



## **Pricing and Reimbursement Systems and Mechanisms in Greece**



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# The Greek Health System

# The Greek Healthcare System

## Overview 1

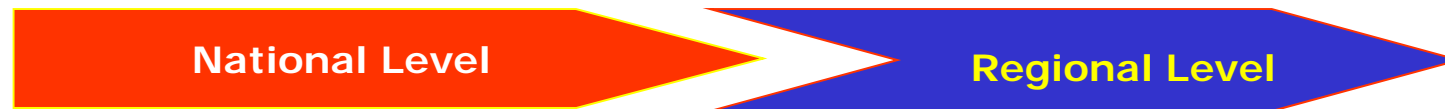
The Greek health system presents the features of the **Southern European Model** based on the mixture of both Bismarck and Beveridge elements. Following the European taxonomy of health systems, Greece presents a mixture of “public contract and public integrated” models

# The Greek Healthcare System

## Overview 2

Highly fragmented it is characterized by the co-existence of three subsystems:

- **ESY** - National Health Service
- Compulsory social insurance
- Voluntary private insurance



- **The Ministry of Health and Social Solidarity (YYKA)**; overall responsibility for national health policy, together with;

- **EYS** – National Health Service



- **DYPE** - Seven regional health authorities implement national policies at a regional level.

### FUNDING comes from:

- general taxation
- social insurance premiums
- private expenditure (primarily patient out-of-pocket payments)

# MAJOR REFORMS IN THE PHARMACEUTICAL SECTOR

**1983** Establishment of EOF National Drug Organisation Act 1316/1983

**1997** Introduction of Positive List (Article 20)

**2006** Pharmaceutical Care Reform Legislative Act 3457/2006

**2010** Pharmaceutical reforms under the memorandum agreement

# REIMBURSEMENT

## Criteria of Positive List- April 1998

- Therapeutic Effectiveness,
- Average Daily Treatment Cost,
- Reimbursement status in the E.U. 15 Countries
- Any Other Criteria

# Pharmaceutical Policy

## The Regulatory Framework

- **Ministry of Health and Social Solidarity**
  - Overall Planning
  - Implementing Reforms
  - Administrative Structure
- **EOF National Organization of Medicines**
  - Functions under the MoH
  - Marketing Authorization
    - National, Central, Decentralized, Mutual Recognition
- **Ministry of Development**
  - Pricing Committee
  - Issuing price bulletin

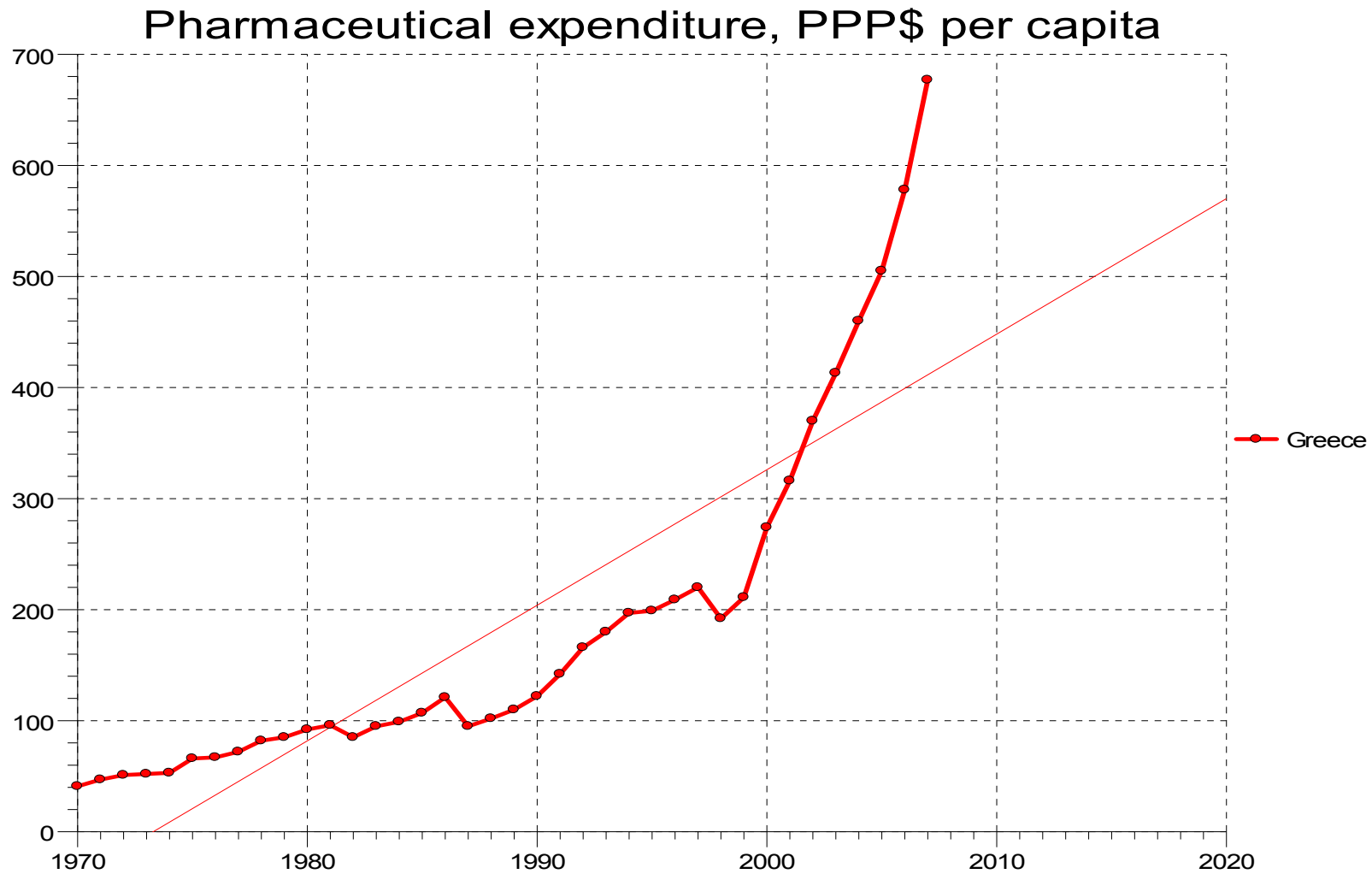
# Pharmaceutical Policy

## The Pricing System

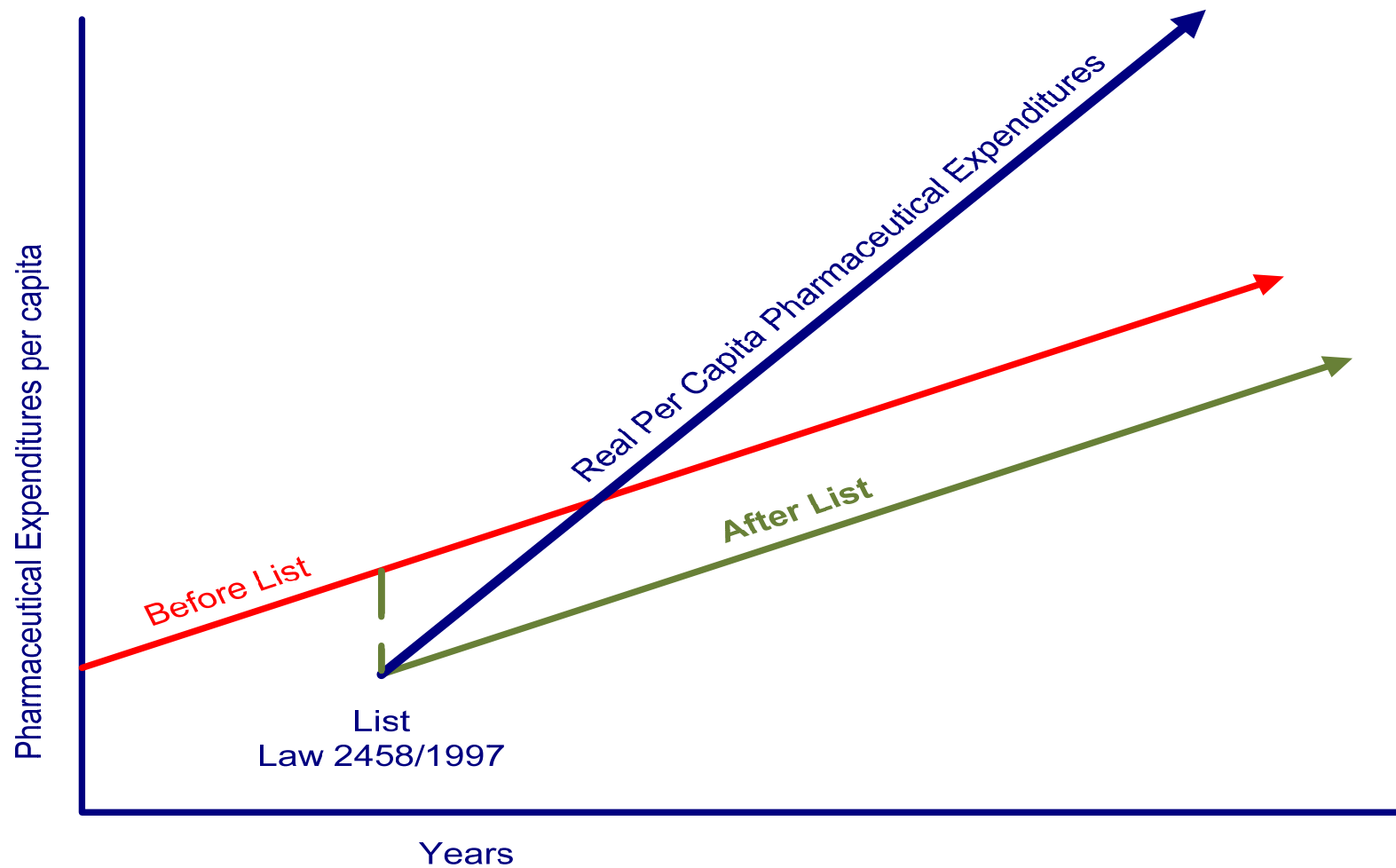
- **Since December 1997 the List (Law 2458)**
  - Cost Containment
  - Lowest price in Europe
- **Law 3457/ May 2006 Average of the 3 Lowest Prices**
  - 2+1 price system
  - Two Countries are selected from the EU-15 plus Switzerland
  - One country from the newly accessed Countries EU-10 Accession Countries
  - Price Bulleting is issued every 90 days (EU Legislation)



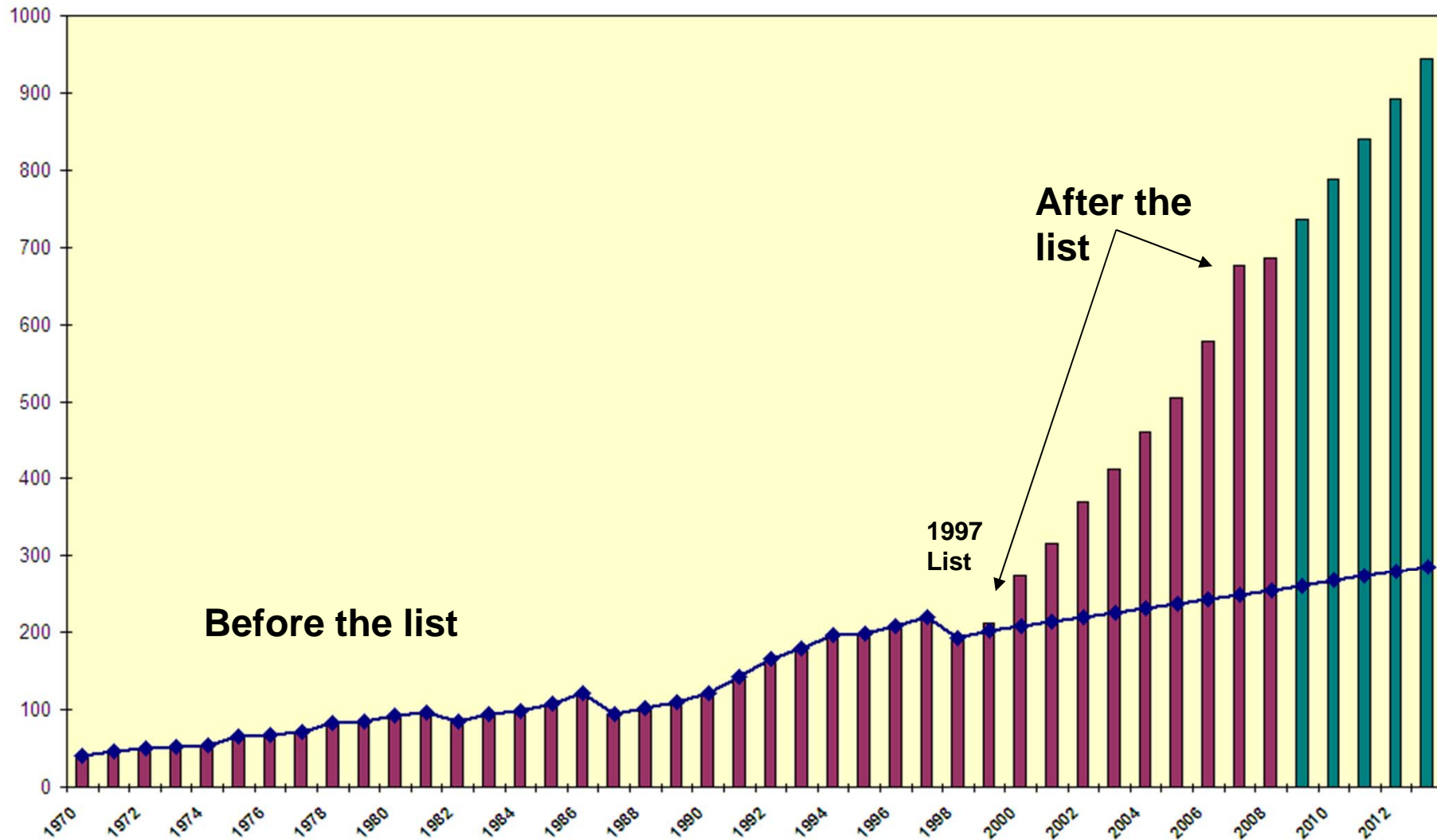
# Exponential Increase of Pharmaceutical expenditure



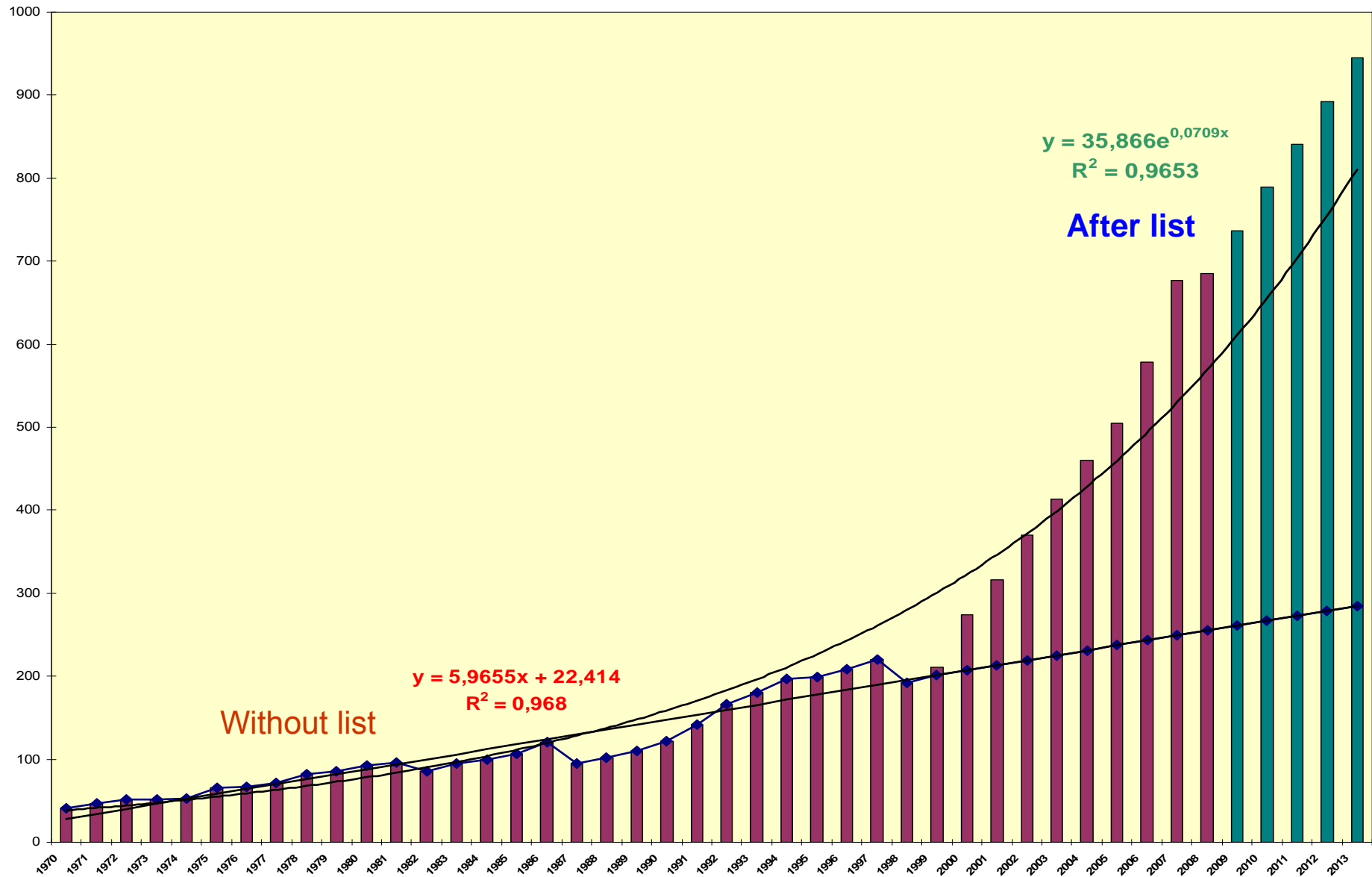
# The impact of list in the control of pharmaceutical expenditure



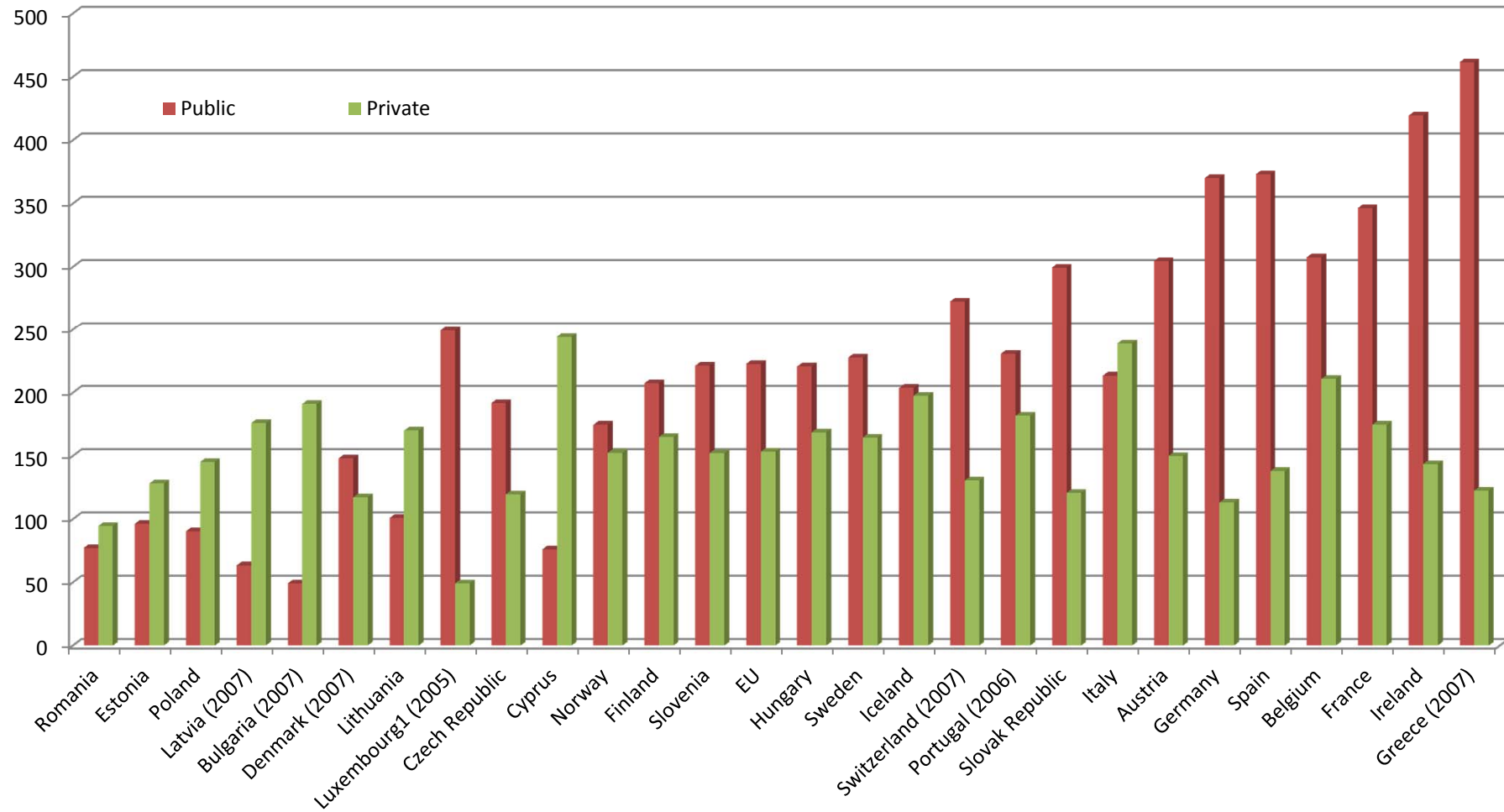
# The evolution of pharma Expenditure before and after the list



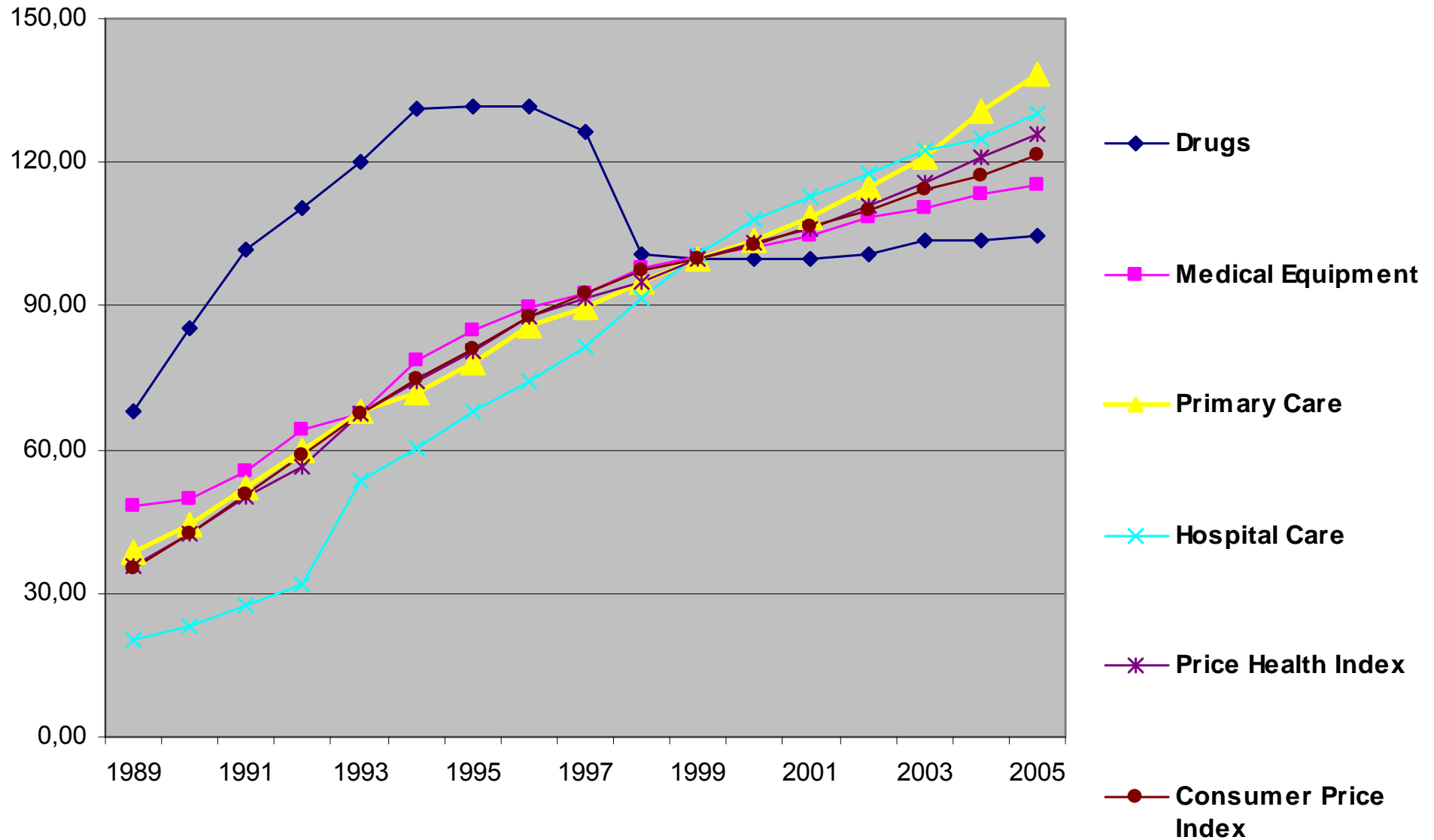
# Trends in Pharmaceutical Expenditure in Greece



# Public and Private pharmaceutical expenditure in Greece and the OECD



# Health Price Indexes in comparison with Consumer Price Index



# The relation between Pharma index and Health Index

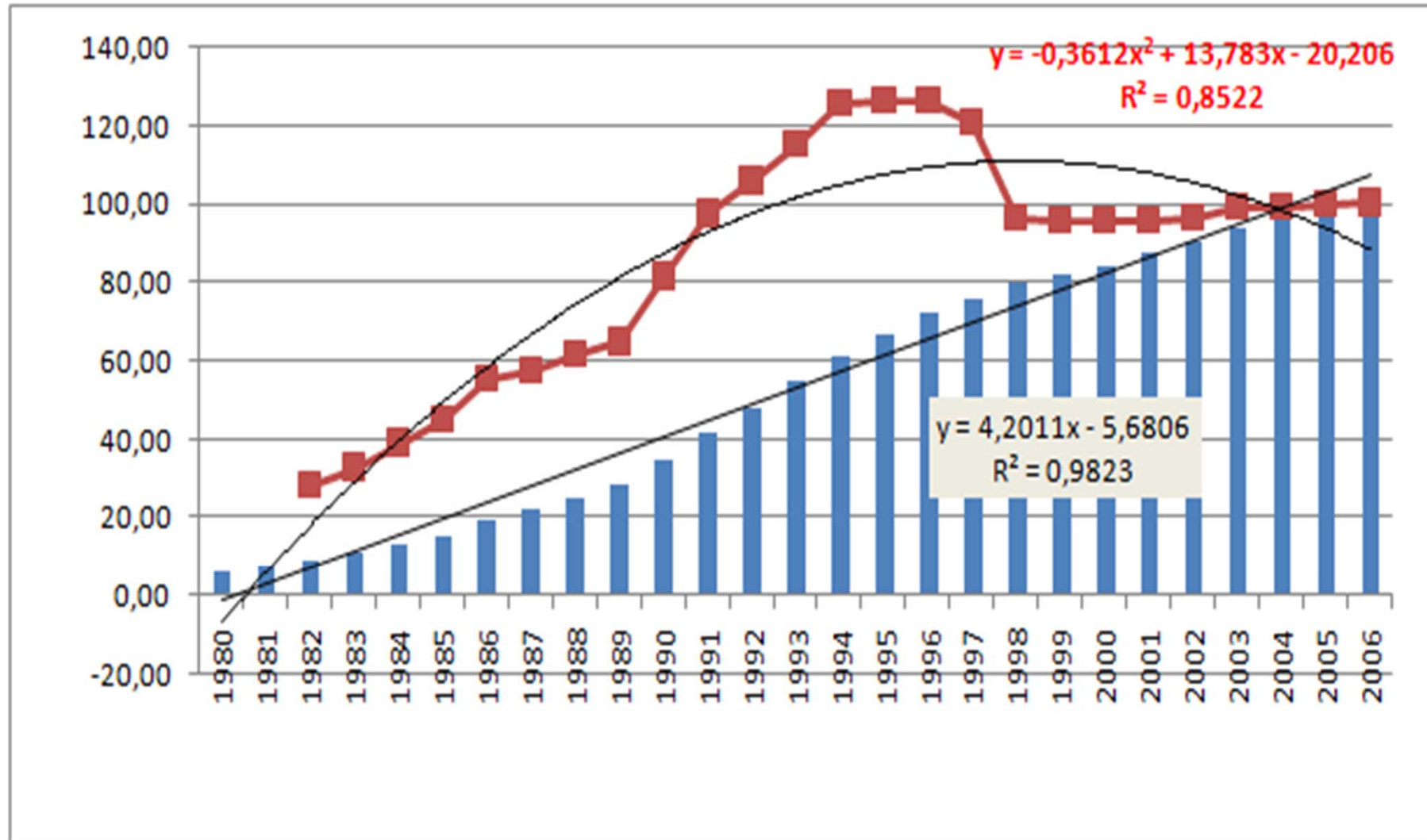
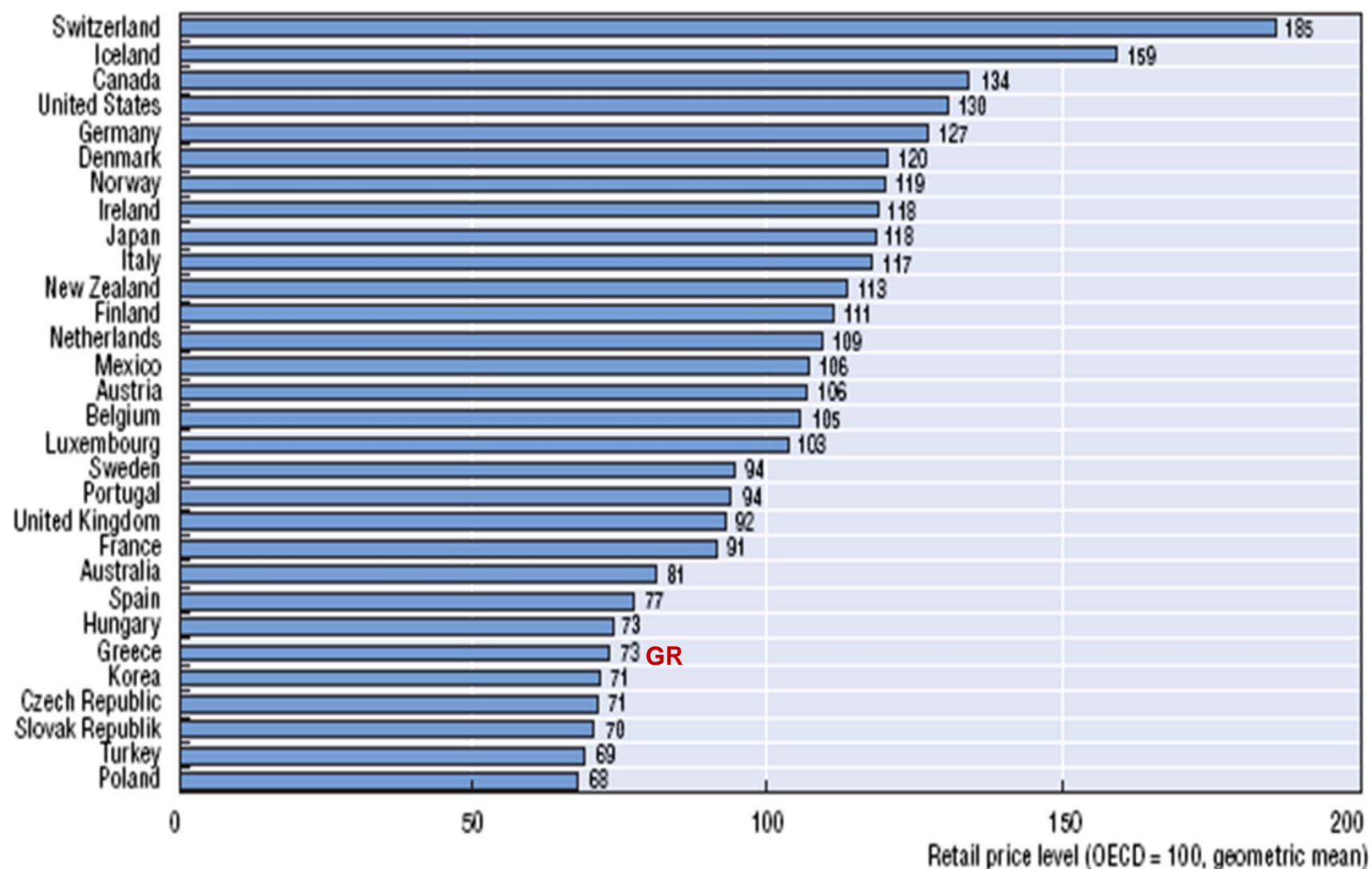


Figure 1.8. Relative retail pharmaceutical price levels in OECD countries, 2005



Note: Prices were converted to a common currency (USD) using the 2005 average exchange rate.

Source: Eurostat-OECD Purchasing Power Parity Programme, 2007.

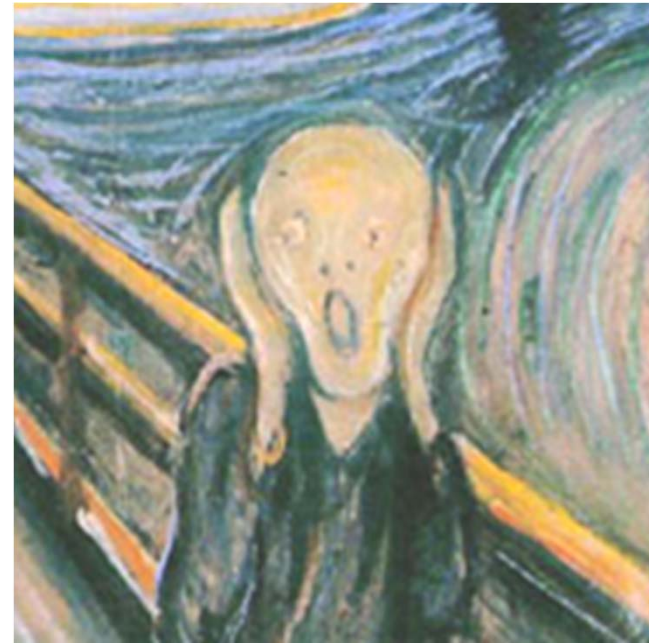


# The Greek Crisis



...Economic crisis and  
the cost of Health Care ...

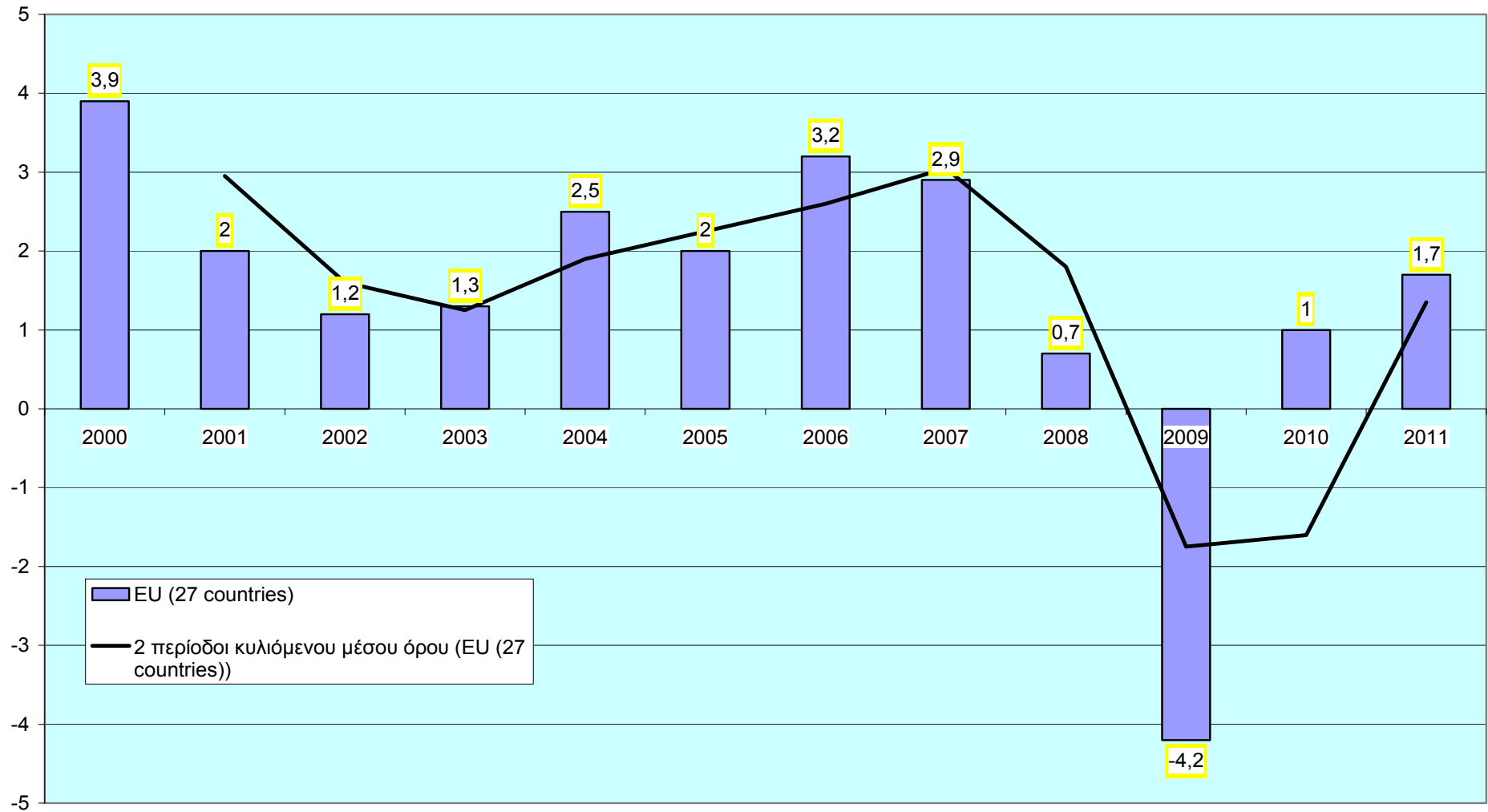
**"Obsession"**



**"Concern"**

# Annual Increase of GDP in EU-27

EU-27



# Annual Increase of the Greek GDP





# ECONOMIC CRISIS IN GREECE AND THE EU



# EUROPEAN ECONOMY

Occasional Papers 72 | December 2010



## The Economic Adjustment Programme for Greece Second review – autumn 2010

Directorate-General for Economic and Financial Affairs

# A reform of the healthcare sector is urgently needed.

- **Public expenditure** on health accounted for **5.9** percent of GDP in 2008. Public per capita expenditure grew at a real average rate of growth of **5.4 percent in 2004-08**. If expenditure on health continued to grow at a similar rate, the ratio would increase dramatically in the coming years.
- Several studies show that there is, however, a **large room for improvement** in the use of resources allocated to the sector.
- A large set of measures are needed to stabilize or even **reduce the public health** spending-to-GDP ratio to around 6 percent, while improving the quality of care provision through substantial gains in productivity and significant cuts in waste and corruption.

# Greece spends much more than other countries on pharmaceuticals.

- Public expenditure on pharmaceuticals (for outpatient care) as a percent of GDP (**1.9 percent**) and as a share of total current health expenditure (**20.4 percent**) is considerably above the EU average (1 percent and 11.5 percent, respectively) and shows a consistent increase over time.
- Therefore, reducing **unnecessary expenditure** on pharmaceuticals is a priority for the coming years.
- The authorities plan to save between EUR **2 and 3 billion** in the coming years.
- In addition to **e-prescribing** that is to be extended to all social security funds by end 2010, an updated price list and a "**positive list**" of reimbursed medicines based on **new reference prices** are due to be launched by end-2010.
- Overall, the government should aim at reducing this spending to the EU average of **1 percent of GDP**.



# A number of measures have already been initiated.

- The aim is to create the prerequisites for an **effective monitoring** and information system:
- a) **monitoring of expenditures**, including adequate and modern accounting and billing systems
- b) **monitoring of medical supplies** and medicines used by providers
- c) **monitoring of activity** (physicians' consultations, hospital admissions and discharges, prescription of medicines, of medical diagnostics and of referrals to other physicians).
- Such monitoring aims at reducing **waste and fighting corruption** (e.g. there are reports of over prescription of medicines and diagnostic tests due to a lack of monitoring).

# Existing legislation needs to be fully implemented.

- The authorities should fully and swiftly implement some of the new provisions reforming the health system, voted into law in **July 2010 (L. 3868/2010)**. In particular, they should fully exploit the benefits **of centralised public procurement** of medical supplies and medicines to be used by public providers of health services and reimbursed by social security funds.
- This could lead to price savings for the public system and timely payments for private sector companies selling medical supplies and medicines.
- The authorities have taken important steps in this direction with the launching of eight central tenders for medical supplies, which may result in about 30 percent price discounts for certain products.

# Measures need to be directed at physicians, patients, pharmacists and third-party payers.

- Third-party payers should look for agreements with industry for price-volume agreements, rebates and discounts, notably through the use of **centralised procurement**.
- For physicians, measures should **include e-prescribing**, prescribing by active substance and prescription monitoring and assessment vis-à-vis prescription guidelines. **Policies directed at pharmacies** and wholesale companies include changes in payment schemes.
- For patients, measures should include **cost-sharing** and information **campaigns on generics**, on the drawback of overconsumption of certain medicines and the importance of treatment compliance.

# The coming years should see a greater role of generics as a cost-containment tool ensuring value for money in the system

- **Encouraging generics** use requires ensuring faster registration and price competition in the generics market. It requires reconsidering current reimbursement schemes to encourage generics use, while ensuring procurement and prescription by active substance and generics substitution by pharmacies.
- Payment practices to pharmacies should not be detrimental to generics. Other measures that can induce additional revenue include:
- The simplification of contribution schemes to social security funds, a better contribution collection by social security funds, the effective collection of co-payments by NHS facilities and the billing of non-residents for treatment in Greek public facilities.
- Co-payments and billing of costs for non-residents is currently not done for a variety of reasons, including technical reasons. **Hospital computerisation** should overcome such obstacles and can also support a better management of public health facilities

**Year 2011**

# Measures taken in 2011

- **Pricing**

- Re-pricing for all products in order to reach average 3 lowest EU price level (Q2 2011)
- Decrease in wholesaler margin (Q2 2011)
- Reduction in VAT (Q1 2011)

- **Reimbursement**

- Issue of positive / negative / OTC lists
- Issue of therapeutic protocols (Q4 2011)
- Update of severe disease drugs list (Q3 2011)
- Fully roll-out computerization (Q4 2011)

- **Rebates**

- Rebates to pharmaceutical companies for retail and hospital products' sales (Q1 2011)
- Pharmacists' rebate (Q1 2011)
- Entry fee for inclusion in positive list (Q4 2011)

# Measures taken in 2011 (*cont.*)

## • Public Hospital environment

- Further increase Gx usage
- Discount requests
- Proceed to official tender processes

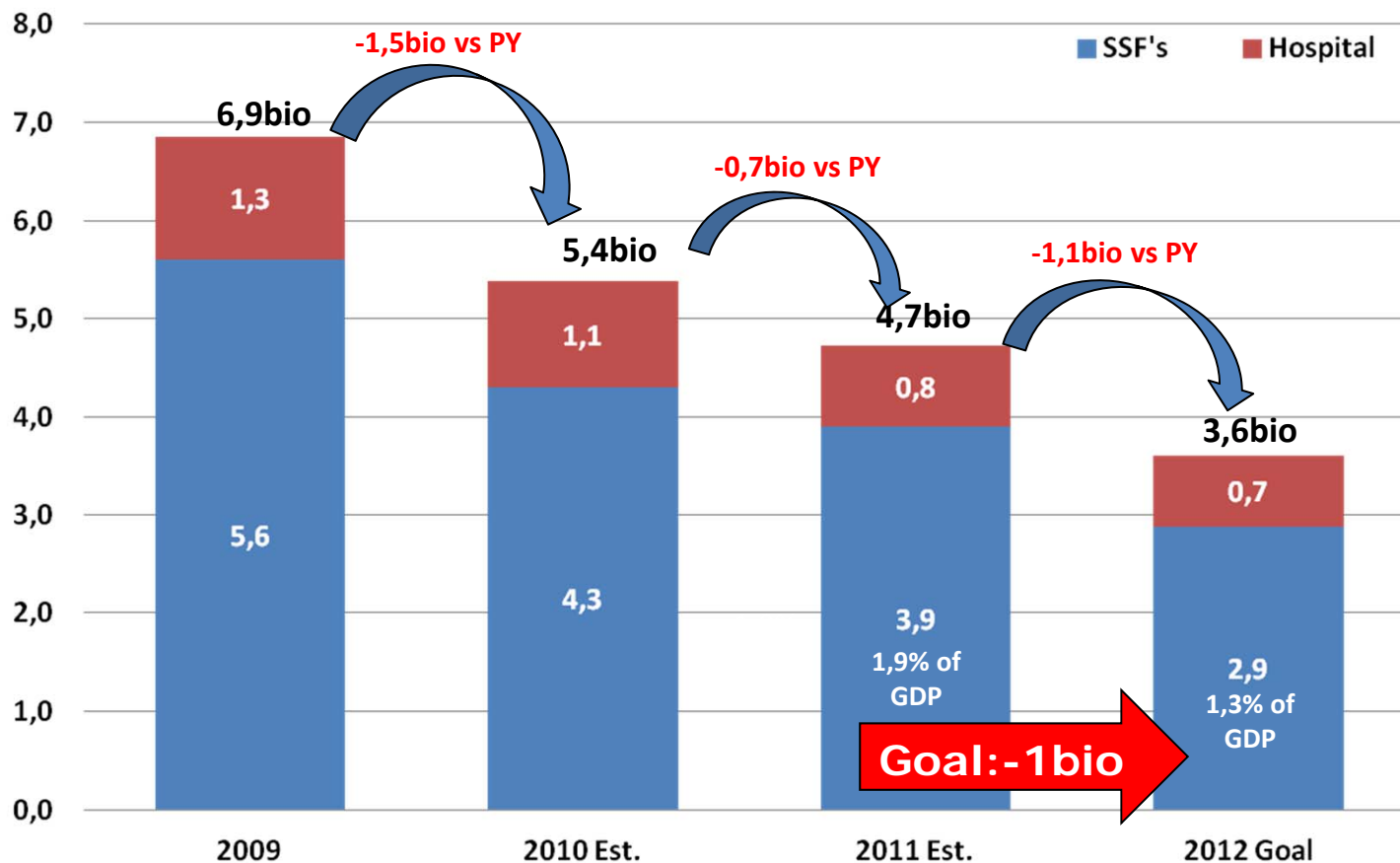
**Estimated savings 2011  
vs 2010 (in mio EUR):**

<b>Hospitals</b>	
Volume measures:	60,0
Pricing:	50,0
Hospital rebate:	50,0
Carry-over 2010:	50,0
Tenders:	40,0
<b>Grand Total:</b>	<b>250,0</b>
<b>Social Security Funds</b>	
Pricing:	240,0
Carry-over 2010:	150,0
Negative/OTC Lists:	70,0
Volume measures:	40,0
<b>Grand Total:</b>	<b>500,0</b>

*Source: Internal estimates*

# Public Pharmaceutical spending evolution: Objectives of Memorandum 2

*In bio EUR*



Objective of Memorandum 2 for outpatient pharmaceutical spending, is to reach 1% of GDP (EU average) by the end of 2014.



The crisis opens a **'window of opportunity'** for Greece to engage in deep structural reforms, rather than relying too much on one-off temporary measures,

**Thanks for your  
attention**

