

News, current issues

News Healthcare is not a cost, it's an investment! >>

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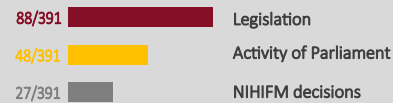
Macro approach to financing healthcare and medicinal products

Balance of the Health Insurance Fund, June 2017



Decision-making index, June 2017

3,13



Methodology

Product offering

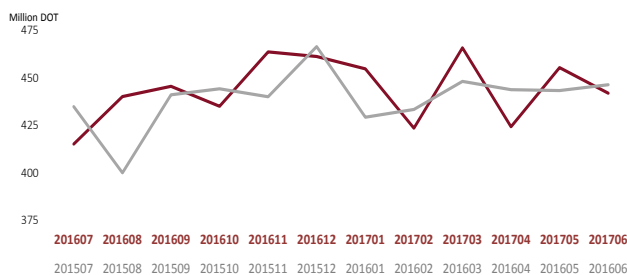
Market forecast

Healthware efficiently simulates market situations by developing and improving complex econometric models using economical-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](#)

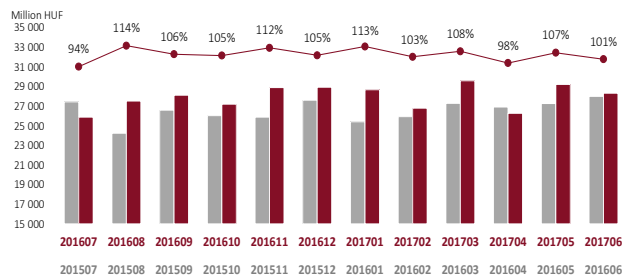
Dynamics of the sales/circulation of prescription-only-medicine

Pharmacy DOT turnover



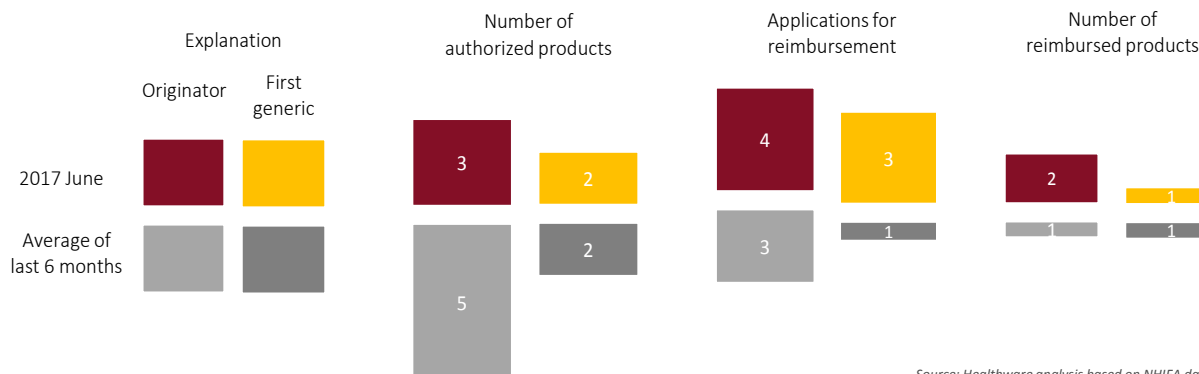
Source: Healthware analysis based on NHIFA data

Pharmacy reimbursement turnover



Source: Healthware analysis based on NHIFA data

Changes to subsidised medicinal product categories, June 2017

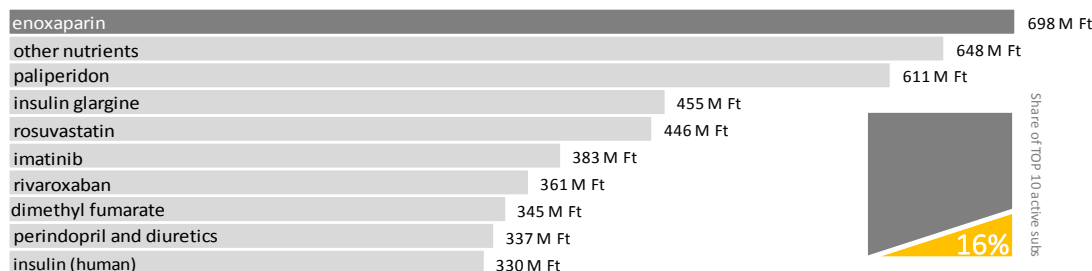


Source: Healthware analysis based on NHIFA data

Market data

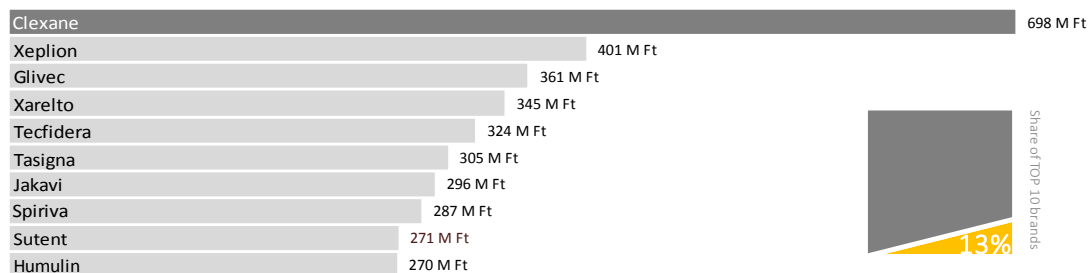
Toplists of reimbursement and number of patients, June 2017

TOP 10 ATCs by all reimbursement paid



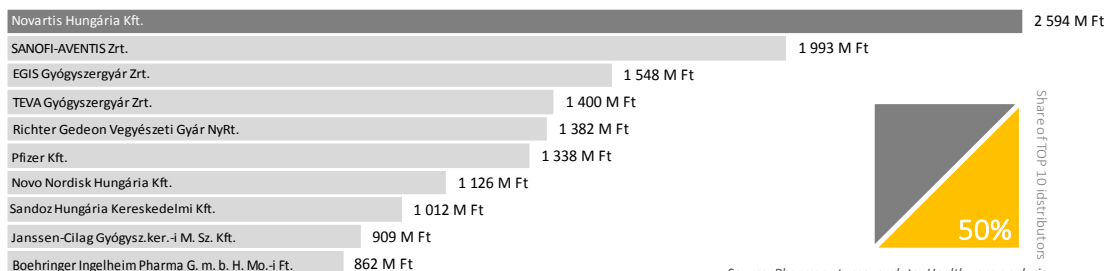
Source: Pharmacy turnover data, Healthware analysis

TOP 10 brands by all reimbursement paid



Source: Pharmacy turnover data, Healthware analysis

TOP 10 distributors by all reimbursement paid



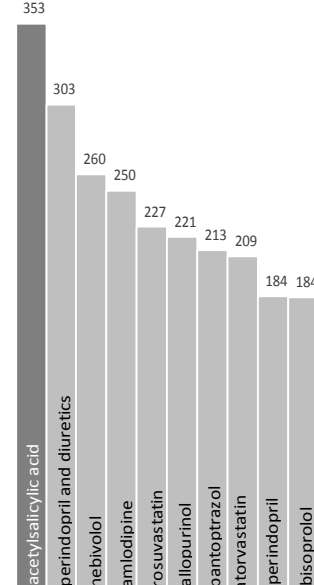
Source: Pharmacy turnover data, Healthware analysis

Average number of medical sales reps



Source: NHIFA data, Healthware analysis

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

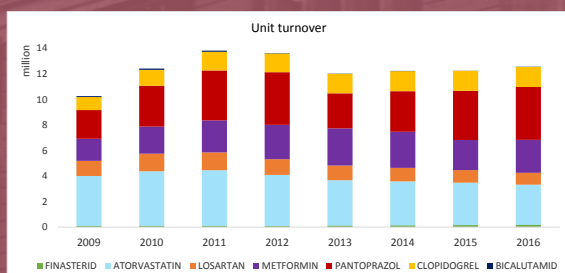


Source: Pharmacy turnover data, Healthware analysis

The impression of the generic program on the retail sales revenue in some generic markets — Case study

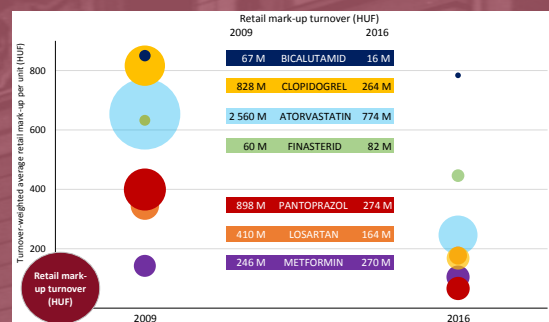
The Hungarian generic program has changed a lot since the initialization of the Semmelweis Plan, the result of this modifications and the new reimbursement tools has led to significant savings for the Health Fund on the reimbursed pharmacy market. There has been a lot of studies about the estimation of the savings connected to the generic program, especially to the blind bid system in the last years. In course of this case study we analysed the effect of the generic program from the aspect of the pharmacies as a segment of the distribution channel. On the field of the drug retail system there has been a lot of opinion about, which have emphasized the negative consequences deriving from loss of sales due to legislation concerning the reimbursed drug segment. Meanwhile the reshaping of the source allocations system aimed the pharmacies is a considered area for the government, as we saw in 2012 in the case of the modification of the compulsory mark-up system as an example. The examination of long term effect of the reimbursement decisions is not simple because of the complexity of the background process, but this calculation is desirable. We examined the evaluation of the retail sales (unit based mark-up, mark-up turnover in value) and the background patterns in the case of *finasteride*, *atorvastatin*, *losartan*, *metformin*, *pantoprazol*, *clopidogrel* and *bicalutamide* active substances. These substances were the part of the reimbursement system before legislative changes in 2011 and there were a lot of reference pricing procedure in the last years with significant price cuts, which had direct effect on the mark-ups. We examined the unit based mark-ups and the mark-up turnover in value too. We used the reimbursed medicinal product list of the NHIFA to define the difference between the net retail price and wholesaler price on SKU level and we count with the monthly unit turnover on formulation level (without named patient program) from the NHIFA monthly published turnover data. First we quantified the actual retail sales turnover (unit based mark-up multiplied by sold unit) then we examined the unit turnover pattern to explore the changing of the real retail sales.

The yearly reimbursed unit turnover of the 7 concerned active substances are displayed on the figure below. As we can see, there is some decline at the majority of the substances after the legislative changes in 2011. But after the breaking point (except of *bicalutamid*) the turnover data on the other 6 markets shows stability, moreover growth. According to the turnover pattern it can be stated that the demand for these substances are stable, which means that there is no decrease in the number of drug dispensings. On the second figure the average retail mark-up per unit weighted by the turnover of every substance in 2009 and 2016 are presented (axis Y). The text box and the size of the bubble represent the absolute retail mark-up turnover in value. It is visible, that the unit based mark-up revenue - after 7 years and several blind bid processes - decreased in each case. In other terms, in 2016 the amount allocated to one drug-dispensing is lower than seven years ago. In the case of *finasteride* and *metformin*, the increasing demand in volume could over-



compensate the lower unit based mark-up, thus the absolute retail mark-up turnover in value increased comparing the two years, but at the other substances the absolute sales turnover decreased (the bubbles was getting smaller).

The two diagram shows, that the changes in the lifecycle of the chosen substances (with robust turnover, long reimbursement history) caused a massive sales decrease realized on the reimbursed turnover. But, there are many other factors that could influence the real picture. The most important is the drug sales and dispensing in the non-reimbursed



segment. In many cases, in the background of the irregular changes on turnover diagram (increasing turnover, then sudden decrease, then increase again) were the delisting, or cancelling of products with massive turnover. It could be concluded from the public turnover data that in the background of the quantitative changes was not the decreasing of the demand for the substances, but the switch of a given part of the turnover from the reimbursed to the non-reimbursed segment.

In case of non-reimbursed segment there are no statutory mark-ups, pricing is free, which may offset the decrease of the sales from the reimbursed drugs. All in all, it means that the prescription only non-reimbursed medicines and other OTC drugs are playing more and more important role in the sustainable operating of the pharmacies. But, it needs different knowledge and tools in the pharmacy management, and creates less predictable income environment. Moreover, the optimization of sales from this direction is contradictory of the principles of the generic program. On the other hand the significant volume of prescription fillings disappearing from the sight of the Health Fund may have a negative impact on the overall social benefit of medical treatments due to decreasing control and negative effects on the generic program.

These kind of long-term impact analyses on financing regulatory system of drug-retail trade can prove that it is time to re-think the so far used source-allocation methods. For example, this short analysis above we tried to draw the attention to the rethinking of the contemporary price margin system, which is serves the income source for the pharmacies on reimbursed drugs. In our opinion, a new dispensing fee-based pharmacy financing system would fit better to the present level of development and complexity of the Hungarian drug reimbursement system. It could be more predictable, but not counter-productive opposite to the original goals of the different financial methods.