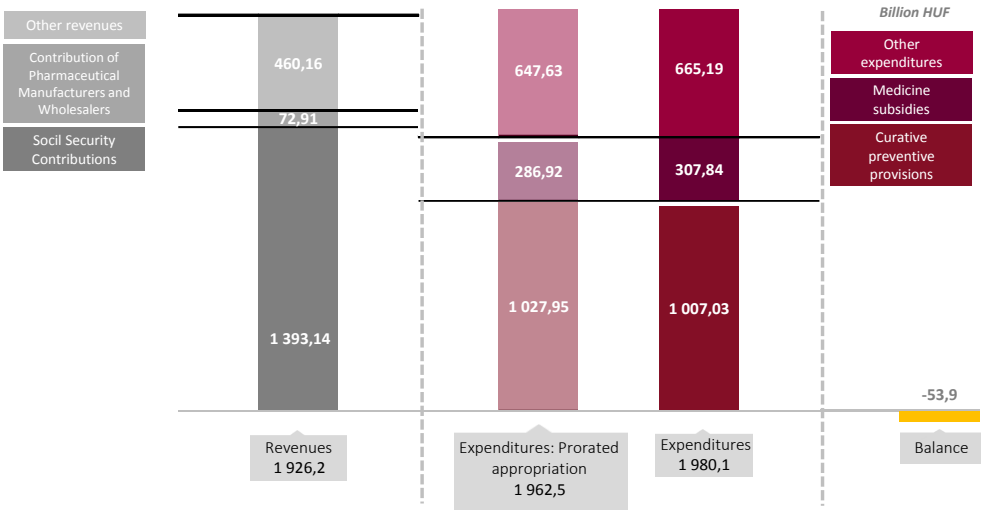
Decision-making index, November 2017

3,12



Macro approach to financing healthcare and medicinal products

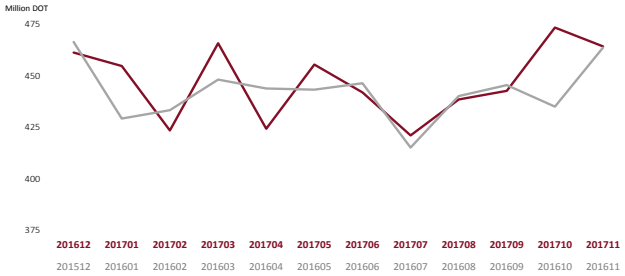
Balance of the Health Insurance Fund, November 2017



Source: Healthware analysis based on NHIFA data

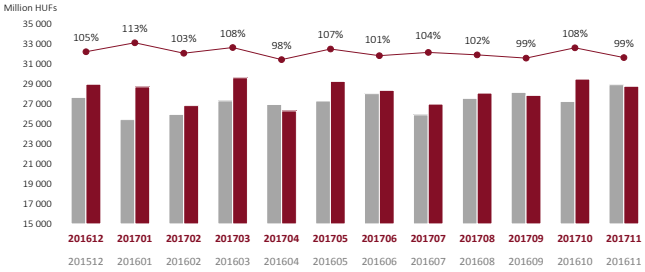
Dynamics of the sales/circulation of prescription-only-medicine

Pharmacy DOT turnover



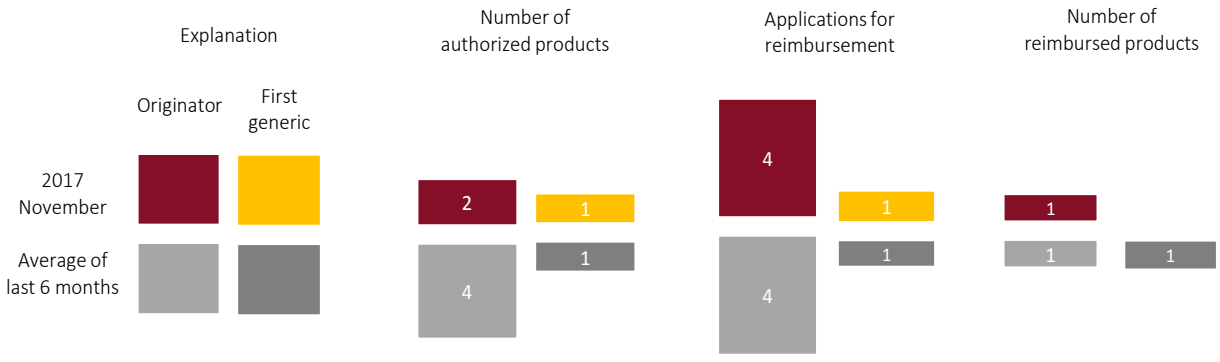
Source: Healthware analysis based on NHIFA data

Pharmacy reimbursement turnover



Source: Healthware analysis based on NHIFA data

Changes to subsidized medicinal product categories, November 2017



Source: Healthware analysis based on NHIFA data

Product offering

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 characteris -tics (by age, sex and comorbodity)
- 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**

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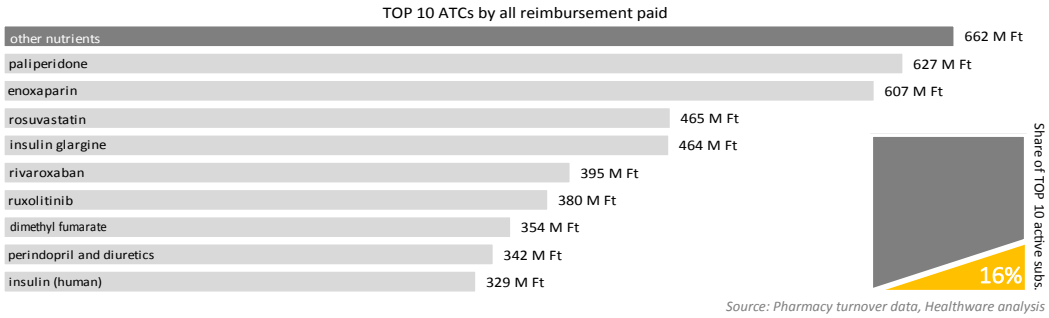
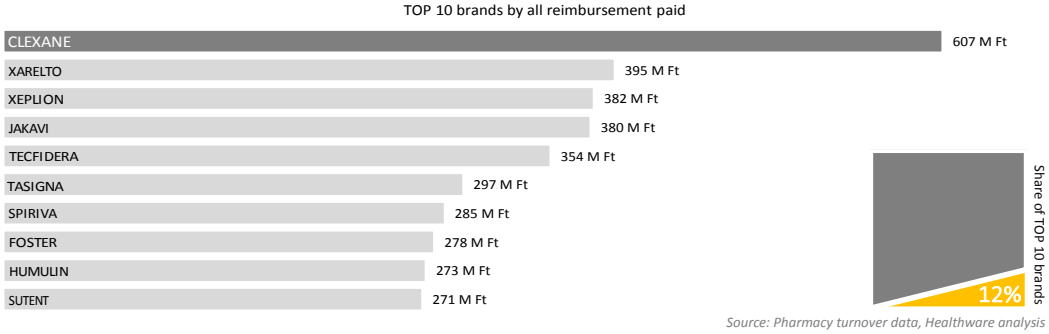
Market data

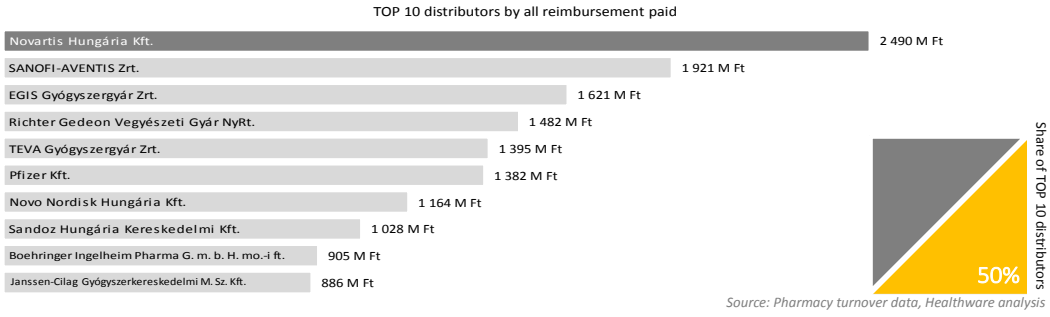
Toplists of reimbursement and number of patients, November 2017



Source: Pharmacy turnover data, Healthware analysis

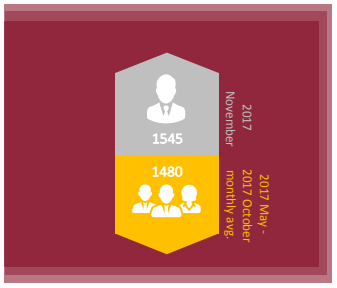


Source: Pharmacy turnover data, Healthware analysis

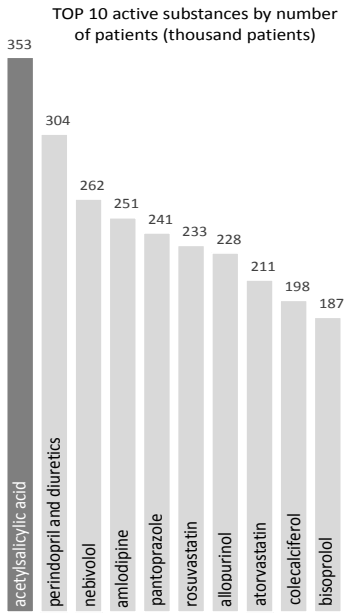


Source: Pharmacy turnover data, Healthware analysis

Average number of medical sales reps



Source: NHIFA data, Healthware analysis



Source: Pharmacy turnover data, Healthware analysis

Analysis of the results of the competing line procurement of itemized accounted pharmaceuticals – Case study

On 18 December 2017, the National Health Insurance Fund Management (NEAK) published the "competing line" results of itemized public procurement process ("For the financing year of 2018, under the accelerated open procedure – in the form of a framework agreement – the procurement process in certain therapeutic groups for new patients, which fall under the itemized framework)[1]. Previously, in our case study published in November 2017, we presented the difficult circumstances of evaluating the economics of the new tender procedure, and some factors that can be examined in the future, which will allow us to evaluate the efficiency of the therapies provided by the new procedure, and also the efficiency of the health provision[2].

The purpose of our present analysis is to examine whether, in addition to the realistic risk that the offered prices are becoming open, which type of strategy the bidders have chosen as strategy for public procurement in relation to the publicly available list price.

The publication of the results of the public procurement offers opportunity for an assessment according to our objective, but the unit of measure introduced in the tender – which implies the lack of a precise definition of a so called "Joint Therapy Unit" (KTE) – significantly increases the uncertainty around the analysis. Although consultations were held between applicants for the procurement process and NEAK in order to get a definition with clear KTE quantities, this information is not available for the broad public. In addition, in the case of itemized pharmaceuticals the tender prices of previous public procurement procedures are not being reached, and in most cases, we do not have any official information on the amount of the rebate and on the amounts which have been actually invoked.

Number	Indication	KTE (quantity)	KTE (definition)	KTE time equivalent*	Unit of the KTE time eq.*	KTE estimation*	Brand	Therapy dosage unit (mg)	Procurement quantity 2018* (mg)
1.	Lung cancer	1 209	a given multiple quantity of the dosage of one patients daily therapy	30	day	36 270	Iressa	250	9 067 500
							Giotrif	40	1 450 800
							Tarceva	150	5 440 500
2.	BRAF negative melanoma	35 607	a given multiple quantity of the weekly dosage according to the summary of product characteristics	6	week	213 642	Keytruda	2,0	142 428
							Opdivo	3,0	320 463
3.	BRAF positive melanoma	720	a given multiple quantity of the dosage for a 28 day period according to the summary of product characteristics	2	28 days	1 440	Tafinlar	300	12 096 000
							Zelboraf	1 920	77 414 400
4.	Colorectal cancer	998	a given weekly dosage of a patient with average body surface or weight according to the summary of product characteristics	12	week	11 976	Erbitux	250	5 239 500
							Vectibix	6,0	2 514 960
5.	Prostate cancer	1 512	a fiftyfold quantity of the dosage of one patients daily therapy according to the summary of product characteristics	50	day	75 600	Zytiga	1 000	75 600 000
							Xtandi	160	12 096 000
6.	Rheumatoid arthritis	758	quantity of the dosage needed for a new patients therapy according to the summary of product characteristics, including the induction dose if necessary	24	week	18 192	Cimzia	3 200	2 425 600
							Enbrel	1 200	909 600
							Humira	480	363 840
							Simponi	300	227 400
7.	AMD	3 641	a given multiple quantity of the dosage for one treatement according to the summary of product characteristics	1,65	treatment	6 008	Lucentis	2,3	13 818
							Eylea	3,6	21 628
8.	Fabry-disease	910	a twelvefold week dosage of a patient with average weight according to the summary of product characteristics	12	week	10 920	Replagal	1,2	1 092
							Fabrazyme	6,0	5 460

*Healthware estimation; red highlight: winners; KTE estimation = KTE (quantity) * KTE time equivalent

As a first step, we had to estimate the exact value of KTE per line, which we tried to approximate using a KTE equivalent per line. The table below shows our estimates for KTE.

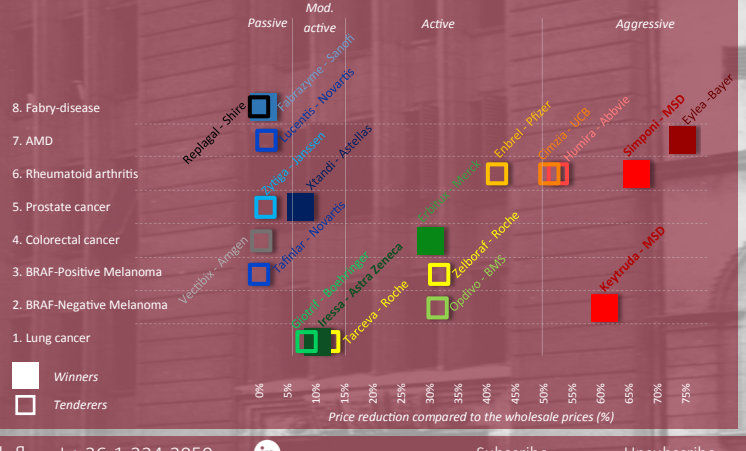
For the determination of the KTE quantities, the summary of product characteristics (SmPC) and the KTE definitions set out in the procurement documents have been taken into account. In some cases (5th row: Zytiga, Xtandi, 8th row: Replagal, Fabrazyme), the definition of the KTE and the SmPC clarified the amount of milligrams of active substance that is relevant for the procurement. In the case of the 1st row we considered monthly data (Iressa, Giotrif, Tarceva), and 24 weeks for the 6th row (Cimzia, Enbrel, Humira, Simponi, Lucentis, Eylea), and we have encountered the greatest uncertainty during the determination of KTE values for the 2nd, 4th, and 7th row. The 3rd row was invalidated during the procurement process.

We further examined how the bid prices for the 1 mg active ingredient calculated on the basis of our estimated KTE and the public wholesaler prices at the time of the tender publication[3] (October 2017) are compared to each other as a list price. As for the strategy of the companies, 4 groups were defined based on the degree of deviation. Those companies are listed for the *Aggressive* groups that have 50% lower bid price compared to the list price. *Active* group is where this value is between 15% and 50%, *Moderately actives* are the one's with 3-15%, and the *Passive* group is where the companies gave maximum 3% discount, so their offer was equal or almost equal to their list prices. We classified the 2 preparations with invalid offers, Tafinlar (Novartis) and Replagal (Shire) into the group of Passive.

More than the half of the 19 involved preparations (10 pieces; 53%) had passive (6 pieces, 32%) or moderately active (4 pieces, 21%) strategy. In 5 (26%) cases, the tenderers used aggressive and in 4 (21%) cases they used active strategy. 3 company from the winners were aggressive, 1 was active, 2 were moderately active and 1 was passive. Bayer Hungary Ltd. gave the biggest discount (75%) compared to the list price for Eylea used in the indication of age-related wet type macular degeneration (AMD), but significant (60%) discount was given by MSD in case of two preparations (Simponi, Keytruda). According to the indication areas the biggest discount was presented in the next fields: AMD, Rheumatoid Arthritis, BRAF negative melanoma.

In total we can say that significant number of the tenderers were unable/wanted to give zero discount or only a symbolic discount in this new and therefore uncertain procurement process. As we summarized above the winner strategy wasn't clear as not only the Aggressive or Active groups were able to win. There was one case where the passive strategy was the winner.

The details of the results of this study are shown in the table on the 3rd page.



[1] http://www.neak.gov.hu//data/cms1018447/14__Osszegezes_vegleges_12.14..pdf
[2] http://www.healthware.hu/files/newsletter/HW_Newsletter_November_2017.pdf
[3] http://www.neak.gov.hu/felso_menu/szakmai_oldalak/gyogyszer_segedeszkoz_gyogyfurdo_tamogatas/egeszsegugyi_vallalkozasoknak/pupha/PUPHAarch/pupha_arc_2017.html

Analysis of the results of the competing line procurement of itemized accounted pharmaceuticals - Case study annex

Number	Indication	Tenderer, name of the company	Distributor	Substance	Brand	Offer for the total amount (HUF)	Wholesale price (HUF/mg)	Offer price (HUF/mg)*	Price reduction (compared to the wholesale price)*	Strategy
1.	Lung cancer	**Astra Zeneca**	**Astra Zeneca**	**gefitinib**	**Iressa**	**645 484 223**	**79**	**71**	**10%**	**Moderately active**
		Hungaropharma	Boehringer	afatinib	Giotrif	656 789 250	494	453	8%	Moderately active
		Roche	Roche	erlotinib	Tarceva	884 933 595	183	163	11%	Moderately active
2.	Advanced (unresectable or metastatic) BRAF negative melanoma	**Euromedic**	**MSD**	**pembrolizumab**	**Keytruda**	**596 919 630**	**10 650**	**4 191**	**61%**	**Aggressive**
		Euromedic	BMS	nivolumab	Opdivo	964 005 487	4 385	3 008	**31%**	Active
3.	Advanced (unresectable or metastatic) BRAF positive melanoma		Novartis	dabrafenib	Tafinlar	-	-	-	-	Passive
		Roche	Roche	vemurafenib	**Zelboraf**	**1 737 007 920**	**33**	**22**	**32%**	**Active**
4.	Colorectal cancer – KRAS, NRAS wild	**Euromedic**	**Merck**	**cetuximab**	**Erbitux**	**1 898 404 981**	**519**	**362**	**30%**	**Active**
		Euromedic	Amgen	panitumumab	Vectibix	2 779 658 534	1 110	1 105	0,4%	Passive
5.	Prostate cancert (metastatic, castrate-resistant)	Euromedic	Janssen	abirateron-acetet	Zytiga	2 275 076 095	30	30	1,1%	Passive
		Hungaropharma	**Astellas**	**enzalutamid**	**Xtandi**	**2 260 811 619**	**202**	**187**	**7,3%**	**Moderately active**
6.	Rheumatoid arthritis	Euromedic	UCB	certolizumab pegol	Cimzia	767 139 136	653	316	52%	Agressive
		Hungaropharma	Pfizer	etanercept	Enbrel	688 271 580	1 301	757	42%	Active
		AbbVie	AbbVie	adalimumab	Humira	571 770 000	3 263	1 571	52%	Aggressive
		Euromedic	**MSD**	**golimumab**	**Simponi**	**461 966 228**	**6 051**	**2 032**	**66%**	**Aggressive**
7.	Age-related wet type macular degeneration (AMD)	Hungaropharma	Novartis	ranibizumab	Lucentis	1 604 828 278	117 688	116 144	1,3%	Passive
		Bayer	**Bayer**	**aflibercept**	**Eylea**	**723 833 840**	**131 283**	**33 468**	**75%**	**Aggressive**
8.	Fabry-disease	Hungaropharma	Shire	agalsidase beta	Replagal	-	130 333	-	-	Passive
		Euromedic	**Sanofi**	**agalsidase alfa**	**Fabrazyme**	**132 889 976**	**24 551**	**24 339**	**0,9%**	**Passive**

*Healthware estimation; red highlight: winners; KTE estimation = KTE (quantity) * KTE time equivalent