TITLE: FORECASTING PHARMACEUTICAL EXPENDITURE IN EUROPE: ADJUSTING FOR THE IMPACT OF REBATES AND DISCOUNTS

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Topic: Healthcare use and Policy Studies (HP)

Subtopic: Drug Use (DU)

Disease/disorder: Multiple Diseases/No Specific Disease

Health Care treatment: All Treatments or NO specific treatment

Objective: European healthcare systems are under constant pressure to contain healthcare expenditure. Understanding future drug expenditure is an important consideration for payers when formulating policies. QuintileIMS publishes European forecasts that are underpinned by its audited volume data and publicly available list prices. With increasing price pressures, list to net price divergence is growing, although some of this information is commercially sensitive and thus not publicly available. The objective of this study was to further develop an established forecast to account for this divergence and explore its impact.

Methods: QuintilesIMS forecast of pharmaceutical expenditure in EU5 countries through 2021 is developed based on its capture of medicines pack data and using previously described methodologies (QuintilesIMS Market Prognosis publications). The top-line forecast was adjusted for each country to account for rebates and discounts that are not reflected within QuintilesIMS data, including industry-level rebates and product-level discounts to national, regional and hospital payers. Average rebate/discounts levels were estimated from aggregate data reported by national health system organisations, industry associations and interviews with country experts. Sensitivity analysis was undertaken to address uncertainty around estimates.

Results: The QuintilesIMS forecast based on list prices predicts average compound annual growth rates (CAGR) of 3% across EU5. Using OECD data to account for rebates and discounts reduces the predicted expenditure growth rate by 1 to 2% points. Ongoing analyses are in development to explore extent and variation of this reduction across countries.

Conclusion: The increasing frequency and magnitude of patient access schemes, rebates and discounts have led to a growing divergence between list and net prices for medicines in Europe. This is driven by policies such as external reference pricing, growth in risk sharing arrangements and a shift in pharmaceutical innovation from retail to hospital settings. Adjusting for these discounts is important to understand the future real pharmaceutical expenditure growth in Europe.