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Greece: Further Drug Cost-Containment Measures Announced in Greece As Treatments for Serious Diseases Face 10.41% Cut

The Greek government has announced new price cuts of 10.41% for certain drugs to treat serious diseases, while the National Organisation for Medicines is preparing a second negative list in another cost-containment move.

IHS Global Insight Perspective	
Significance	The Greek government has announced that it will impose a 10.41% cut on the price of certain drugs to treat serious diseases, and in another cost-containment move, the National Organisation for Medicines is preparing a second negative list that will further reduce the number of medicines eligible for reimbursement. Meanwhile, there are reported to be delays in the repricing of around 12,000 medicines on the basis of the new international price-referencing system.
Implications	The Greek government continues to grapple with the problem of reducing expenditure on pharmaceuticals in the context of its dire need to reduce its budget deficit; in these circumstances, both drug producers and patients will feel the ongoing adverse effects of these changes.
Outlook	It remains to be seen how drug producers will respond to the recently announced 10.41% cut in the price of certain drugs to treat serious diseases, although there is likely to be some dissatisfaction, considering the recent interactions between international drug producers and the Greek government. Meanwhile, an expanded negative list threatens to reduce access to some essential treatments, and the inevitable delays in the repricing of around 12,000 drugs will make it more difficult for the Greek government to achieve its expenditure-reduction goals.

The Greek ministry for economy, competitiveness, and shipping has issued a new ordinance according to which the retail prices of certain drugs to treat serious diseases are to be cut by 10.41%, reports Greek news provider Express.gr. At the same time, the Greek National Organisation for Medicines, the EOF, is preparing a second negative list of drugs for which no reimbursement is paid, further increasing the number of medicinal products not reimbursed by insurance funds, even when prescribed by a doctor, reports Greek newspaper *Naftemporiki*. Meanwhile, it is reported by Greek pharmaceutical news provider Farmakeutikoskosmos.gr that there are delays in the implementation of the new drug-pricing system, under which around 12,000 drugs are due to be re-priced on the basis of the average of the three lowest-priced countries in the European Union (EU).

Prices of Certain Drugs for Serious Diseases to Be Cut by 10.41%

The price cut of 10.41% is to be administered in the case of drugs licensed only for hospital use, or drugs that are licensed to be prescribed with the monitoring of a specialist doctor, and a joint ministerial decision is awaited that will mean patients will be able to obtain them from pharmacies. It will mean that pharmaceutical wholesalers will be entitled to a 2.5% margin on the sale of these drugs, while pharmacies will be entitled to a margin of 18%. The reduction in the wholesale price of the drugs in question will amount to 13%. The ordinance is a follow-on measure from law number 3816/2010, which came into force earlier in the year, and specifically the aspects of the law relating to the streamlining of the supply of drugs for serious diseases. Under the original law, it was envisaged that the drugs concerned would become available with state reimbursement from both hospital and private pharmacies. Additionally, a list of the medicinal products concerned would be reviewed on an annual basis. These drugs are considered separately from those on the official reimbursement list.

EOF Prepares Second Negative List

In another cost-containment move, the Greek National Organisation for Medicines, the EOF, is preparing a second negative drug list that will include 842 products, which will be added to the list of over-the-counter (OTC) medicines, and these will no longer be reimbursable even if they are prescribed by a doctor, reports *Naftemporiki*. The source reports that the list is being prepared to include products that were not included in the first list due to lack of time, and also to expand the list of products categorised as OTC drugs or lifestyle products.

The second negative list will include products from a wide range of therapeutic areas, including those commonly categorised as OTC drugs, such as anti-infectives, antacids, laxatives, anti-obesity drugs, and vitamins. However, it will also include a number of drugs that are more commonly associated with prescription medicines, such as cardiovascular drugs, non-steroidal anti-inflammatory drugs, drugs to treat erectile dysfunction, psycho-stimulants for the treatment of attention-deficit hyperactivity disorder, and smoking cessation drugs.

The source reports that the inclusion of certain drugs on the first negative list has resulted in a significant decline in the sales of these products, as patients have opted not to buy these drugs because of the increase in their out-of-pocket price since reimbursement for them was withdrawn.

Delays Reported in Repricing of 12,000 Drugs

Meanwhile, the repricing of around 12,000 drugs is due to be completed by 20 August, and to be implemented officially on 1 September, on the basis of the average of the three lowest-priced markets in the EU, reports Farmaceutikoskosmos.gr. These prices are due to replace the temporary blanket price cuts of up to 27% that were introduced at the beginning of May (see [Greece: 5 May 2010: Temporary Blanket Drug Price Cuts Will Have Dire Consequences, Warns Greek Pharma Association](#)). However, the source reports that there are delays with the implementation of the new prices, as well as the introduction of the electronic prescription system, which is also intended to reduce wasteful prescribing. A meeting between minister of economy, competitiveness, and shipping Louka Katseli, health minister Mariliza Xenogiannakopoulou, and employment and social security minister Andreas Loverdos is due to have taken place recently in order to discuss ways of speeding up this process.

Outlook and Implications

Although there are no exact details of the drugs included within the group of drugs to treat serious diseases, it is certain that these will be treatments that were not subjected to the temporary blanket price cuts in May, as it is specified that they are drugs currently only available within hospitals. It is highly likely that drugs within the group will include biotech drugs for the treatment of cancers, and possibly some orphan drugs, which were excluded from the temporary blanket price cuts. As this new 10.41% price cut has only been announced recently, it can be expected that there will be a response from the pharmaceutical industry, which, under pressure from mounting price cuts around Europe and beyond, will certainly not welcome the news.

The second negative list is almost certainly a follow-up from the list of 253 products for which reimbursement was withdrawn in May 2010 (see [Greece: 21 May 2010: Novo Nordisk Withdraws Products from Greek Market Following Mandatory Price Cuts; Reimbursement Withdrawn for 253 Medicinal Products](#)). Undoubtedly, the transfer of many drugs to OTC status is a move designed to yield further savings for the embattled Greek insurance funds, although on the basis of the information in *Naftemporiki* that sales of certain products in the first negative list have declined sharply, there will be concerns that access to some essential medicines may be reduced. Additionally, this can put pressure on producers to reduce prices in order to keep their products at an affordable price once reimbursement is withdrawn.

Finally, the delay in the repricing of around 12,000 drugs on the basis of the average of the three lowest-priced markets in the EU was predicted by IHS Global Insight when the policy was announced in May. It remains to be seen whether the Greek ministers involved will succeed in accelerating the process in order to achieve the savings they are aiming for of around 1 billion euro (US\$1.29 billion).

Analyst Contact Details: [Brendan Melck](#)