No.8, Issue I. September 2013
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Actualities of Hungarian pharmaceutical financing market

Newsletter

HEALTHWARE CONSULTING LTD.

News, current issues

- **Legislations** came into force from August 2013: Act XI of 1991 (2013.09.01.); Act CLIV of 1997 (2013.08.01.); ESzCsM Decree No.44/2004. (2013.08.01.,2013.09.01.); ESzCsM Decree No.53/2004. (2013.08.01.); EüM Decree No. 2/2008. (2013.08.01.); EüM Decree No.53/2007. (2013.08.01.); EüM Decree No.41/2007. (2013.08.01.); EüM Decree No.52/2005. (2013.08.01.); EüM Decree No.43/2005. (2013.08.01.); Gov.Decree No.43/1999. (2013.08.02.) Gov.Decree No.337/2008. (2013.08.01.); NM Decree No.9/1993. (2013.09.01.); NEFMI Decree No.11/2011. (2013.08.01.)
- **NEWS:** *"Pharmaceutical budget won't decrease in 2014"* link
- **NEWS:** "*New rules for prescription from 1st September*" link
- **NEWS:** *"Interview with Brázay André, chairman, Hungarian Generic Manufacturers Association"* link
- **NEWS:** *"1 bn HUF for magistral medicines"* link

Legislation follow-up

In recent years, the Hungarian pharmaceutical market is characterized by an increased constant change and multiplication of the regulators, and more dense interval transformation of the system's formed elements. In the case of the change in the examined legal environment the previous and the current contexts are presented expressively, so you can be rapidly informed about the legal changes.

Downloadable document: Legislation follow-up (sample)

More about the service: link

Product offering

Macro approach to financing healthcare and medicinal products

Balance of the Health Insurance Fund

Billion HUF

Health Security Fund	2012. I-XII.	2013 original appropriation	2013 I-VII.	2013 % of appropriation	2013 % of last year
Total of Budgetary Expenditures	**1 791,3**	**1 804,3**	**1 029,8**	**97,8%**	**103,0%**
Curative preventive provisions	842,1	880,6	483,2	94,1%	109,0%
Medicine subsidies	315,1	280,0	170,4	104,3%	91,4%
Total Of Budgetary Revenues	**1 744,3**	**1 804,3**	**1 088,2**	**103,4%**	**106,4%**
Social Security Contributions	854,2	727,0	449,7	106,0%	90,7%
Contribution of Pharmaceutical Manufacturers and Wholesalers	75,0	49,0	37,5	131,3%	70,2%
Balance	**-47,0**	**0,0**	**58,4**		**247,7%**

The 2013 budget counts with 0,7% increase in the expenditure and 3,4% increase in the revenues, while the balance is nil. The social security contribution is planned to be less with 15% than last year fulfilment, and this gap is filled with central budget contribution. The medicine subsidies plan are lower with 11% than last year expenses but higher with 2 billion HUF than last year budget plan.

In the first seven months of 2013 the Health Security Fund produced a significant surplus thanks to the higher revenues (+3,4%) and the lower expenses (-2,2%) compared to the original budget appropriation.

Changes to subsidised medicinal product categories

Changes in the public drug list

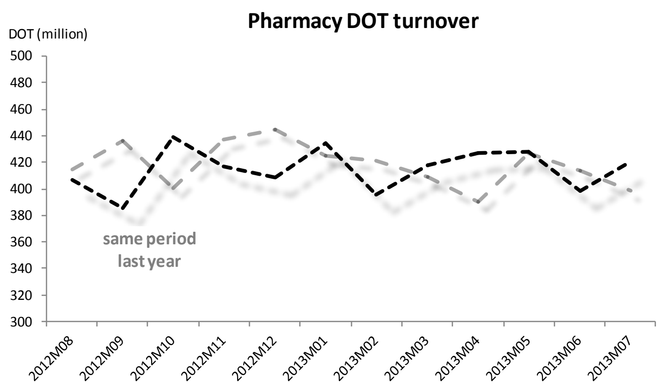
	2013 Apr.	2013 May	2013 June	2013 July	2013 Aug.	2013 Sep.	2013
Number of new products	30	54	15	11	15	23	251
Number of new AI	3	1	0	1	0	0	12
Number of delisted products	74	59	28	42	7	6	343
Prices							
Decrease	712	7	6	71	8	2	894
Increase	1	0	0	0	0	0	2

Changes in the public drug list

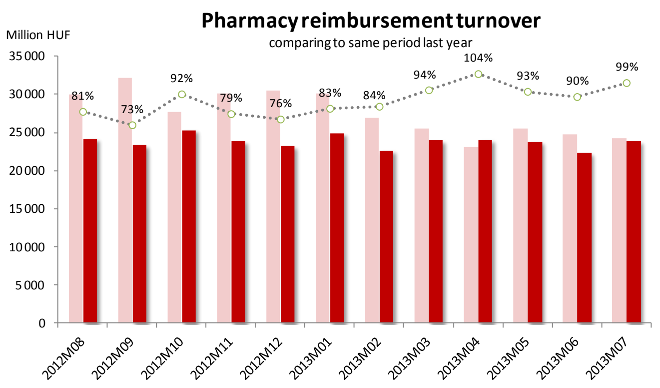
	2013 Apr.	2013 May	2013 June	2013 July	2013 Aug.	2013 Sep.	2013
Reimbursement							
Decrease	1 346	20	1	116	3	2	1 582
Increase	224	0	25	7	0	0	263
Co-payment							
Decrease	858	26	9	121	12	4	1 182
Increase	813	2	25	42	0	0	905

Source: Healthware analysis based on OEP-PUPHA data

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



Source: Healthware analysis based on OEP's data



Source: Healthware analysis based on OEP's data

While the turnover of reimbursed medicines in pharmacies decreased by 1,6% in 2012 (measured in DOT), the total medicine subsidy of Health Security Fund was lower by 17%. The main causes of this saving were the reallocation of the drug budget (expensive therapies were transferred to the hospital budget), and the new process of reference price system which lead to significant cuts in prices and reimbursements.

Drug sales in the first seven months of 2013 was 1,2% higher than the same period last year, while the average reimbursement per DOT decreased thanks to the blind bid process in February thus the reimbursement turnover is 8,2% below for this period compared to last year.

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Market data

Marketing authorisation information

2012	EMA	OGYI
New brands	64	427
New SKUs	798	4 230

2013 - Q2	EMA	OGYI
New brands	17	51
New SKUs	251	433

July 2013	EMA	OGYI
New brands	6	14
New SKUs	41	136

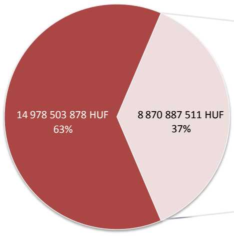
Source: Healthware analysis based on OGYI's and EMA's data

Average number of medical sales reps; 07/2013

All	1 691
Medicinal products	1 427
Medical aids	247
Both	17

Source: Healthware analysis based on OGYI's

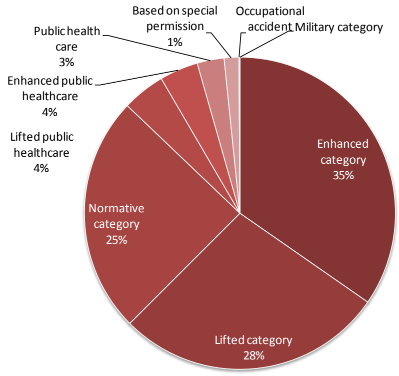
TOP10 MAH by all reimbursement paid in July 2013



TOP 10 - MAH	Reimbursement
Novartis Europharm Limited	1 450 604 380 HUF
Richter Gedeon Vegyészeti Gyár NyRt.	1 116 473 697 HUF
EGIS Gyógyszergyár Nyrt.	1 099 629 385 HUF
Eli Lilly Nederland B. V.	922 085 164 HUF
Novo Nordisk A/S	788 805 536 HUF
GlaxoSmithKline Kft.	754 510 172 HUF
SANOFI-AVENTIS Zrt.	728 015 285 HUF
Teva Magyarország Zrt.	685 160 771 HUF
Boehringer Ingelheim International GmbH	677 582 557 HUF
AstraZeneca Kft.	648 020 563 HUF

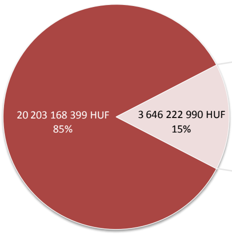
Source: Healthware analysis based on the sales turnover that pharmacies produced from POM

Drug reimbursement by legal title; 07/2013



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

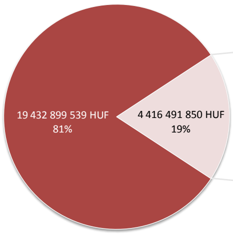
TOP10 BRAND by all reimbursement paid in July 2013



TOP 10 - BRAND	Distributor	Reimbursement
GLIVEC	Novartis Hungária Kft.	640 039 112 HUF
SPIRIVA	Boehringer Ingelheim Pharma Gesellschaft m. b.	491 189 918 HUF
SYMBICORT	AstraZeneca Kft.	393 962 183 HUF
RISPERDAL	Janssen-Cilag Kft.	339 468 908 HUF
CLEXANE	SANOFI-AVENTIS Zrt.	335 921 516 HUF
SERETIDE	GlaxoSmithKline Kft.	324 742 756 HUF
HUMULIN	Lilly Hungaria Kft.	315 968 177 HUF
LANTUS	SANOFI-AVENTIS Zrt.	290 460 354 HUF
SUTENT	Pfizer Kft.	277 274 372 HUF
XEPLION	Janssen-Cilag Kft.	237 195 694 HUF

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

TOP10 ATC by all reimbursement paid in July 2013



TOP 10 - ATC	International non-proprietary name (INN)	Reimbursement
L01XE01	imatinib	640 039 112 HUF
R03AK07	formoterol and other drugs for obs. airway disea	561 895 008 HUF
R03BB04	tiotropium bromide	491 189 918 HUF
C10AA07	rosuvastatin	453 351 331 HUF
V06D	other nutrients	422 051 040 HUF
A10AB01	insulin (human)	385 930 903 HUF
C10AA05	atorvastatin	383 947 742 HUF
R03AK06	salmeterol and other drugs for obs. airway disea	381 022 140 HUF
N05AX08	risperidone	361 143 141 HUF
B01AB05	enoxaparin	335 921 516 HUF

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

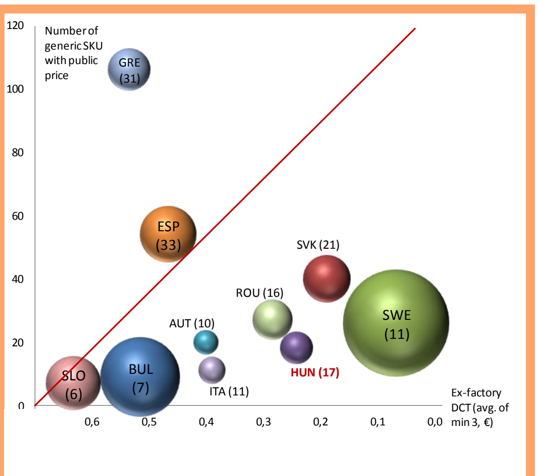
International price comparisons of oral clopidogrel substance containing SKU, based on EF prices — Case study

In the case study we present statistics related to the oral clopidogrel (B01AC04) 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 Clopidogrel is marketed by Sanofi under the trade name PLAVIX and by BMS under the trade name ISCOVER. The first generic brand has appeared in Hungary in March, 2009. We did not involved the SKUs with original brands into the study, we use only the generic SKUs' prices on purpose to analyze each country's clopidogrel market.

We studied 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 bubble of the countries will be located around the diagonal, which can be seen in the coordinate system. The clopidogrel market of Slovenia (SLO) and Spain (ESP) showed a corresponding picture, the deviation of DCT calculated at ex-factory price are similar in the two countries despite the fact there were only 7 SKUs (6 brands) in Slovenia. The DCT deviation calculated at ex-factory price of the 01.01.2011 drug list of Hungarian clopidogrel substance containing SKUs showed to be low in the light of the international comparison. The clopidogrel market in Sweden shows significant differences in two out of the three studied indicators, which is certainly caused by the special reimbursement system and the special generic incentive system. In Sweden the „winner takes it all" principle prevails, in the given period the SKU of the producer, who offered the lowest price, can take the turnover of the whole market. The producers, who offer an approximately similar low price can reach turnover only in the case, when the SKU of the producer, who offered the lowest price is not available. However, they do not delist and force the original producers to lower their prices, doctors can also prescribe the most expensive SKUs without professional limitation, and during the service there is no limitation for the substitution, patients do not have to pay the difference in price.

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



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

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