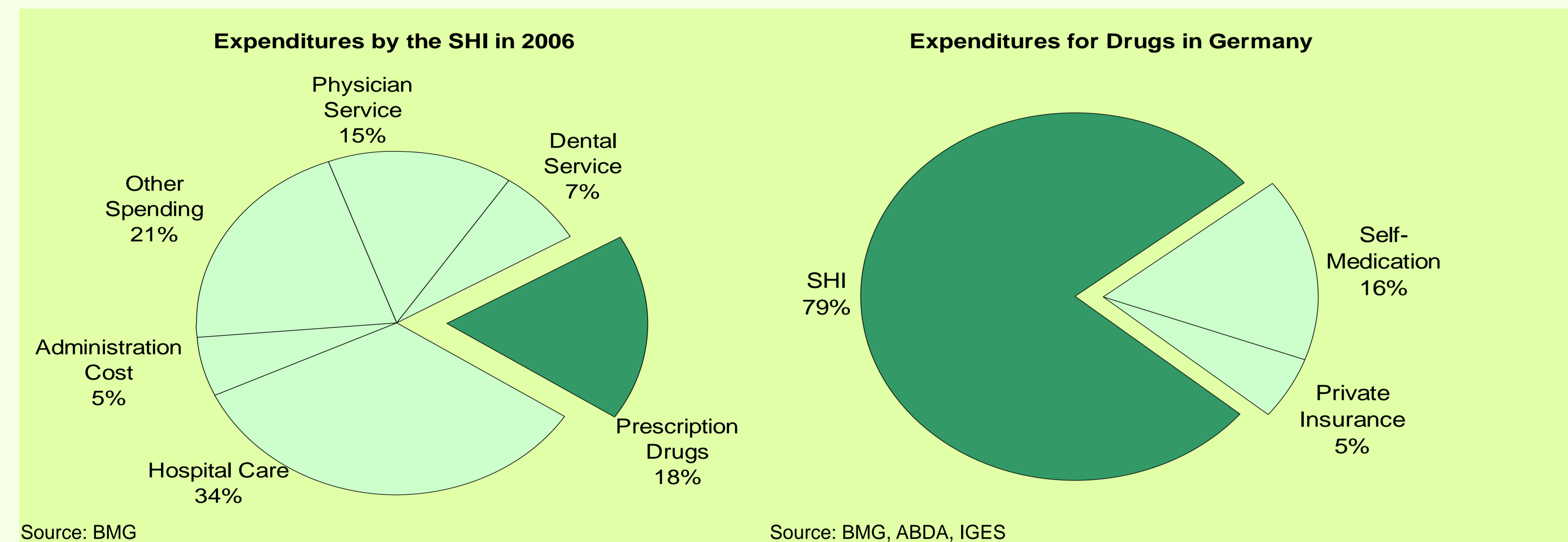


# Economic Unviable Prescriptions Do Not Drive Drug Expenditures Substantially in Germany

Häussler B and Höer A  
IGES Institut, Berlin, Germany

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## Background

The German health system is mainly organised by the Statutory Health Insurance (SHI) which is obligatory for most of the population. 90 % are insured of the SHI and the SHI market covers about 79% of the expenditures for drugs in Germany.

The expenditures for drugs at the account of the SHI are considered to be too high and are therefore a prevailing political issue. Prescription costs increased from 2005 to 2006 by 563 m Euro, respectively 2.2%. Economically unviable prescriptions mainly for so called "me-too"-drugs (or follow-on drugs) are thought to be responsible. Although valid information about the extend of this problem was missing.

## Objectives

To analyse drivers for the increase of prescription costs from 2005 to 2006 in Germany.

## Methods

Our analysis was based on 636 m prescriptions in 2006 at the value of 26.4 bn Euro which represented 97% of all drug expenses of the SHI. By calculating index numbers we estimated the influences on sales in 95 indication groups by using ten components, among them volume of daily dosages ("Consumption") and prices. Additionally we introduced a set of eight structural components, amid others shifts between classes of drugs ("Therapy Approach") as well as shifts between compounds within classes of drugs ("Follow On-Competition"). The latter can be identified as the "me-too"-problem.

## Results

The increase in expenditures amounting to 562.9 m Euro primarily resulted as a consequence of the increase in the use of daily dosages equal the amount of 1.2 bn Euro. Demographic changes had a major impact on the increase in utilisation. By decreasing prices, expenditures have been reduced by a total of 555 m Euro. The price competition was primarily induced by a law in May 2006. Shifts towards more expensive drug classes within single indication groups make up a whole of 336 m Euro and shifts within classes of drugs a further 168 m Euro. Expenditures could be reduced by 596 m Euro by the use of generic drugs, the change to bigger package sizes, and other measures.

## Conclusions

Increased drug expenses could primarily be explained by demand factors. Expenses would have increased by 4,6 % if demand had been the only influencing factor. By contrast, economically unviable prescriptions widely identified as prescriptions of follow-on drugs would have driven total costs by only 0.6 % in 2006.

## Literature

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