The Sustainability of Irish Pharmaceutical Expenditure

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Irish Health Services

- The health & social services of 4.6m people
- €12.1bn net revenue budget
- 97,500 employees (largest employer in country)
- Complex and varied services:
  - 550,000+ inpatient cases, 750,000 day cases
  - 15m + GP consultations
  - 70m prescription items
- 2015 €115m net increase
HSE Care Group Spend

Source: HSE Management Data Report Nov 2014
Government Net Funding to HSE

Source: 2015 DoF Budget and HSE monthly performance reports. Available at: http://www.hse.ie/eng/services/Publications/corporate/performancereports/MonthlyPRs.html

Note: All figures presented are net of income charges.
Community Drugs - PCRS

Currently:

- Reimbursement Service
- €2,300m* spend
- GMS ‘medical card’ scheme €1,716m (’14)

2015:

- Budget €2,486m
- Universal GP service
- Hepatitis C €30m
- Savings target of €95m
PCRS Schemes 2009-2014

![Bar chart showing percentage changes in expenditure, number of items, cost per item, and number of cards for different schemes over the years.]
Driving Efficiency?

“First we’re going to run some tests to help pay off the machine.”

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phone: 216.371.8600 / email: ft@funnytimes.com
Some Cost Containment Measures

Estimated 2011 Savings (€380m):

1. Reduce ex-factory price of drugs €200m
2. Reduce pharmacy dispensing fees and mark-ups €100m
3. Restrict scheme coverage and increase patient co-payments €80m

Reference Pricing

• The HSE sets a price for the original branded product and its generics
• If the patient wishes to obtain the original product they will have to pay the difference between the reference price and the product’s price
• Some 37 products have been reference priced to date
  • The Statin Atorvastatin (Lipitor) was the first drug to be reference priced Nov 2013
  • The PPI Esomeprazole (Nexium) Jan 2014.
Reference Pricing: Statins

Total Statin Expenditure:  Aug 2013 = € 8.6m  →  Aug 2014 = € 4.2m

GMS & DP

Savings = € 4.5m/ month

Total Expenditure on Statins under the GMS & DP Scheme from January 2013 to August 2014

Atorvastatin reference priced on 1/11/2013
Esomeprazole reference priced 1/1/2014

Total PPI expenditure:  
Aug 2013 = € 7.4m  → Aug 2014 = € 4.5m

GMS & DP

Savings = € 2.9m /month

Reference Pricing: PPIs

Total expenditure on PPIs under the GMS scheme from Jan'10 to Aug'14

Esomeprazole reference priced 1/1/2014
Decisions around new medicines have implications for other services. Järvinen T L N et al. BMJ 2011;342:bmj.d2175
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Medicines Management Programme

• Preferred Drugs Initiative
• Identifies a single drug
• Evaluation process:
  – ‘how well the drug works’
  – ‘how much and how often’
  – ‘does it affect other drugs’

• Prescribing tips and tools and information for patients provided
Expenditure of Preferred Drug Classes
Jan-June 2013 v Jan-June 2014

6 month savings = €42m

<table>
<thead>
<tr>
<th>Drug Class</th>
<th>Exp €</th>
<th>Exp %</th>
<th>Δ prescribing rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPI</td>
<td>-13.5m</td>
<td>-31%</td>
<td>9%</td>
</tr>
<tr>
<td>Statin</td>
<td>-25.2m</td>
<td>-49%</td>
<td>17%</td>
</tr>
<tr>
<td>ACE</td>
<td>-1.3m</td>
<td>-11%</td>
<td>5%</td>
</tr>
<tr>
<td>ARB</td>
<td>-2.2m</td>
<td>-19%</td>
<td>0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>- €42.2m</td>
<td>-35%</td>
<td>n/a</td>
</tr>
</tbody>
</table>
Health Technology Assessment

“is a multidisciplinary field of policy analysis. It studies the medical, social, ethical, and economic implications of development, diffusion and use of health technology”

INAHTA: 1998

Ivacaftor (Feb 2013)
- New cystic fibrosis drug
- €234,000 per patient per annum
- 120 patients
- Cost €28m per annum

Eculizumab (Feb 2015)
- Blood disorder
- €430,000 per patient per annum
- 6 -10 additional patients
- Cost €3m per annum
Other Initiatives

• Prescribing tips for antibiotics
• Guidance provided on New Oral AntiCoagulants (NOACs)
• ‘Appropriate’ usage of blood glucose test strips for Type 2 Diabetes
• Review of inhaled products for Asthma/COPD
• Review of oral nutritional supplements
Conclusion

- Dual challenge of reducing costs while improving patient outcomes/ safety/ quality
- Continued demographic pressures and increasing demand/ technology advances
- Shift from cost containment to evidence based and cost-effective initiatives

Sustainability of Irish Pharmaceuticals Expenditure and the Healthcare System?