ΣΥΝΔΕΣΜΟΣ ΦΑΡΜΑΚΕΥΤΙΚΩΝ ΕΠΙΧΕΙΡΗΣΕΩΝ ΕΛΛΑΔΟΣ
ΣfEE
HELLENIC ASSOCIATION OF PHARMACEUTICAL COMPANIES

To
the Honorable
Mr. Andreas Loverdos
Minister of Health & Social Solidarity

Cc: Mr. G. Koutroumanis, Minister of Employment & Social Insurance
Mr. M. Timosidis, Deputy Minister of Health & Social Solidarity
Mr. D, Vartzopoulos, Deputy Minister Health & Social Solidarity
Mr. A. Dimopoulos, Secretary General of Public Health
Mrs. A. Dretta, Secretary General of Social Insurance
Mr. N. Polyzos, Secretary General of the Ministry of Health
Mr. H. Plaskovitis, Secretary General of Ministry of Finance
Mr. G. Voudouris, President of EOPYY
Mr. I. Tountas, President of EOF

Halandri, February 6, 2012

Honorable Mr. Minister,

The draft Memorandum of Understanding on specific under conditions economic policy of February 4, 2012 which you sent us, refers to specific health measures, but more specifically to measures on how to rationalize pharmaceutical expenditure relating to our sector. Among other measures mentioned and with many of which we agree, we would like to draw your attention to some points that jeopardize patient access to essential pharmaceutical therapies, with the risk of creating major shortages of medicines, as well as jeopardizing the legal distribution chain by throwing in the market medicines of dubious quality or even dangerous to the lives of patients.

The focus entirely and exclusively on cost and on what the treating physician decides to prescribe and what he is not allowed to prescribe, without mention of who will ultimately decide what is treatment wise and who controls the quality, is to our major concern not only as pharmaceutical companies but also as citizens in general.

The pharmaceutical industry has already contributed the lion's share to reduce pharmaceutical expenditure around € 2 billion for the years 2010-2011, having been burdened with repeated price reductions, horizontal, etc., as well as with a too onerous rebate, including the entry ticket of approximately 175 million €, which the pharmaceutical companies were called upon to pay for the inclusion of their medicinal products in the "Positive List", i.e. for their reimbursement by the Funds; entry ticket which upon specific consultation with the Ministry of Finance, the companies have already amortized, starting from 2012, for the next 5-10 years. Because the amortization of this amount would be unbearable in a year, if one counts the already incumbent rebate.

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This Memorandum of Understanding on the rationalization of pharmaceutical expenditure contains broadside excessive measures against the pharmaceutical industry, but also against the pharmaceutical treatment of patients. The pharmaceutical industry cannot afford these measures, whether we consider it dependent on foreign companies or they are of Greek ownership.

To help implement these measures, the system and those it concerns should, be able to implement them and sustain them.

The draft of measures, which you sent us condemns and punishes the Greek patient not to have direct access to many necessary pharmaceutical treatments, it especially deprives the Greek patient of the possibility to have direct access to new innovative medicines and cure his disease by directly using the progress of science, without waiting for it to be released and compensated in 18 European Union countries (2/3 of member states) [sic].

You also condemn the healthy pharmaceutical industry that has offered so much in therapeutics internationally and in our country in destruction and decay with measures that cannot be implemented, e.g. the penalty-rebate-punishment at the end of each quarter, if only companies do what they are required by law, that requires them to have available for the Greek patient their medicines in sufficient quantities with which to supply the market.

Honorable Ministers and Secretaries-General,

The pharmaceutical industry is unable and in fact will not be able to disburse the amounts suggested by this draft under such conditions i.e. having the lowest prices in the European Union and amidst administrative interventional measures that strangle competition.

Beyond the 4% rebate on ex-factory prices and a further amount to be obtained by the implementation of a reimbursement list, which is under design (e.g. it has not yet been announced what happened with the 600 complaints submitted by the companies) we consider this target too impractical particularly when these measures announced, do not prioritize and weight properly i.e. in the rationalization of expenditure, using modern and full computerization and design incentives to fight waste and corruption.

Here is our proposal as to where and at what points should priority be given and how pharmaceutical expenditure can be controlled, up to the point so that the Greek patient can have access to essential medicines, not to cause shortages of medicines and create upheaval in public health and to avoid creating disproportionately higher costs in other parts of the health system.

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Our proposal is:

- **Reimbursement List**
  1. A fair and simple system for automatic inclusion in the list of all pharmaceutical products and a return of a single small percentage of rebate on the turnover of each medicinal product must be applied. In this way of automatic inclusion in the list, lengthy procedures will be avoided, without the need of an approval from the competent committee.
  2. The State must reward innovation and progress of science. In this context, all original on-patent medicines should be included in the list according to ATC5 classification.
  3. The state should remember that pharmaceutical companies have already paid since 31/12/2011 the entry ticket for the inclusion of medicinal products reimbursed by social insurance in the list.
  4. As for OTCs and medicinal products belonging to the negative list, their prices should be set free.

- **Pricing**
  Full implementation of Article 14 of Law 3840/2010 for all products without restrictions. Moreover, the desired by the Government saving of resources which will derive from the increased use of generics will only be ensured if their price is significantly lower than the price of the on-patent originals, as provided in the Memorandum.

  If the Government considers that there should be price competition between the off-patents and generics, then we should be talking not only about generics but about MEDICINES OF THE SAME ACTIVE INGREDIENT (F.I.D.O.).

  The exclusive reference to generic blocks an off-patent from having a lower price than generics, thus distorting competition, in violation of the rules on free competition of the Treaty of Lisbon for the EU.

- **Electronic prescribing - Treatment Protocols**
  SFEE since many years points out that the volume of prescriptions can be controlled through the full implementation of electronic prescribing combined with the establishment of therapeutic protocols. Only in this way will the proper prescription be ensured.

  More specifically, a fully computerized and integrated latest technology with intelligent software should be implemented, that will manage, guide and control all those involved in the chain system. Only in this way will the system be enabled to function rationally in order to stamp out the mismanagement, waste and theft and still impose the appropriate sanctions in an equitable manner to those who violate it or attempt to violate it.

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If the holes in the bottom of the barrel are not shut, whatever measures you take, honorable Ministers, they will not be effective and at the end of the day those who try to contribute in a healthy way to the functioning of the system, will be punished and destroyed.

Application of diagnostic protocols and generally control of diagnostic tests.

- **Authenticity Tag** (attached please find an article by the *New York Times* from 01/15/2012)
  The pension funds are charged with reimbursement costs for medicines that have not been administered to the insured, through the trafficking of the authenticity tags of re-exported medicinal products. This phenomenon can be rooted out only through strict control and only when the compulsory return to the EOF of the annulled authenticity tags of the re-exported medicinal products is directly legislated.

- **VAT**
  Public Funds and Public Social Insurance should be exempted from being charged with the VAT. In this way, we reduce bureaucracy and public pharmaceutical expenditure becomes clearer. At the same time the first level of VAT has to be imposed on all medicines, whichever will that be, e.g. 12% on all sales of medicinal products to the private sector and foreigners, who all buy medicines from private pharmacies because they can buy them and also because of the too low prices we have. In this way, the Greek government can collect additionally over € 100 million mainly from financially wealthy Greeks and foreigners.

- **Patients Co-payment**
  Patient co-payment should be rationalized and become fairer and more effective and simultaneously contribute to control the system and the cost of prescription. We propose a new system based on patient contribution per package that will ensure minimum contribution for the economically weak, poor, unemployed, etc. and at the same time will require higher contribution by the economically powerful and wealthy, that is 0% for the poor, 60 % for the rich.

The scale we recommend should be: 0, 15, 30, 60. Within any point of this scale the therapeutic categories determined by EOF can be categorized, after considering the appropriate classifications of many EU states, while at the same time they should be categorized at any point of this scale, depending on the economic affordability of the various social groups.

This co-payment system will ensure better management, extremely high degree of control and too much savings in the system. Of course the pharmaceutical industry has proposed, and agrees to print the co-payment percentage of each package directly on the authenticity tag.

Honorable Minister and Secretaries-General,

Great care and moderation is required, because excessive compulsory compressions of prices will not only kill the healthy pharmaceutical industry with all its negative consequences (unemployment, reduce taxes, contributions, etc.), but will also cause a chain reaction that begins with shortages is followed by the elimination of generics and eventually leads to the substitution by newer more expensive medicines.

Therefore, honorable Ministers, we suggest the continuous and constant cooperation between SFEE and the State, in order to try to implement all the measures that will really rationalize pharmaceutical expenditure without harming the health of Greek citizens and still reach an amount of expenditure which will not be the one you set as target and which is currently impossible. Only through cooperation and proper rationalization of pharmaceutical expenditure can we achieve on one hand acceptable and deliverable targets and on the other hand save considerable resources in many other parts of the health system.

We remain at your disposal at any time in order to help in this direction.

Yours respectfully,

Fotis Mangalousis
Director General

Yannis Chryssospathis
Legal Counsel

Dionysios Filiotis
President

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