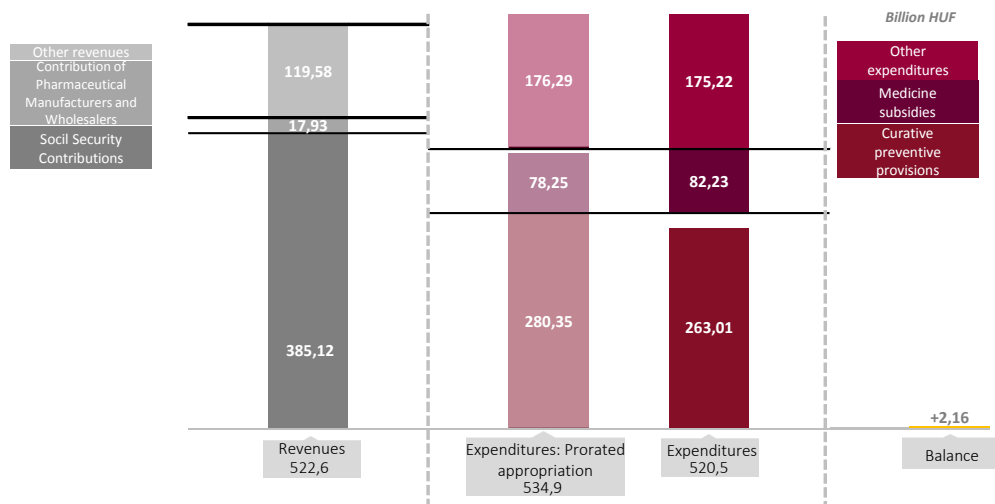


News, current issues

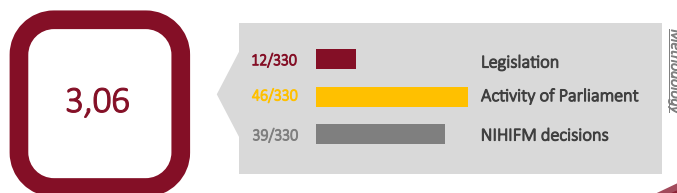
- News** Based on the next year estimation of the Health Security Fund, revenues reshape, drug budget increases, some items remain unclear (HUN) >>
- News** By summer, six active substances get reimbursed in different indications (bone cancer, Parkinson's disease etc.), nine other products get refused (HUN) >>
- News** Super hospitals: development starts next year. Big central hospitals will operate with partner hospitals, outpatient care gets reorganized (HUN) >>

Macro approach to financing healthcare and medicinal products

Balance of the Health Insurance Fund, March 2017



Decision-making index, March 2017



Open position

We are hiring a HEALTH ECONOMICS EXPERT for:

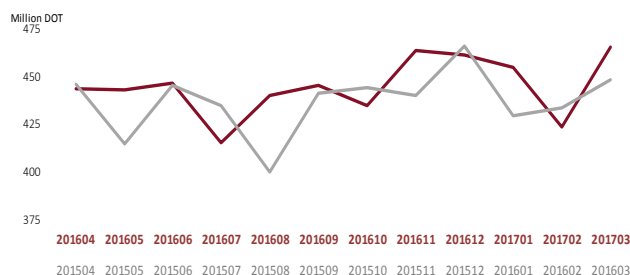
- Planning and creating health economics analyzes and models;
- Contributing in complete or partial adaptation of international models;
- Creating cost analyzes;
- Participating in evidence research projects.

How to apply:

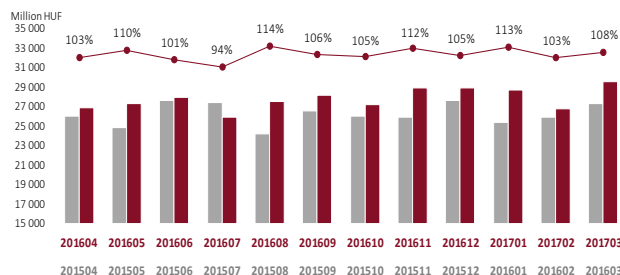
Please send us your materials (CV with photo and motivation letter) to the e-mail iroda@healthware.hu before 1st of July 2017. Please do not forget to indicate [HW-EGT] as subject. More information about the position: [Link](#)

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

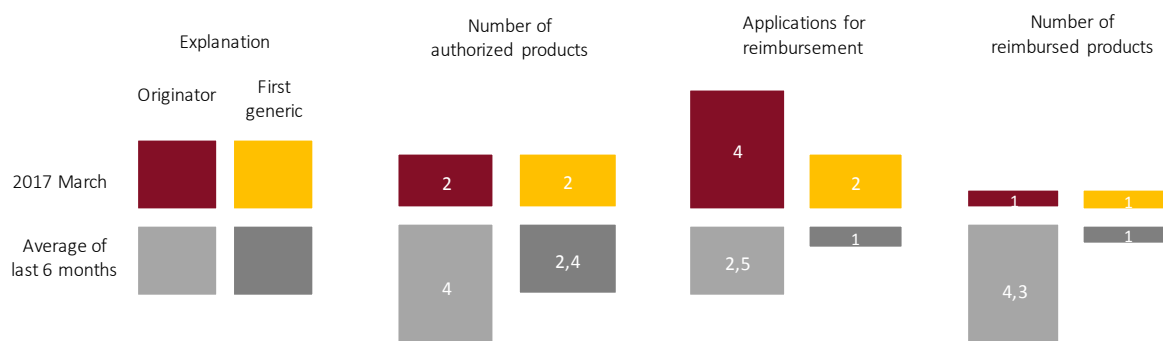
Pharmacy DOT turnover



Pharmacy reimbursement turnover



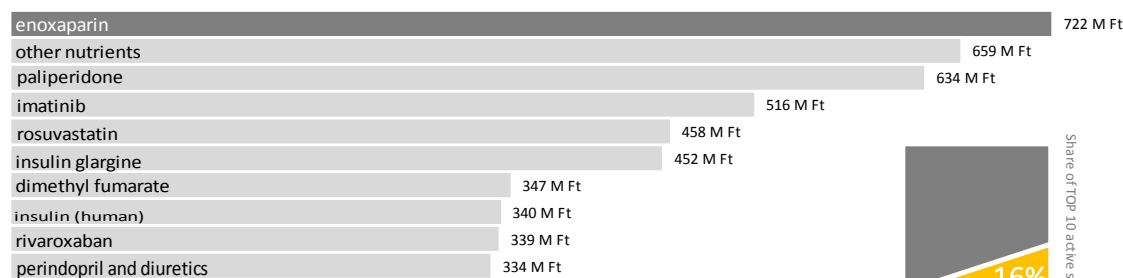
Changes to subsidised medicinal product categories, March 2017



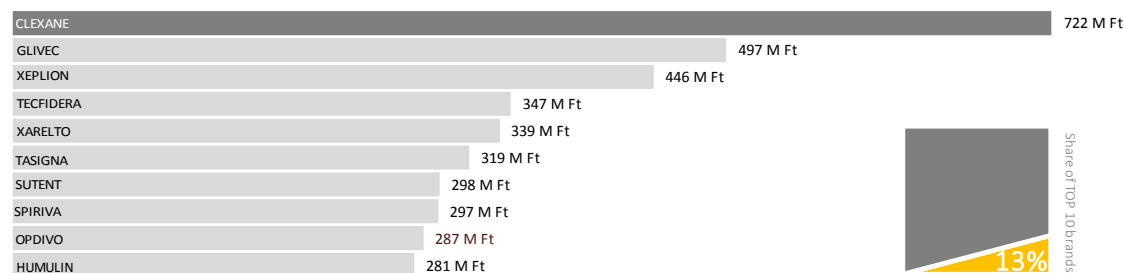
Market data

Toplists of reimbursement and number of patients, March 2017

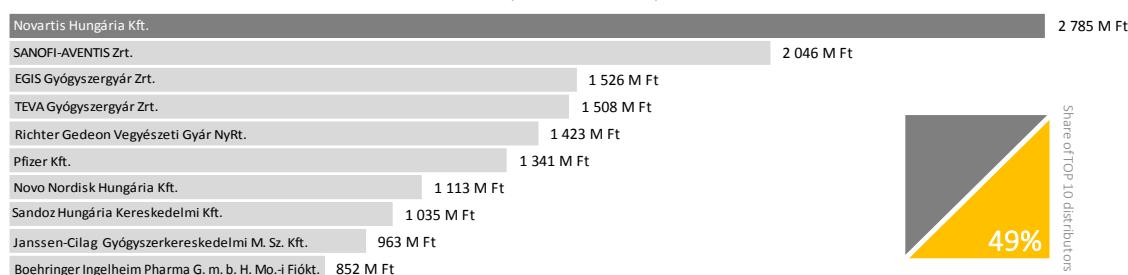
TOP 10 ATCs by all reimbursement paid



TOP 10 brands by all reimbursement paid



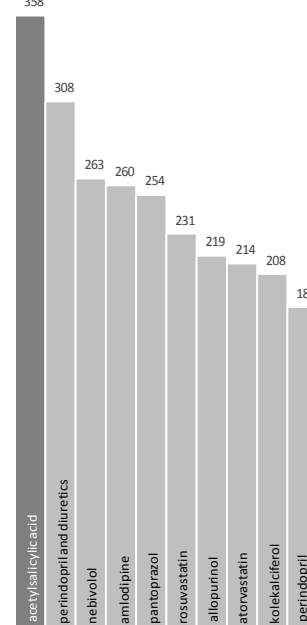
TOP 10 distributors by all reimbursement paid



Average number of medical sales reps



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



The role and importance of special taxes in healthcare financing—Case study

Over the last decade, special taxes have become an integral part of the Hungarian tax system. These industry-specific burdens also affected the domestic pharmaceuticals and distributors sector significantly. In the case study, we examine whether the special taxes affecting the pharmaceutical sector are considered to be a heavy tax burden compared to the tax rates affecting other industries, or what trends have emerged over the past few years.

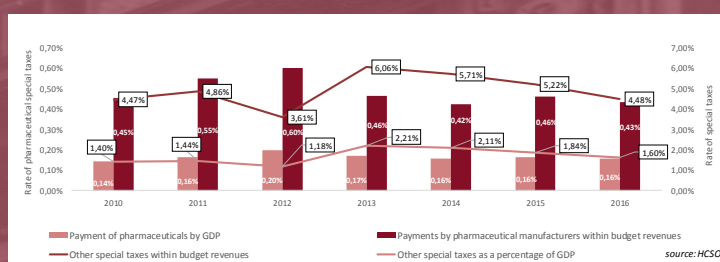
In case of special taxes, it is worth first to determine what we consider to be a special tax. Officially, there are only three such tax types currently in Hungary (special tax on financial institutions, special tax on credit institutions, and special tax on distributors and investment funds), but at the approach of the Banking Association, we consider a tax as a special tax that distinguishes certain sectors, industries and activities from the taxation point of view.

According to this study, we consider 16 taxes as a special tax. Of these, 13 go to the central budget, and 3 directly to the Health Insurance Fund: accident tax (since 2012), public health product fee (since 2012), pharmaceutical special tax (since 2007). (This also included the healthcare contributions of the tobacco companies introduced in 2015, which the European Commission terminated in 2016.) The pharmaceutical special tax is an overall category, in the Health Insurance Fund report published by National Institute of Health Insurance Fund Management is referred to as „pharmaceutical and distributor's payment providing continuous drug provision“. It shows the 20% tax, the 10% Spanish tax, the medical reps fee, and the 2.5% wholesale margin tax. (The payment obligations generated by the price volumen agreements are often come under the pharma industries repayment obligations, but they are subject to private law contracts, not taxes.)

Special taxes (billion HUF)	2010	2011	2012	2013	2014	2015	2016
Amount received in the central budget	377,91	401,95	295,00	624,52	638,66	568,08	494,17
Amount received in the Health Insurance Fund	38,26	48,99	100,80	92,83	94,40	111,90	115,49
Of this, pharmaceutical special taxes	38,26	45,72	56,60	51,07	50,55	54,98	53,77
Total	416,17	450,95	395,80	717,35	733,06	679,98	609,65
Amount received in the Health Insurance Fund (ratio)	9,2%	10,9%	25,5%	12,9%	12,9%	16,5%	18,9%
Amount received in the central budget (ratio)	90,8%	89,1%	74,5%	87,1%	87,1%	83,5%	81,1%
Total special tax as a percentage of GDP	1,5%	1,6%	1,4%	2,4%	2,3%	2,0%	1,8%
The proportion of special taxes within budget revenues	4,9%	5,4%	4,2%	6,5%	6,1%	5,7%	4,9%

In the last 4 years, however, there is a clearly decreasing trend in the amount of special taxes, both as a percentage of GDP, and the revenue of the budget. The special taxes and the liabilities affecting the pharmaceutical industry received in the Health Insurance Fund, shaped differently. Typical data is that if the special tax on pharmaceutical companies is not counted, the proportion of all other special taxes as a percentage of GDP ranges from 2.21% to 1.6% in 2013, in proportion to the revenue of the budget decreased from 6.06% to 4.48%.

In the pharmaceutical industry in 2012, the Széll Kálmán Plan had the highest contribution of the sector as a percentage of GDP and as well as the revenue of the budget.



In subsequent years, following the fall in 2013, we may see stagnation or slight growth in the sum and in the proportions. The reason why pharmaceutical companies (in contrast to other industries) have not been able to reduce their special tax burden in total or in a proportionate way in recent years has been attributed to many effects:

After the drug reimbursement restriction in 2012 – more than 60 billion – continued decreasing in 2013, but since then it has been growing steadily, so the tax base of the special tax increases.

The tax rate could be increased by the introduction of the so-called „Spanish tax“ from 2012, which has to be paid for products that have long been subsidized and do not have a generic competitor (10% of reimbursement in the ratio of manufacturer price). Taxes increased by 2014, since then it has declined steadily, last year it came to HUF 5 billion.

On the other hand, producers might gain discount from the 20% tax liability throughout price cuts, but with limited potential: while in 2012 the discount from cutting prices was 3,56% compared to the whole 20% tax, this figure in 2016 was only 0,43%. It means that discounts from cutting prices decrease proportionally year to year. Since 2014, price volumen agreements have bigger and bigger importance, which together with the R&D activity can decrease the amount of special tax. As a summary it can be told that special taxes related to healthcare show diverging pattern in comparison with other, similar tax types. For the first, these amounts do not get to the central budget, but directly to the Health Insurance Fund. It is important because in the Health Insurance Fund, besides Contributions, revenues from special taxes are more and more significant. From the viewpoint of the pharmaceutical industry it is important to highlight that meanwhile in case of special taxes of other industries it is an actual tendency that in the first year after introduction they bring the maximum of revenue for the government and gradually lose their importance, in case of special taxes of pharmaceutical industry there are no such tendencies.