

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

Cc.: Prof. Y. Tountas, EOF President

Halandri, July 9, 2012

Subject: Exclusion of Greece from the reference countries for the pricing of medicines

Honorable Minister,

We would like to draw your attention to the important issue of international reference pricing of medicines and the fact that Greece, currently hit by the most severe crisis of its history, is a reference for the pricing of medicines in many other countries within and outside the EU.

The practice of EU Member States linking their regulated medicines prices to those of other countries, including those in crisis that must take emergency measures, is proving to be immensely damaging for patient access and for innovation. Given the exceptionally negative and unprecedented economic conditions our country is facing, prices of medicines in Greece are among the lowest in the EU and the harsh measures taken in the pharmaceutical sector in Greece have a cross-border impact.

The practice of other countries referring to Greece when setting their medicines prices, puts the same downward pricing pressure in these countries thus creating market distortions and shortages. This downward pricing pressure at international level has immediate implications in Greece re the smooth operation of the pharmaceutical market and the patients' access to medicines. The fact that Greece creates a damaging spillover effect in Europe, puts great pressure on pharmaceutical innovation and has worrying implications for patients and for European growth.

"According to 2011 Global Insights calculations, a 10% price cut in Greece cost industry €299 million in Greece, but €799 million in Europe (i.e. almost 3 times more) and €2,154 million worldwide (i.e. more than 7 times more) if we include all countries re-referencing Greek prices through formal and informal links.

This is the reason why Greece should ask to be removed from the reference basket of countries to which other Member States refer in setting medicines prices. We would very much welcome if you would raise this issue with your colleagues from other countries when you meet them at the Informal Health Council meeting in Nicosia.

The time has come for Member States to fully reflect on the impact of international price referencing on patient access, innovation and growth, and in particular, how this practice may prevent urgent and temporary agreements between the pharmaceutical industry and countries in crisis such as Greece. A first

Λ. Κηφισίας 280 & Αγρινίου 3, 152 32 ΧΑΛΑΝΔΡΙ, ΑΘΗΝΑ
ΤΗΛ. 210 6891101 – FAX 210 6891060

280, Kifissias Ave. & 3, Agriniou Str., GR 152 32 Halandri, ATHENS, GREECE
TEL (+30 210) 6891 101 FAX (+30 210) 6891060
e-mail: sfee@sfee.gr

step would be the creation of a working group that could engage with relevant stakeholders to develop a set of concrete proposals and work towards the adoption of Council Resolution at the 6-7 December 2012 EPSCO meeting in Brussels.

The practice of international price referencing prevents differential pricing between markets - something that is standard in other parts of the world. Differential pricing works only if wealthier customers behave responsibly in accepting to contribute more to the sunk costs of research and refrain from free-riding. Member States should refrain from referencing prices of pharmaceuticals applied in countries receiving or in the process of receiving financial assistance. Such measure should be seen as part of an increased effort of cooperation and solidarity to ensure that Member States can efficiently implement efforts to regain financial stability while at the same time ensuring that the provision of healthcare and the supply of medicines are not jeopardized and that the importance of innovation as a basis of future European growth is not undermined.

We would rely on Greece to raise this issue at the forthcoming Informal Health Council. We remind you that a similar letter was sent by the State on 19 May 2010, when flat price reductions, considered to be temporary at that time, were imposed "overnight".

Faithfully yours,

Fotis Mangalousis
Director General

Konstantinos M. Frouzis
President

Λ. Κηφισίας 280 & Αγρινίου 3, 152 32 ΧΑΛΑΝΔΡΙ, ΑΘΗΝΑ
ΤΗΛ. 210 6891101 – FAX 210 6891060

280, Kifissias Ave. & 3, Agriniou Str., GR 152 32 Halandri, ATHENS, GREECE
TEL (+30 210) 6891 101 FAX (+30 210) 6891060
e-mail: sfee@sfee.gr

www.sfee.gr