

News, current issues

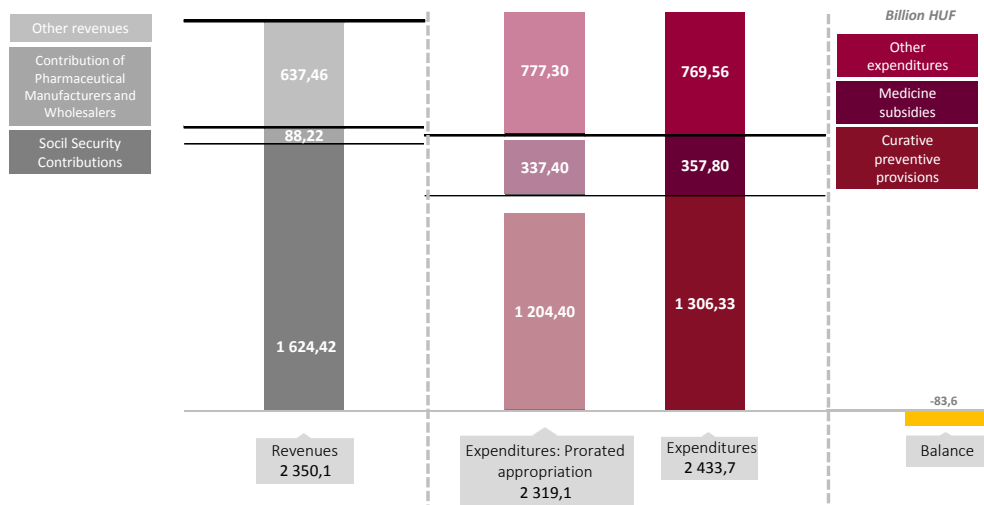
News The Hungarian healthcare needs a paradigm shift >>

News Compare the performance of Hungarian healthcare to other European countries >>

News We spend more on medicines >>

Macro approach to financing healthcare and medicinal products

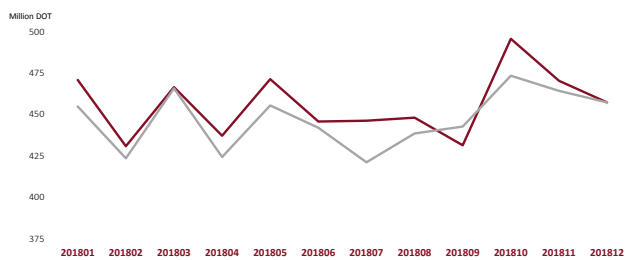
Balance of the Health Insurance Fund, December 2018



Source: Healthware analysis based on NHIFA data

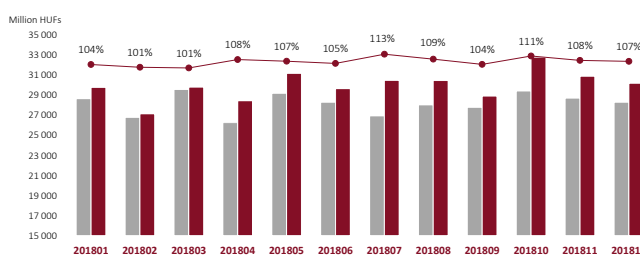
Dynamics of the sales/circulation of prescription-only-medicine

Pharmacy DOT turnover



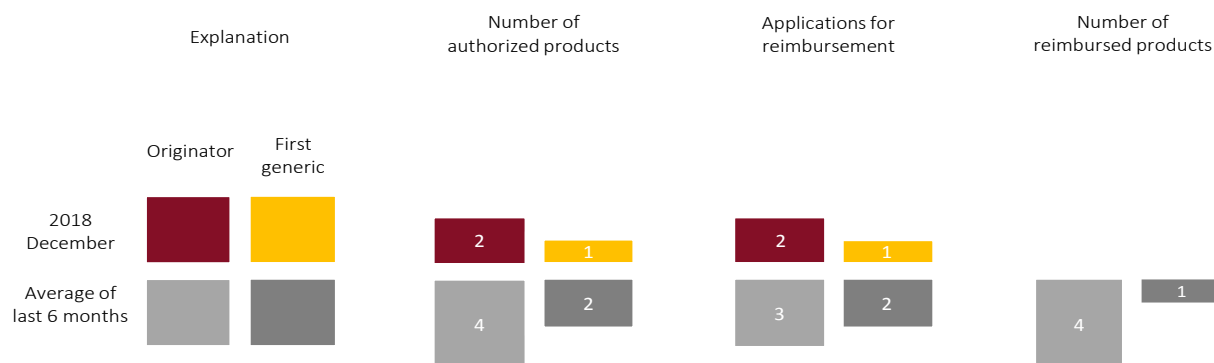
Source: Healthware analysis based on NHIFA data

Pharmacy reimbursement turnover



Source: Healthware analysis based on NHIFA data

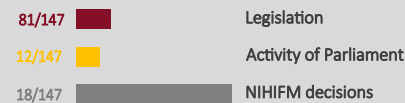
Changes to subsidized medicinal product categories, December 2018



Source: Healthware analysis based on NHIFA data

Decision-making index, December 2018

3,87



Methodology

Product offering

FX-process/Reference pricing

Following the changes eventuated in the course of formation of FX-groups:

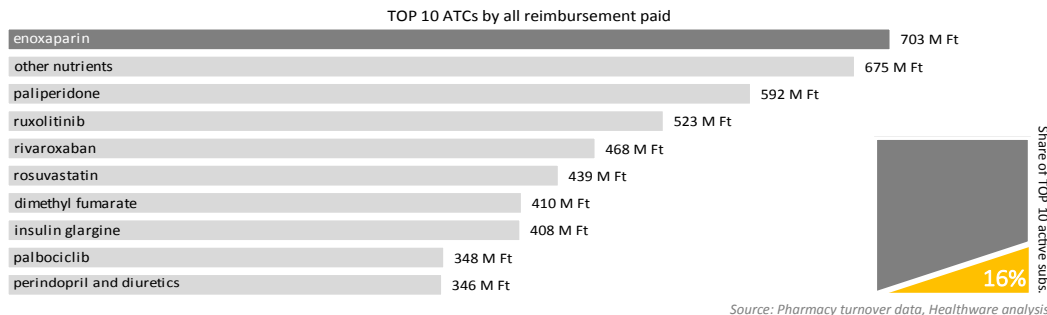
- Presentation of changes in group-and product level
- Modelling of forming of FX-groups:
 - Cancel and create groups,
 - Combine and dissociate groups,
 - Cancellation of products,
 - Translocation of products,

According to the demand of Client we make decision preparatory and modelling analysis about fix groups related to the portfolio of our Partner.

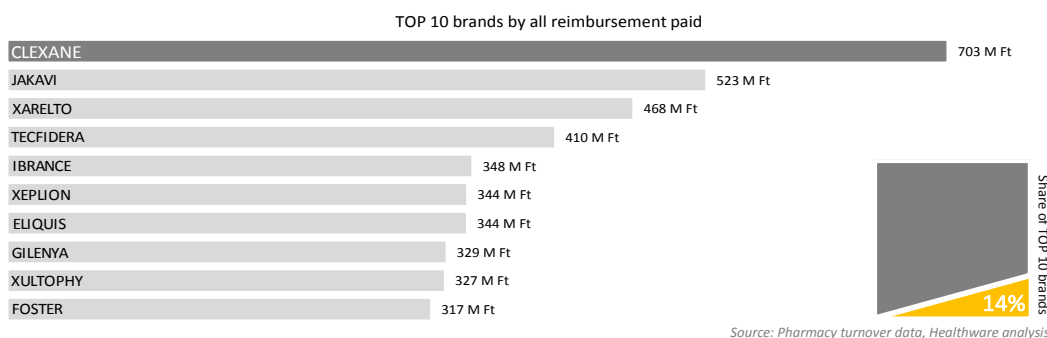
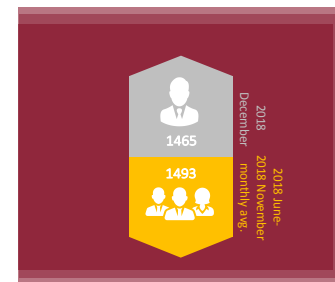
Further information about the service: [link](#)

Market data

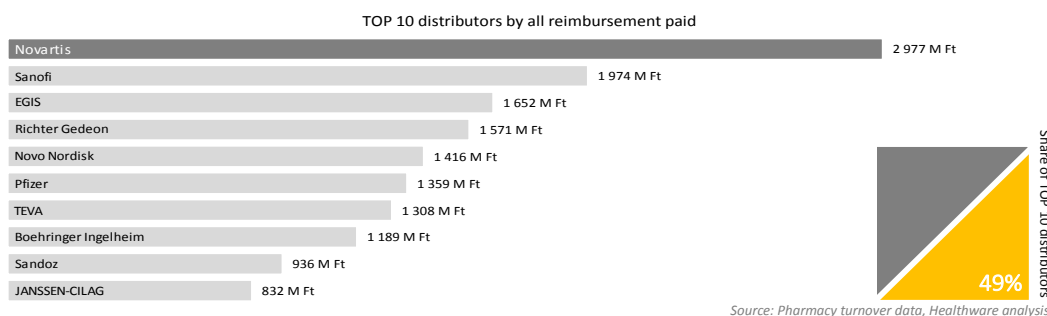
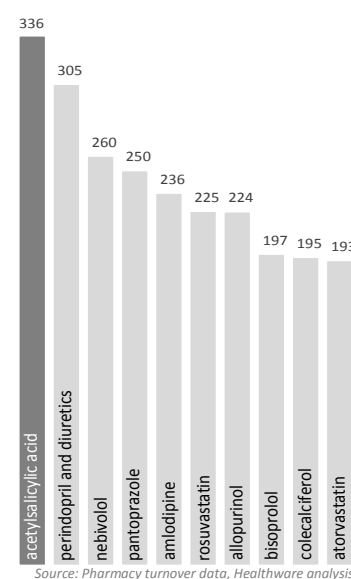
Toplists of reimbursement and number of patients, December 2018



Average number of medical sales reps



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



Role of price-volume agreements in the Hungarian medicine financing system—case study

In previous case studies we discussed the increasing weight of contributions paid by the pharmaceutical industry to the Health Fund's income. Among these payments, the price-volume agreements gained more and more significance in the last couple of years. In our current case study, we examine the reasons behind this process and its possible outcomes from the perspective of the health financing system.

In the last decade, the significance of contribution by the pharma industry increased remarkably in health financing, while the value and the proportion of different forms have gone through some considerable changes during these years.

The most visible trend of these years was that the amount of price-volume agreements and their proportion to total contribution of the industry have grown significantly since 2011. In 2018, this amount was close to 30 billion HUF which is 7 billion HUF more than the amount in 2017 and gives more than the third of the total payback of the pharmaceutical industry.

This can be seen as a self-generating process, since the payback after the price-volume agreements reduces the base of the taxable amount considering the 20%-tax as well as the Spanish tax. Therefore, the growing proportion is partly due to this regulation.

To judge the importance of price-volume agreements, we apportioned the payment obligations arising from price-volume agreements firstly to the total reimbursement, secondly to the total contributions of the pharma industry. (It is worth to note that in case of unit fee agreements, the payments will be paid with three months delay, in case of threshold agreements only the next year.)

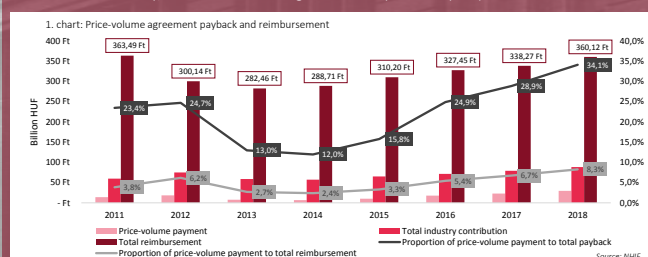


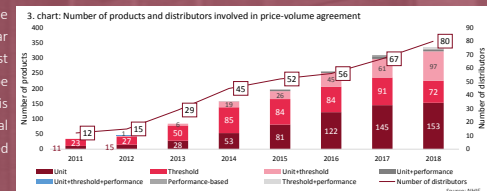
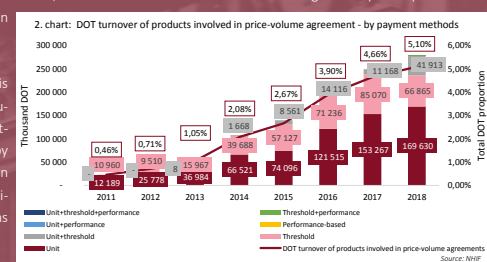
Chart 1 shows that the reimbursement spending and the industry payback are constantly increasing, while the proportion of the price-volume agreement payments to the total industry payments as well as to the total reimbursement spending is also growing. In 2018 the amount paid by the companies based on these agreements was more than 8% of the total reimbursement.

The DOT volume of products concerned by a unit fee agreement doubled between 2015 and 2018, while the ones concerned by threshold agreements increased considerably less. Moreover, in 2018 their DOT volume decreased significantly. The presence of other types of price-volume agreements is negligible in the system.

Since these agreements are private contracts, there is no public information about the extent of contributions neither on the company-level nor on the product-level. Nevertheless, there is information - published by NHIF³ - about the products, companies and indication points concerned in price-volume agreements, additionally about the time period set in the contract as well as the payment method they were agreed on.

Our analysis based on these public lists shows that the number of contracting manufacturers is growing year by year. A more surprising trend is that the robust increase of price-volume agreement payments can be associated with unit fee agreements, although this is the less sophisticated instrument from a financial engineering viewpoint, while the performance-based contracts concern very few products.

In summary, we can conclude that price-volume agreements in many cases are able to support the market access of new, expensive therapies for countries with lower purchasing power. However, the year 2015 was a turning point in this field in Hungary. Since this year the number of contracts and distributors has been significantly increasing, which is almost exclusively due to the drastic rise of unit fee agreements. Since the modification of the Law on the Distribution of Medicinal Products (Act XCVIII of 2006) in 2016, it is obligatory to make a price-volume agreement to every newly reimbursed active substance. The only exception is when the active substance gets into a therapeutic fix group immediately after the decision about its reimbursement.² Despite the fact that these are private contracts, in many cases it is obligatory to make these agreements. Also in certain therapeutic areas, it became an automatic practice to use unit fee agreements, therefore it can be considered as another special tax. So that price-volume agreements can help the market access of new therapies in a sustainable and value-based manner, it would be useful for NHIF and companies to turn towards performance-based agreements instead of/ beside unit fee agreements.



¹ http://www.neak.gov.hu/felo_menu/szakmai_oldalak/gyogyszer_segedeszkoz_gyogyfurd_tamogatasa/egeszeseguy_vallalkozasoknak/gyartok_forgalomba_hozok/tam_vol.html
² http://njt.hu/cgj_bin/njt_doc.cgi?docid=103838.294684