

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).

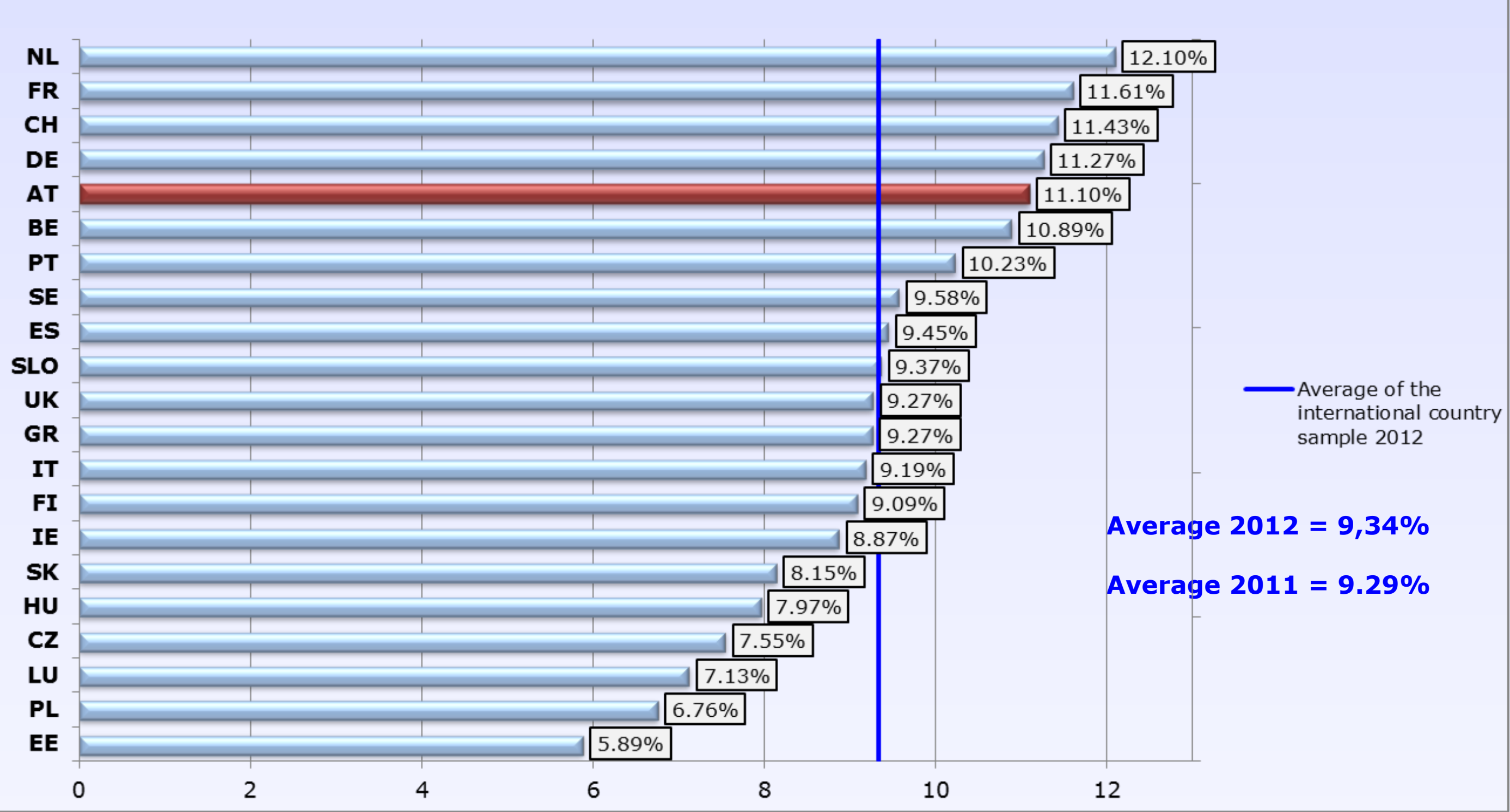
Tab. 1: Absolute figures of the European Union (EU-25 +1), 2012

Population of the EU-25 +1	Total - LEU	Total - SU	Total – pharmaceutical Packages
504.799.592	112.929.541	548.160.222	13.806.255

Source: IMS Health data on file, IPF own depiction 2014

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 GPD) and Switzerland (11.43% of GPD), in 2012. Austria, with its 11.10% of GDP is just two percentage points above the OECD average of 9.34 percent.

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

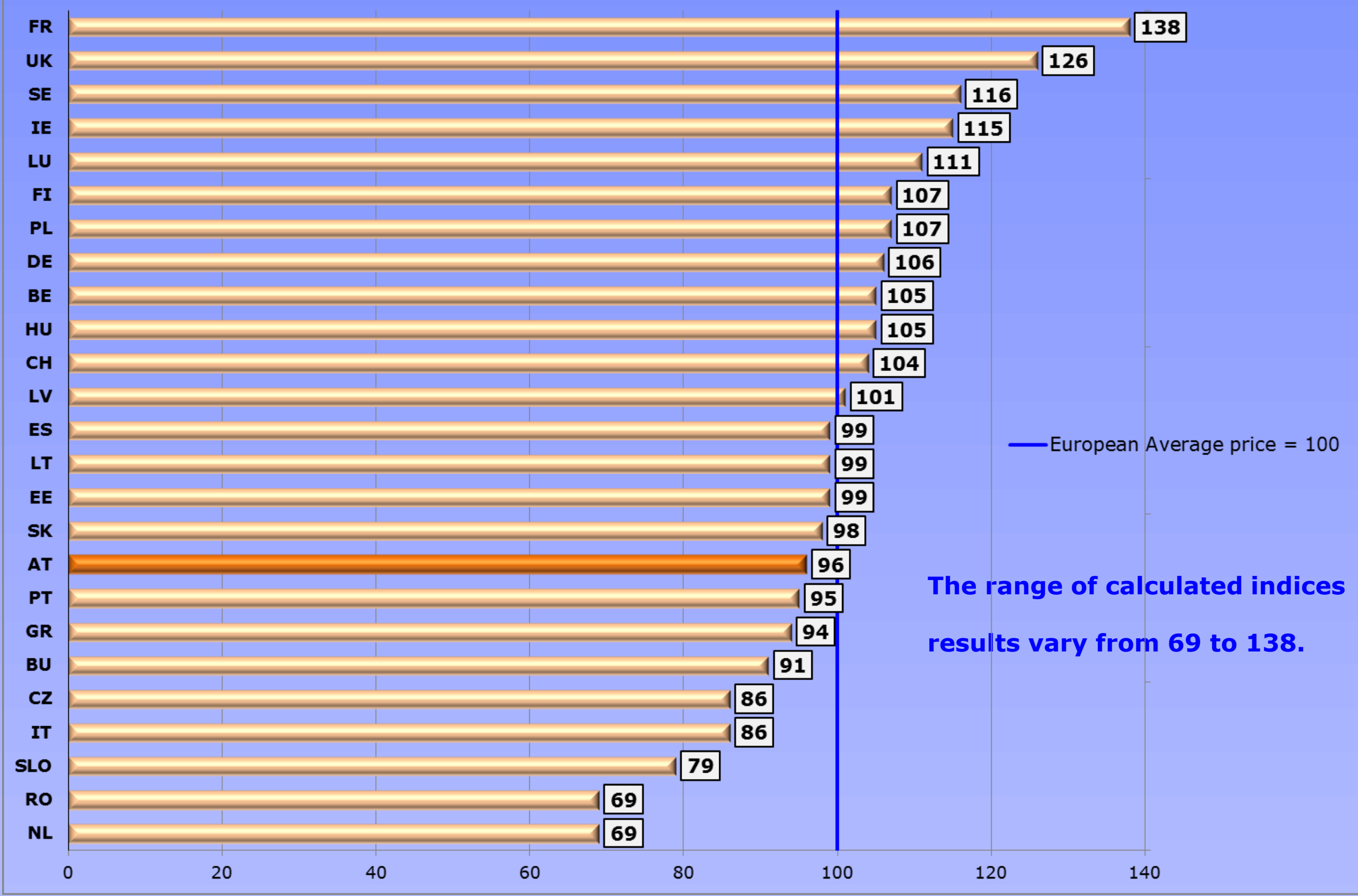


Source: OECD, IPF own depiction 2014

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 GPD) and Estonia (5.89% of GPD).

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.

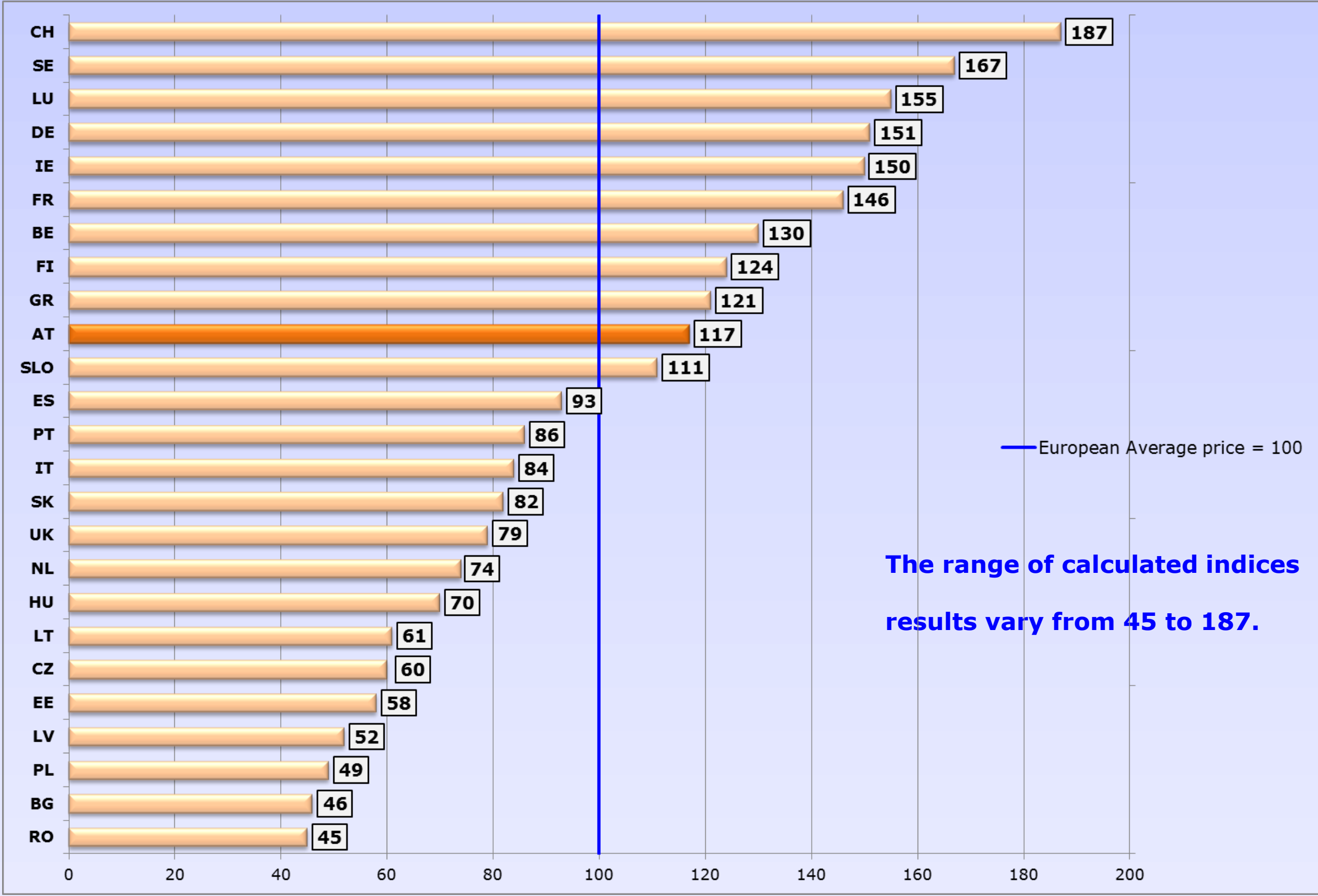
Fig. 2: Expenditure based on ex-factory prices per SU per capita in the European Union (EU-25 + 1), 2012



Source: IPF own depiction 2014

Subsequently, Switzerland occupied a leading position based on the determined price index per capita (187) per ex-factory price, followed by Sweden (167) and Luxemburg (155). 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



Source: IPF own depiction 2014

In this analysis of price indices the variation between the individual countries are enormous. For example the Netherlands shows highest health expenditure of GDP, as apposed 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

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Additional Literature with the author