Actualities of Hungarian pharmaceutical financing market

Newsletter

HEALTHWARE CONSULTING LTD.

News, current issues

- **Legislations** come into force between 01/09/2015 and 01/10/2015: Act XCVIII of 2006 (01.10.2015); Gov.Decree No.43/1999. (01.10.2015); ESzCsM Decree No.32/2004. (01.09.2015)
- **NEWS** [HUN]: *"Zoltán Ónodi-Szűcs is the new State Secretary for Health"* link
- **NEWS** [HUN]: *"Chairman of the Hungarian Chamber of Healthcare Professionals: the six hundred healthcare workers will not resign"* link
- **NEWS** [HUN]: *"Medicinal products from a mobile, single-use production line"* link
- **NEWS** [HUN]: *"Generic market players are before a change of era"* link
- **NEWS** [HUN]: *"IMS Health analysis on the development of the compulsory health insurance's pharmaceutical market in Germany"* link
- **NEWS:** *"Amgen and Allergan's biosimilar shows equivalence to Avastin in NSCLC"* link
- **NEWS:** *"Novartis biosimilar copycat takes aim at Amgen's drug Enbrel"* link

Dear partner,

We have moved into a new office building from 5th October, next to the previous one! Our new address is as follows, the phone number hasn't changed.

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Best regards,
Healthware

Change of adress

Macro approach to financing healthcare and medicinal products

Balance of the Health Insurance Fund

Billion HUF

Health Security Fund	2014. I-XII.	2015 original appropriation	2015		
			I-VIII. months	% of appropriation	% of last year
Total of Budgetary Expenditures	**1 907,1**	**1 910,8**	**1 284,6**	**100,8%**	**102,1%**
Curative preventive provisions	945,6	948,6	628,3	99,3%	100,7%
Medicine subsidies	302,3	298,1	213,3	107,3%	106,5%
Medicine subsidies (pharmacy)	286,4	224,4	205,7	137,5%	108,1%
Total of Budgetary Revenues	**1 907,1**	**1 910,8**	**1 287,7**	**101,1%**	**99,9%**
Social Security Contributions	896,3	1 198,5	814,0	101,9%	135,4%
Contribution of Pharmaceutical Manufacturers and Wholesalers	57,4	58,0	44,0	113,8%	114,3%
Balance	**0,0**	**0,0**	**3,1**		**0,0%**

The 2015 budget counts with 0,2% increase in the expenditure and in the revenues too, while the balance is nil. The central budget contribution is planned to be less with 35,1% than last year fulfilment, and this gap is filled with the 33,7% higher social security contribution (302 billion HUFs). The medicine subsidies plan are lower with 4,2 billion HUFs than last year expenses.
In the first eight months of 2015 the Health Security Fund produced a 0,24% surplus. Medicine subsidies shows 7,3% surplus as a result of the medicines' higher turnover particularly that reimbursement based on special permission.

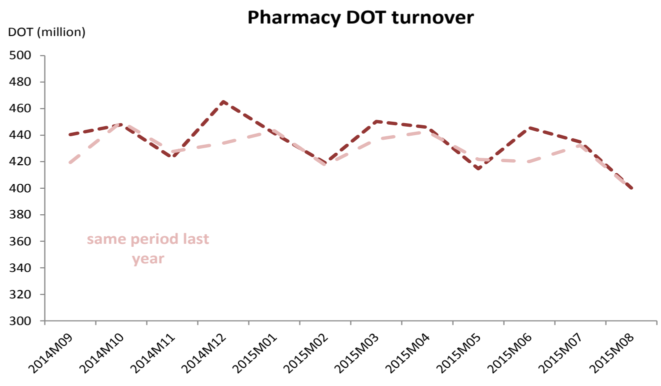
Changes to subsidised medicinal product categories

Changes in the public drug list	2015 May	2015 June	2015 July	2015 Aug.	2015 Sep.	2015 Oct.	2015
Number of new products	11	16	12	34	22	34	249
Number of new AI	1	2	2	4	3	2	26
Number of delisted products	51	30	16	16	8	40	277
Prices							
Decrease	3	0	42	5	2	120	370
Increase	0	0	5	0	0	0	11

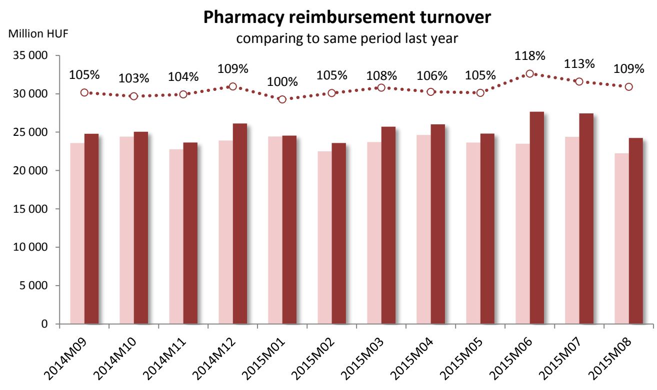
Changes in the public drug list	2015 May	2015 June	2015 July	2015 Aug.	2015 Sep.	2015 Oct.	2015
Reimbursement							
Decrease	1	0	71	4	1	389	913
Increase	0	0	6	0	0	56	145
Co-payment							
Decrease	5	0	47	7	2	171	544
Increase	0	0	34	0	1	313	653

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 increased by 2,74% in 2014 (measured in DOT), the total medicine subsidy of Health Security Fund was higher by 2,21%. The subsidy of new INNs (got reimbursed status in 2014) was 1,26% of the yearly total, while its turnover was only 0,03% of the yearly DOT turnover.
Drug sales in the first eight months of 2015 was 0,95% higher than the same period last year, while the average reimbursement per DOT decreased with 4% compared to the previous month and was higher with 8,91% than the last year's average. The reimbursement turnover is 6,16% higher for this period compared to last year.

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HEALTHWARE CONSULTING LTD.

Market data

Marketing authorisation information

2014	EMA	OGYI
New brands	70	182
New SKUs	359	1 881

2015 - Q2	EMA	OGYI
New brands	17	45
New SKUs	460	518

August 2015	EMA	OGYI
New brands	9	18
New SKUs	188	232

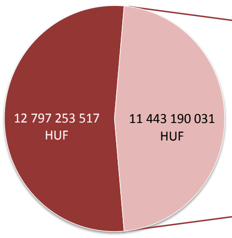
Source: Healthware analysis based on OGYI's and EMA's data

Average number of medical sales reps; 08/2015

All	1 335
Medicinal products	1 091
Medical aids	232
Both	11

Source: Healthware analysis based on OGYI's

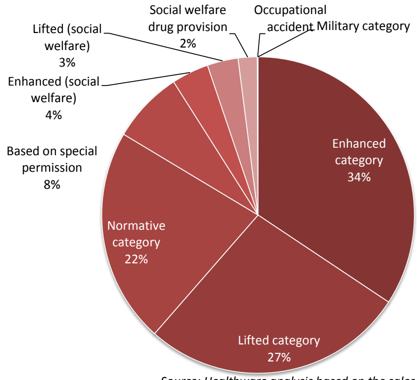
TOP10 DISTRIBUTOR by all reimbursement paid in August 2015



TOP 10 - ATC	International non-proprietary name (INN)	Reimbursement
V06D	other nutrients	512 633 720 HUF
L01XE01	imatinib	496 571 130 HUF
B01AB05	enoxaparin	485 341 879 HUF
N05AX13	paliperidone	462 803 957 HUF
J05AX67	ombitasvir, paritaprevir and ritonavir	389 099 735 HUF
C10AA07	rosuvastatin	378 884 654 HUF
R03BB04	tiotropium bromide	364 785 976 HUF
A10AB01	insulin (human)	333 968 284 HUF
A10AE04	insulin glargine	322 732 100 HUF
C09BA04	perindopril and diuretics	292 124 023 HUF

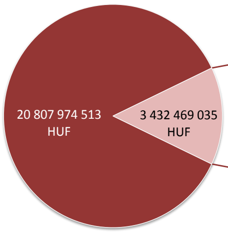
Source: Healthware analysis based on the sales turnover that pharmacies produced from POM

Drug reimbursement by legal title; 08/2015



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

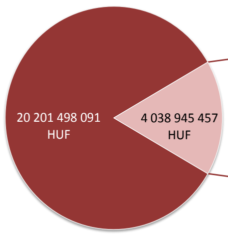
TOP10 BRAND by all reimbursement paid in August 2015



TOP 10 - BRAND	Distributor	Reimbursement
GLIVEC	Novartis Hungária Kft.	496 571 130 HUF
CLEXANE	SANOFI-AVENTIS Zrt.	485 341 879 HUF
XEPLION	Janssen-Cilag Gyógyszerkereskedelmi Marketing S	396 221 561 HUF
VIEKIRAX	AbbVie Kft.	389 099 735 HUF
SPIRIVA	Boehringer Ingelheim Pharma Gesellschaft m. b. H	364 785 976 HUF
LANTUS	SANOFI-AVENTIS Zrt.	322 732 100 HUF
HUMULIN	Lilly Hungaria Kft.	281 288 582 HUF
SUTENT	Pfizer Kft.	242 117 297 HUF
LEVEMIR	Novo Nordisk Hungária Kft.	233 130 180 HUF
TECFIDERA	Biogen Idec Hungary Kft.	221 180 595 HUF

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

TOP10 ATC by all reimbursement paid in August 2015



TOP 10 - DISTRIBUTOR	Reimbursement
Novartis Hungária Kft.	2 211 524 171 HUF
SANOFI-AVENTIS Zrt.	1 502 933 606 HUF
EGIS Gyógyszergyár Zrt.	1 202 409 943 HUF
Richter Gedeon Vegyészeti Gyár NyRt.	1 126 663 357 HUF
TEVA Gyógyszergyár Zrt.	1 095 194 366 HUF
Pfizer Kft.	986 943 993 HUF
Lilly Hungaria Kft.	896 045 695 HUF
Novo Nordisk Hungária Kft.	888 217 350 HUF
Jansen-Cilag Gyógyszerkereskedelmi Marketing Szolgáltató Kft.	778 542 645 HUF
Sandoz Hungária Kereskedelmi Kft.	754 714 905 HUF

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

TOP10 ATC by number of patients in August 2015

TOP 10 - ATC	International non-proprietary name (INN)	Patients
B01AC06	acetilszalicilsav	337 979
C09BA04	perindopril és vizelethajtók	273 937
C08CA01	amlodipin	251 984
C07AB12	nebivolol	231 849
C10AA05	atorvastatin	223 391
C10AA07	rosuvastatin	204 853
A02BC02	pantoprazol	194 619
M04AA01	allopurinol	191 938
C09AA04	perindopril	166 357
C07AB07	bisoprolol	157 278

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

Modelling the half-year effect of the October reference pricing procedure — Case study

The reference pricing system with preferred reference price range introduced in 2011 brought a big change in the prices and reimbursement of the involved products. However, as we came to the conclusion earlier, the initial momentum, the price cuts are significantly decreased in the last period. In this case study we examine the reimbursement changes in the recent reference pricing procedure, focusing on the financer's new trends.

The reimbursement outflow of the products affected by the recent procedure can be seen in Figure 1 by legal title. The left column shows the actual reimbursement turnover of the involved products based on the publicly available most recent turnover data on a six-month period (March 2015 - August 2015). The right column shows reimbursement turnover too, but the data here are the results of the modeling, which are calculated by using the same quantity turnover data and the reimbursement values of the products after the reference pricing procedure. Therefore, the right column shows that how the reimbursement outflow would be formed in the examined half-year, if the concerned products were entitled for the same amount of reimbursement as it is determined in the reference pricing procedure.

The light-colored rectangle on the top of the right column illustrates the difference between the real and the modeled reimbursement values. This ~ 2.3 billion HUF saving is the effect of the last reference pricing process in half-year period, which is the 5.6% of the total reimbursement outflow. Pie chart next to the rectangle illustrates the composition of this effect: as we can see, the 57% of the total savings is related to the newly created or restructured therapeutical fix groups ("A02BC norm minden", "N06AX EÜ90 1", "N06AX EÜ90 2") of two active ingredients' products (A02BC [Proton pump inhibitors] and N06AX [Other antidepressants]). In these new groups several hitherto separate fix groups are brought together.

The 2.3 billion HUF effect compared to the recent reference pricing procedures is considered as a high amount: although it is not close to 8-11 billion HUF impact of the first two blind bids, but in the previous three procedures this value did not exceed 1.5 billion HUF in one case.

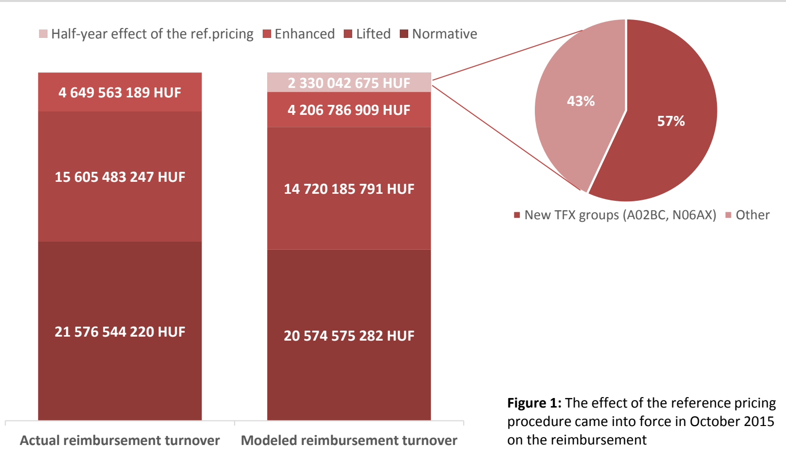


Figure 1: The effect of the reference pricing procedure came into force in October 2015 on the reimbursement

Thus, during the examination it is revealed that although the savings' rate experienced in the first few times no longer occurs in the system but even so, there is potential to moderate the reimbursement outflow. However, during the reported period the main source is no longer the price cuts, but the restructuring of the groups or the widening of the product range. The analysis' further direction could be the monitoring of the impact's rate from the price reductions and from the creation of new groups separately.

Notes about the methods:
- The analysis is based on the public data of NHIF.
- In the analysis only the affected legal title(s) of the products were involved. The products that are involved into the procedure for the first time was filtered out.
- The values of the modeled column (right) was determined by using the actual, half-year DOT turnover data and the amount of reimbursement per DOT after the reference pricing procedure (October 2015).

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