

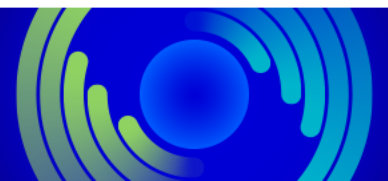
TACKLING CORONAVIRUS (COVID-19)
CONTRIBUTING TO A GLOBAL EFFORT

PHARMACEUTICALS IN THE EU

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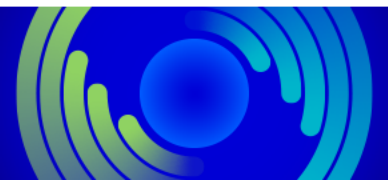
Pharmaceuticals in EU health systems

- In 2018, retail pharmaceuticals alone accounted for around **1/6 of all health care expenditure**.
- It represented **the third largest spending component in EU countries** after inpatient and outpatient care.
- In total, the EU retail pharmaceutical bill was around EUR 190 billion in 2018 (but this does not take into account for spending on medicines used in hospital)



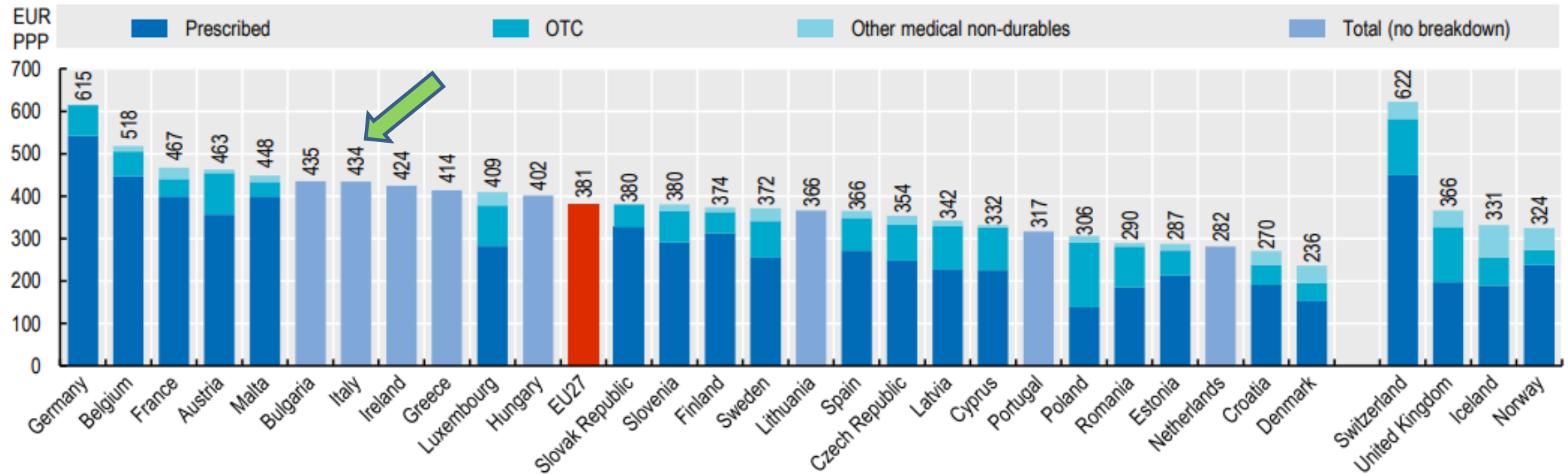
Expenditure on retail pharmaceuticals per capita

- Spending for retail pharmaceuticals averaged **EUR 381 per person across EU member states in 2018**, adjusted for differences in purchasing power.
- The variations in per capita retail pharmaceutical spending across countries can reflect differences in
 - The basket of available medicines
 - Pharmaceutical prices
 - Consumption
 - The relative role of hospitals in dispensing pharmaceuticals
 - The market penetration of generics



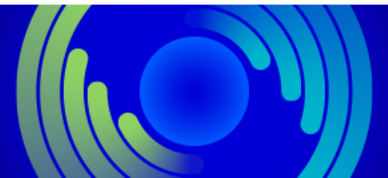
Around four out of every five euros spent on retail medicines goes on prescription drugs

Expenditure on retail pharmaceuticals per capita, 2018



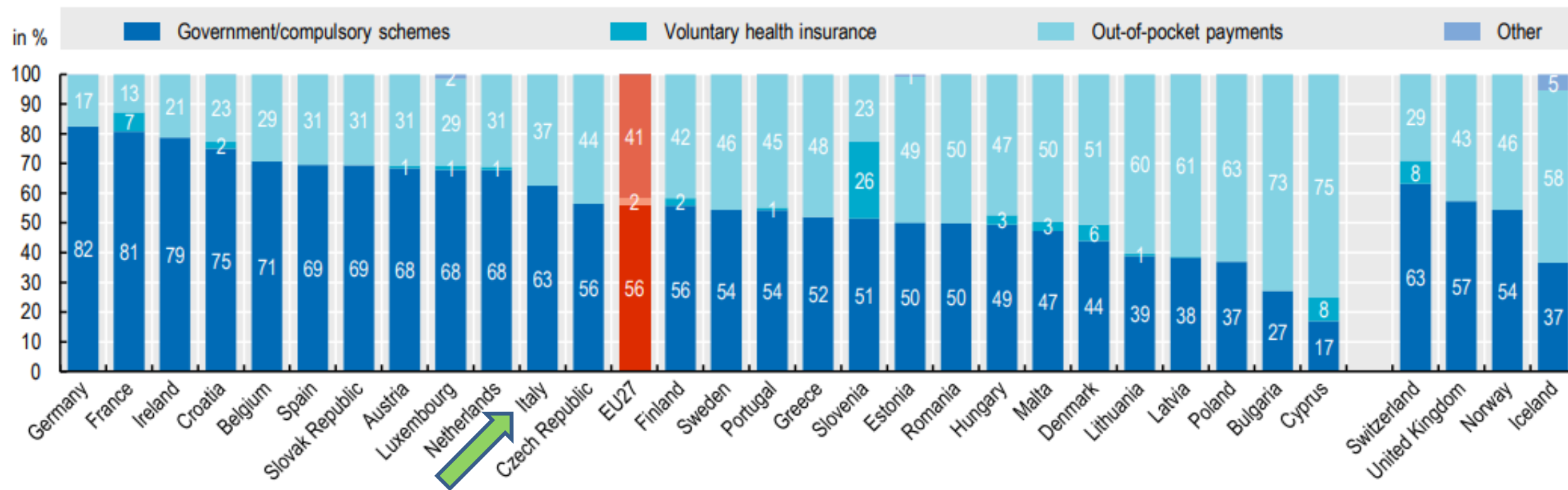
Note: The EU average is unweighted.

Source: OECD Health Statistics 2020; Eurostat Database.



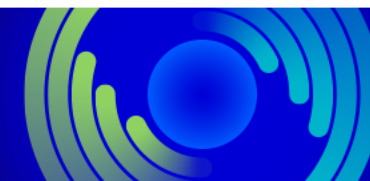
In most countries, the costs of pharmaceuticals are predominantly covered by government or compulsory insurance schemes

Expenditure on retail pharmaceuticals by type of financing, 2018



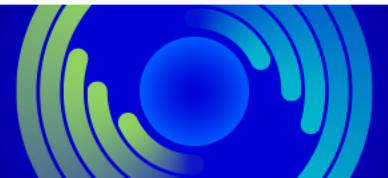
Note: The EU average is unweighted. The category 'Other' includes non-profit-schemes, enterprises and rest of world.

Source: OECD Health Statistics 2020; Eurostat Database.

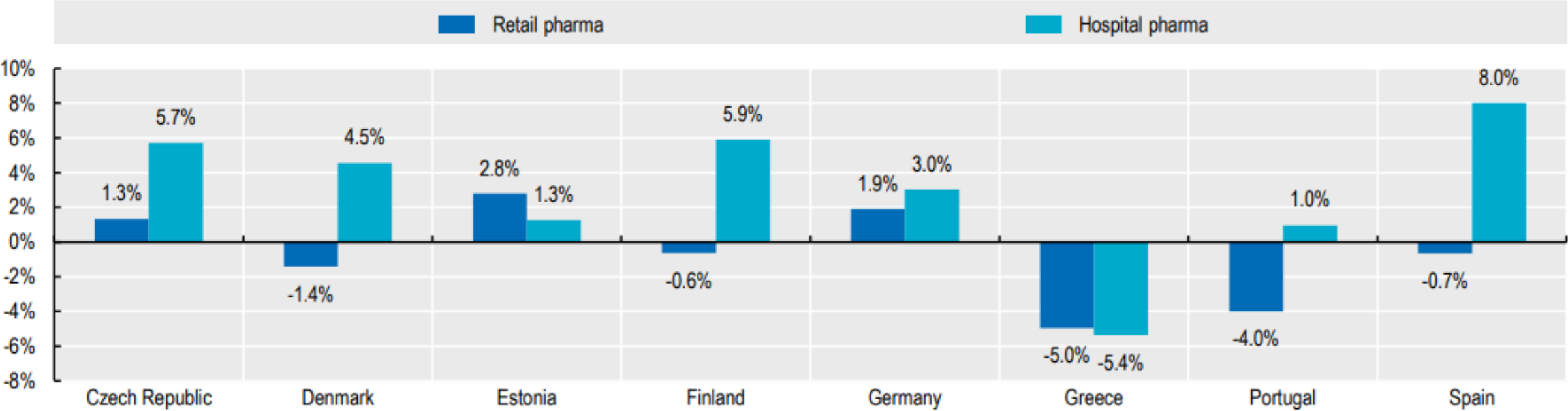


Growth in pharma spending is mainly driven by medicines used in the inpatient sector

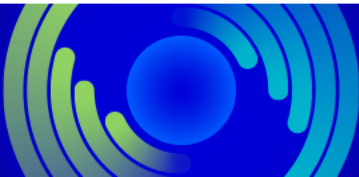
- In recent years, **spending growth on retail pharmaceuticals in the EU was low compared to other health services** and was even negative in many countries during the years following the 2008 financial crisis.
- This was due in part to a combination of **cost-containment policies and market dynamics, including generic and biosimilar competition.**
- However, **new high cost treatments help explain a return to positive growth rates in more recent years.**
- For example, the number of new cancer medicines and indications has been increasing rapidly, along with the prices. The value and sales of oncology medicines have more than doubled in Europe in the past decade.



Annual average growth in retail and hospital pharmaceutical expenditure, in real terms, 2008-18 (or nearest year)

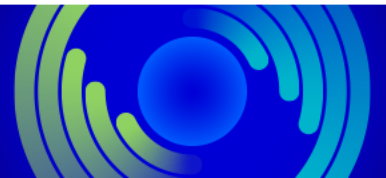


Note: Growth rates and time periods may have been adjusted by the OECD Secretariat to take account of breaks in series.
Source: OECD Health Statistics 2020.

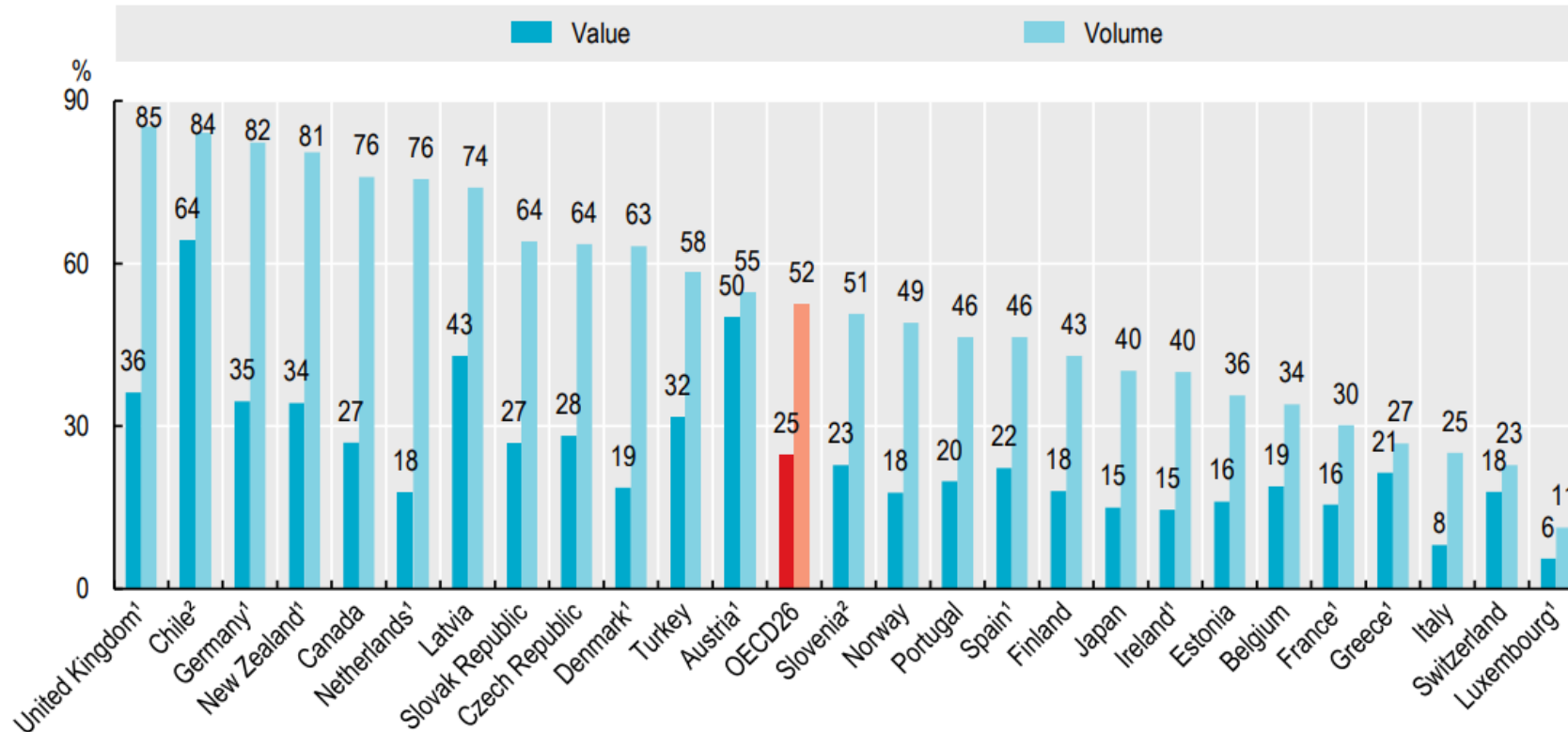


Use of generic medicines

- All OECD countries view generic and biosimilar markets as an opportunity to increase efficiency in pharmaceutical spending, **but many do not fully exploit their potential.**
- In 2017, generics accounted for more than three-quarters of the volume of pharmaceuticals sold in the United Kingdom, Chile, Germany and New Zealand, **but less than one-quarter in Luxembourg and Switzerland.**
- Differences in market structures (notably the number of off-patent medicines) and prescribing practices explain some crosscountry differences, but generic uptake also depends on policies

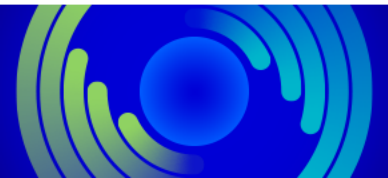


Share of generics in the total pharmaceutical market, 2017 (or nearest year)



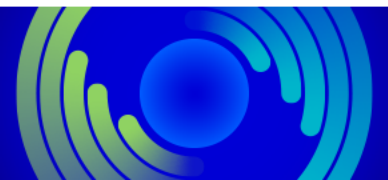
1. Reimbursed pharmaceutical market. 2. Community pharmacy market.

Source: OECD Health Statistics 2019.



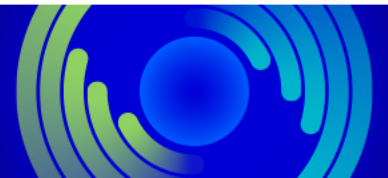
Pharmaceutical consumption

- Pharmaceutical consumption has been increasing for decades, driven by a growing need for drugs to treat age related and chronic diseases, and by changes in clinical practice.
- Consumption of anti-hypertensive drugs in OECD countries increased by 70% on average between 2000 and 2017. It remains highest in Germany and Hungary, which report almost five times the levels of consumption seen in Korea and Turkey. These variations probably reflect both differences in the prevalence of hypertension and variations in clinical practice.
- Even greater growth was seen in the use of cholesterol lowering agents, with consumption in OECD countries increasing by a factor of three between 2000 and 2017.
- The use of anti-diabetic drugs also grew dramatically, almost doubling in OECD over the same period



Ongoing and future OECD work on pharma

- Unifying theme: Improving the transparency of pharmaceutical markets
- Work packages:
 - WP4: Monitoring access to medicines in EU member states
 - WP5: Increasing transparency of resource allocation in the R&D based pharmaceutical industry
 - WP6: Harnessing competition in on-patent markets
 - WP7: Improving the coverage and quality of data on pharmaceutical spending in hospital and other care settings
 - WP8: Improving knowledge & skills of officials of payers and other national competent authorities in EU member states



Thank you



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