

European reforms urged to reduce differential drug costs between nations

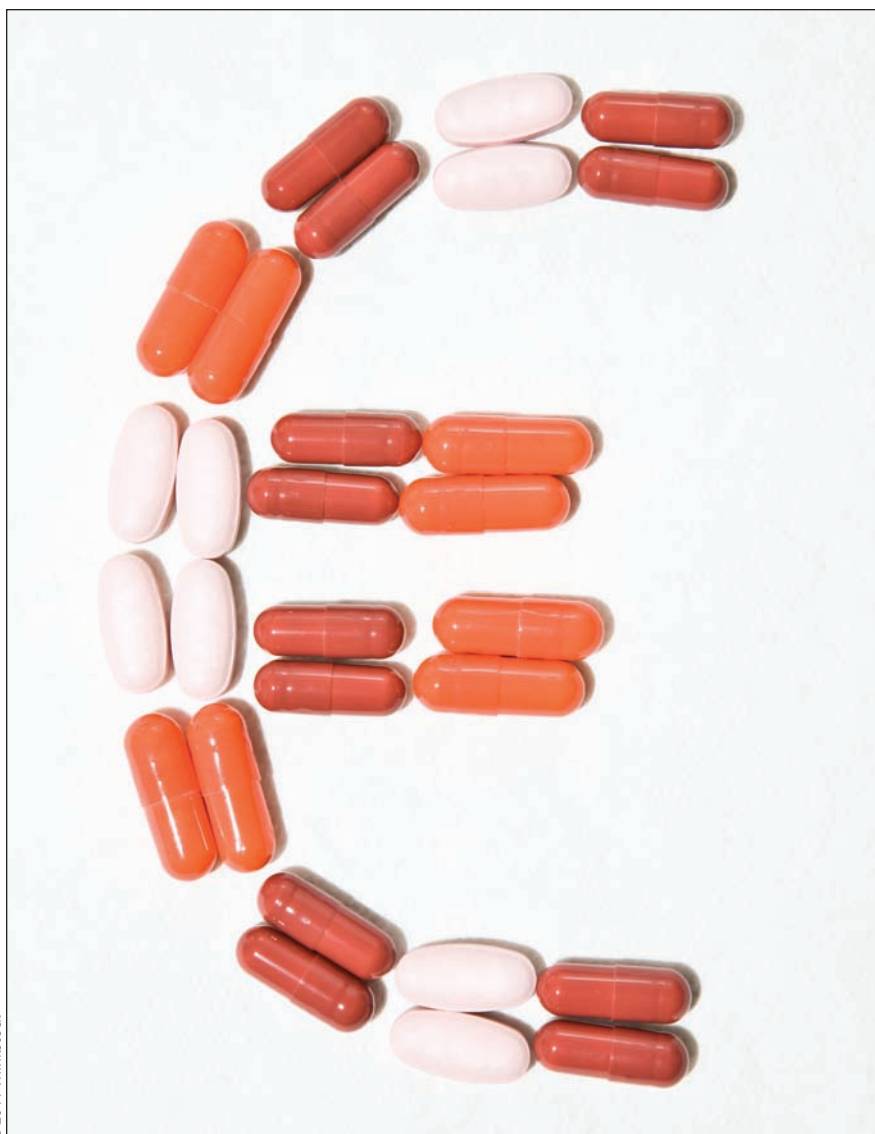
Policies to promote more extensive use of generic pharmaceuticals, better prescribing by physicians and more widespread use of cost-effectiveness analyses in the selection of drugs for national formularies are among measures that would reduce current variations in the price of drugs across Europe, according to a report commissioned by the European Parliament's Committee on Environment, Public Health and Food Safety.

Other policy options recommended in the report, *Differences in Costs of Access to Pharmaceutical Products in the EU [European Union]*, include:

- monetary rewards for physicians who achieve prescription targets
- more frequent review of national formularies
- creation of a European registry for treatments of unproven value
- establishment of a pan-European observatory to monitor releases of new drugs
- development of comprehensive guidelines for formularies
- development of clear, common guidelines for health technology assessments (HTAs, which compare the costs and benefits of a new drug with those of an existing alternative).

The study, conducted by the Medical Technology Research Group of the England-based London School of Economics and Political Science on behalf of the committee, found that drug prices can vary by as much as 25% on a "basket" of 150 products (www.eatg.org/eatg/Global-HIV-News/EU-Policy/Report-Differences-in-costs-of-and-access-to-pharmaceutical-products-in-the-EU). The differential can even be as high as 4:1 when comparing the price for some brand-name drugs in one country, as opposed to another, and as high as 16:1 when comparing some generics.

Among factors identified as the cause of drug price variations and differences in overall national drug costs



The price of brand-name drugs varies by as much 4:1 in European countries, while the differential is as high as 16:1 when comparing some generics.

are the amount of pharmaceuticals consumed within a nation; taxation levels; price controls; the use of reference pricing; the extent to which mandatory generic substitution is required by pharmacists; and variations in regulatory systems. Even the wealth of a nation plays a role. "In general, prices of in-patient pharmaceuticals seem to be proportionally higher in Member States

with higher levels of per-capita income. In addition, higher-income Member States appear to spend more on pharmaceuticals," the report states.

The report also indicates that per capita pharmaceutical spending in Euros ranged from a high of nearly €700 in Greece to a low of about €125 in Poland. Greece was followed by Ireland, France, Germany and Austria.

Poland was immediately preceded by Estonia, Czech Republic, Hungary and the United Kingdom.

The report argued that “significant savings” would be achieved through greater use of generics. “This may be achieved with a combination of supply- and demand-side measures, notably by supplementing pricing and reimbursement policies with targeted physician or pharmacist incentives to increase demand for generic alternatives. More research, however, would be desirable to quantify the influence of financial and non-financial incentives on physician and pharmacist behaviour.”

It also states that wider use of health technology assessments would “improve transparency of price-setting mechanisms and reimbursement decisions.”

The report indicates that policies that regulate prescribing behaviour vary substantially. Some countries use clinical practice guidelines. Others, like the UK, Denmark and Estonia, have compulsory generic prescribing and use of international nonproprietary generic

names for drugs. Some countries have auditing systems in place to compare individual prescribing behaviour but others do not.

Some experts argue that regulatory reform will be needed to reduce differential drug costs. “Pharmaceutical regulation is dominated by an almost unacknowledged conflict of interest in the EU [European Union] and in the Member States that are major exporters of medicines. They want to encourage the industry, but also must get good value for the medicines that their citizens buy or the state buys for them. The commercial interests have until now had the upper hand — that’s due to powerful political lobbying by the industry and business and the ignorance of politicians about medicines,” Dr. Andrew Herxheimer, past chairman of the International Society of Drug Bulletins and emeritus fellow of the UK Cochrane Centre, writes in an email.

Others say the solution lies in comparative effectiveness measures. “To apply Health Technology Assessment

for approval and conditions of use of drugs may be the most important policy measure,” Dr. Vicente Baos, coordinator of the drug use study group of the Spanish Society of Family Medicine, writes in an email. “Approving and funding the drugs only for their efficacy and safety, today is inadequate. Comparative evaluations between different options and cost-effectiveness assessments are necessary to fund a drug. Also, physicians should consider these issues to decide their use in patients.”

Others suggest even bolder measures, such as abolishing patent protection for new pharmaceuticals. That would “allow free market competition to bring prices down dramatically. The savings gained can then be used to fund less biased research by competitive grants,” Dr. Peter Mansfield, director of Australia-based Health Skepticism Global, writes in an email. — Tiago Villanueva MD, Lisbon, Portugal

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