Price Comparison in the European Pharmaceutical Market

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Objectives
Due to rising healthcare costs, stricter governmental cost containment measures like international price comparison and external reference pricing, the European pharmaceutical markets will lead to future challenges in pricing. Despite of the external reference pricing the pharmaceutical prices vary across the European countries. Thus, the aim of the analysis was to draw a comprehensive picture of the pharmaceutical price levels and consumption (expenditure per capita – based on ex-factory prices per Standard Units) of pharmaceuticals in Europe.

Methods
The study analyzed drug prices for the outpatient setting (Rx and OTC) of all countries in the European Union (EU-25 +1) except Denmark, Malta and Cyprus but plus Switzerland. Based on ex-factory prices per Standard Unit SU (tablet, vial etc.) per capita, price indices were calculated. Study results showed international pharmaceutical price levels (in Euro) and expenditure per capita. Observation period was the year 2012. Data were collected via international literature review and based on IMS Health data on file.

Results
Expressed in absolute figures: In 2012, in the analyzed country sample, with a total population of 505 million people (EU-25 +1), a total Local Currency Euro (LEU) of 113 million and the corresponding total number of 548 million Standard Units / 14 million pharmaceutical packages have been sold (outpatient setting – Rx and OTC).

Additionally, in the international country sample the Netherlands have the highest health expenditure (12.10% of GDP) with closely following by France (11.61% of GDP), Germany (11.27% of GDP) and Switzerland (11.43% of GDP), in 2012. Austria, with its 11.10% of GDP is just two percentage points above the OECD average of 9.34 percent.

The average value of health expenditure is 9.29% of GDP in 2011 and 9.34% in 2012. At the end of this country sample are Poland (6.76% of GDP) and Estonia (5.89% of GDP).

The international comparison of expenditure based on ex-factory prices per SU per capita show that (European average Price = 100), France (138), UK (126) and Sweden (116) have the highest price indices. In contrast the Netherlands (69) and Romania (69) are at the lower end. Austria (96) is positioned in the lower third of the European average price indices evaluation. Germany (106) is located in the upper third of the analyzed country sample. An excerpt from the comprehensive results is presented and explained in the following Figure 2.

Fig. 2: Expenditure based on ex-factory prices per SU per capita in the European Union (EU-25 +1), 2012

Subsequently, Switzerland occupied a leading position based on the determined price index per capita (187) per ex-factory price, followed by Sweden (167) and Luxembourg (152). The rear was Romania (45) and Bulgaria (46). Austria (117) is above the average. The country specific results are illustrated in Figure 3.

Fig. 3: Expenditure per ex-factory price per capita in the European Union (EU-25 +1), 2012

In this analysis of price indices the variation between the individual countries is enormous. For example the Netherlands shows highest health expenditure of GDP, as opposed to the low price index per SU per capita. Austria, with expenditure above the OECD average, is at the lower end of price index per SU per capita and in midfield after the price index per ex-factory per capita.

Conclusion
In case of converting drug prices with purchasing power parities differences between drug prices and affordability in different countries were found. Low income countries reported less affordability of drugs, leaving room for potential problems with drug access and consequently a negative impact on health.

References

Additional Literature with the author

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Fig. 1: Health expenditure - % of GDP, 2012

Source: OECD, IPF own depiction 2014

Average 2012 = 9.34%
Average 2011 = 9.29%

The range of calculated indices results vary from 46 to 157.

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