Actualities of Hungarian pharmaceutical financing market

Newsletter

HEALTHWARE CONSULTING LTD.

News, current issues

- **Legislations** come into force from June 2013**: Gov.Decree No. 323/2010. (2013.06.04.)
- **NEWS:** "HUF 25 billion financial aid to health sector" link
- **NEWS:** "AIPM to publish a discussion paper" link
- **NEWS:** "Private hospital in Telki to close down" link
- **NEWS:** "Significant changes in Hungarian health system" link
- **NEWS:** "Asking for government's intervention on hospital debts" link
- **STUDY:** "PwC: Consumer revolution in pharmaceutical and health industry" link

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-V.	% of appropriation	% of last year
Total of Budgetary Expenditures	**1 791,3**	**1 804,3**	**729,4**	**97,0%**	**102,2%**
Curative preventive provisions	842,1	880,6	338,8	92,3%	107,4%
Medicine subsidies	315,1	280,0	121,5	104,2%	90,0%
Total Of Budgetary Revenues	**1 744,3**	**1 804,3**	**780,2**	**103,8%**	**107,8%**
Social Security Contributions	854,2	727,0	319,6	105,5%	92,2%
Contribution of Pharmaceutical Manufacturers and Wholesalers	75,0	49,0	28,5	139,5%	68,7%
Balance	**-47,0**	**0,0**	**50,8**		**510,0%**

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 five months of 2013 the Health Security Fund produced a significant surplus thanks to the higher revenues (+3,8%) and the lower expenses (-3%) compared to the original budget appropriation.
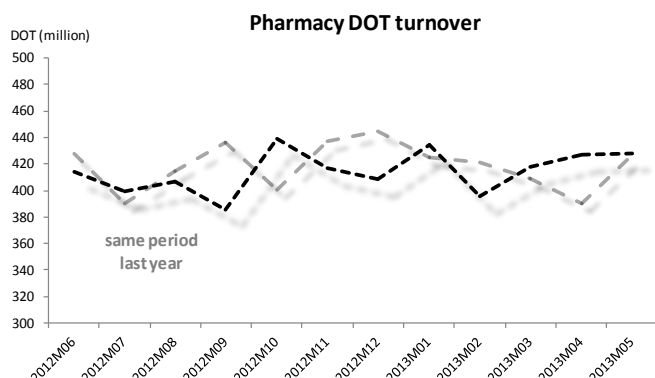
Changes to subsidised medicinal product categories

Changes in the public drug list							
	2013 Feb.	2013 Mar.	2013 Apr.	2013 May	2013 June	2013 July	2013
Number of new products	34	26	30	54	15	11	213
Number of new AI	0	5	3	1	0	1	12
Number of delisted products	19	20	74	59	28	42	330
Prices							
Decrease	13	14	712	7	6	71	884
Increase	0	1	1	0	0	0	2

Changes in the public drug list							
	2013 Feb.	2013 Mar.	2013 Apr.	2013 May	2013 June	2013 July	2013
Reimbursement							
Decrease	7	16	1 346	20	1	116	1 577
Increase	0	3	224	0	25	7	263
Co-payment							
Decrease	18	27	858	26	9	121	1 166
Increase	0	1	813	2	25	42	905

Source: Healthware analysis based on OEP-PUPHA data

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

Pharmacy DOT turnover
DOT (million)
same period last year

Source: Healthware analysis based on OEP's data

Pharmacy reimbursement turnover
comparing to same period last year
Million HUF
77% 85% 81% 73% 92% 79% 76% 83% 84% 94% 104% 93%
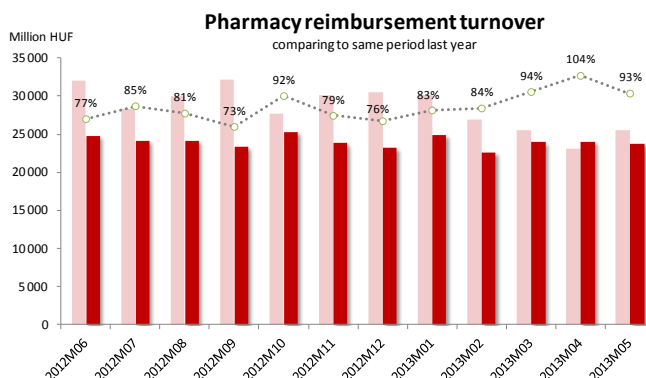
Source: Healthware analysis based on OEP's data

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 five months of 2013 was 1,3% 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 9% 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 - Q1	EMA	OGYI
New brands	16	72
New SKUs	204	577

May 2013	EMA	OGYI
New brands	3	15
New SKUs	30	174

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

Average number of medical sales reps; 05/2013

All	1 850
Medicinal products	1 577
Medical aids	237
Both	35

Source: Healthware analysis based on OGYI's

TOP10 MAH by all reimbursement paid in May 2013

15 003 006 275 HUF 63%

8 785 635 913 HUF 37%
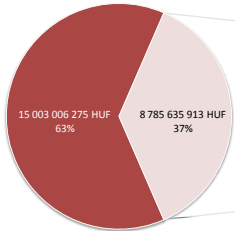
TOP 10 - MAH	Reimbursement
Novartis Europharm Limited	1 432 647 195 HUF
Richter Gedeon Vegyészeti Gyár NyRt.	1 111 559 447 HUF
EGIS Gyógyszergyár Nyrt.	1 095 849 102 HUF
Eli Lilly Nederland B. V.	927 528 332 HUF
GlaxoSmithKline Kft.	811 826 663 HUF
Novo Nordisk A/S	806 378 481 HUF
Boehringer Ingelheim International GmbH	675 768 583 HUF
SANOFI-AVENTIS Zrt.	666 817 585 HUF
AstraZeneca Kft.	647 992 653 HUF
Novartis Hungária Kft.	609 267 871 HUF

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

TOP10 BRAND by all reimbursement paid in May 2013

20 202 948 625 HUF 85%

3 585 693 563 HUF 15%
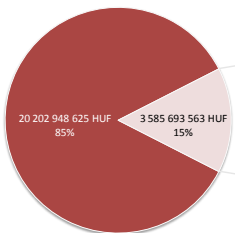
TOP 10 - BRAND	Distributor	Reimbursement
GLIVEC	Novartis Hungária Kft.	588 122 652 HUF
SPIRIVA	Boehringer Ingelheim Pharma Gesellschaft m. b.	493 051 620 HUF
SYMBICORT	AstraZeneca Kft.	391 012 705 HUF
RISPERDAL	Janssen-Cilag Kft.	348 382 368 HUF
SERETIDE	GlaxoSmithKline Kft.	329 510 177 HUF
SUTENT	Pfizer Kft.	319 190 974 HUF
HUMULIN	Lilly Hungaria Kft.	318 966 951 HUF
LANTUS	SANOFI-AVENTIS Zrt.	280 065 517 HUF
CLEXANE	SANOFI-AVENTIS Zrt.	274 197 660 HUF
FRAXIPARINE	GlaxoSmithKline Kft.	243 192 939 HUF

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

TOP10 ATC by all reimbursement paid in May 2013

19 436 716 724 HUF 82%

4 351 925 464 HUF 18%
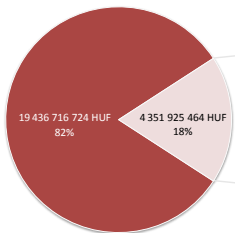
TOP 10 - ATC	International non-proprietary name (INN)	Reimbursement
L01XE01	imatinib	588 122 652 HUF
R03AK07	formoterol and other drugs for obs. airway disea	557 917 927 HUF
R03BB04	tiotropium bromide	493 051 620 HUF
C10AA07	rosuvastatin	444 906 652 HUF
V06D	other nutrients	421 362 608 HUF
A10AB01	insulin (human)	389 271 116 HUF
C10AA05	atorvastatin	385 997 488 HUF
R03AK06	salmeterol and other drugs for obs. airway disea	382 982 196 HUF
N05AX08	risperidone	369 122 231 HUF
L01XE04	sunitinib	319 190 974 HUF

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

Drug reimbursement by legal title; 05/2013

- Public health care 3%
- Based on special permission 1%
- Occupational accident Military category
- Enhanced public healthcare 4%
- Lifted public healthcare 5%
- Enhanced category 34%
- Normative category 25%
- Lifted category 28%

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

Forecast of pharmaceutical turnover with econometric methods — Case study

The value of the pharmaceutical turnover is strongly influenced by the regulatory background – especially among the reference priced products – but in the case of the quantity there is a tight correlation between the following time periods, because the patients who are prescribed a given therapy will buy it in a following time period as well. Therefore the quantity of the drug is possible and also necessary to forecast with econometric methods.

On the diagram below we conducted a forecast on the DOT turnover of the Montekulast active substance (ATC: R03DC03) with 3 different methods. Montekulast generated an increasing turnover in terms of DOT and reimbursement, until the latter reached the amount of a billion HUF in 2011. From April 2012 thanks to entering to the reference price system, the price and reimbursement per therapeutic day lowered significantly, but the DOT turnover started a steeper increasing trend. The goal of our estimation was to forecast the turnover of 2013 for which we used the turnover data from 2006 to 2013.04.

The diagram shows the resulted forecasts and their confidence intervals. Exponential smoothing gives the highest turnover while mixed linear regression gives the lowest. The goodness of the fit in the models can be evaluated on the basis of various kind of model selection measures.

The use of econometric models in the course of conducting pharmaceutical analysis is frequent. We apply forecast models for the estimation of the whole pharma market, for the deep analysis of given therapeutic fields and for complex patient flow models as well.

- DOT turnover
- ARIMA(2,1,2)(1,0,0)[12] with drift
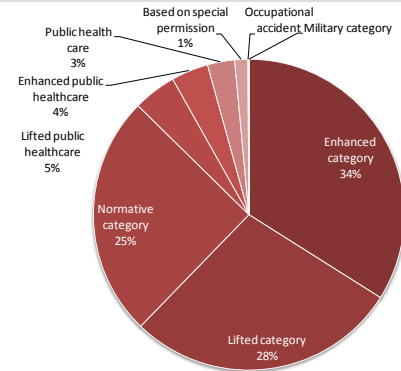- ETS(M,A,N) X
- Linear regression model X
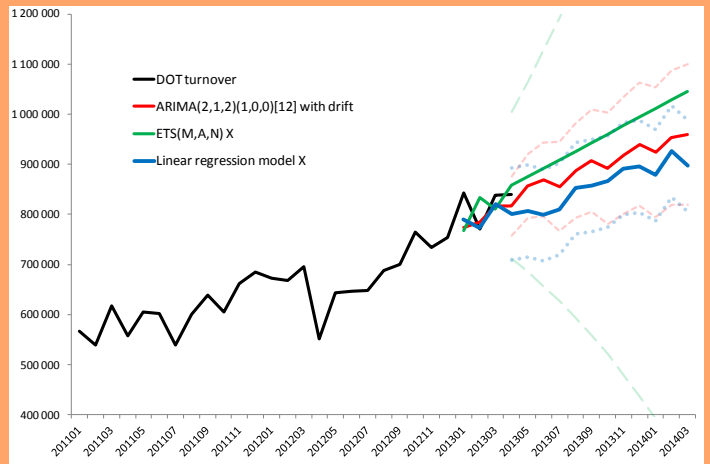
The 3 used methods:

1. Mixed linear regression model
Linear regression with seasonal fitting

2. Exponential smoothing
A model with exponentially decreasing weights over time.

3. ARIMA
Autoregressive integrated moving average model

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