Making Medicines Affordable

EUROPEAN GENERIC MEDICINES ASSOCIATION

Making Medicines Affordable

Developed Markets Denmark, Germany, The Netherlands, Sweden and United Kingdom

Istanbul, 15th June 2007

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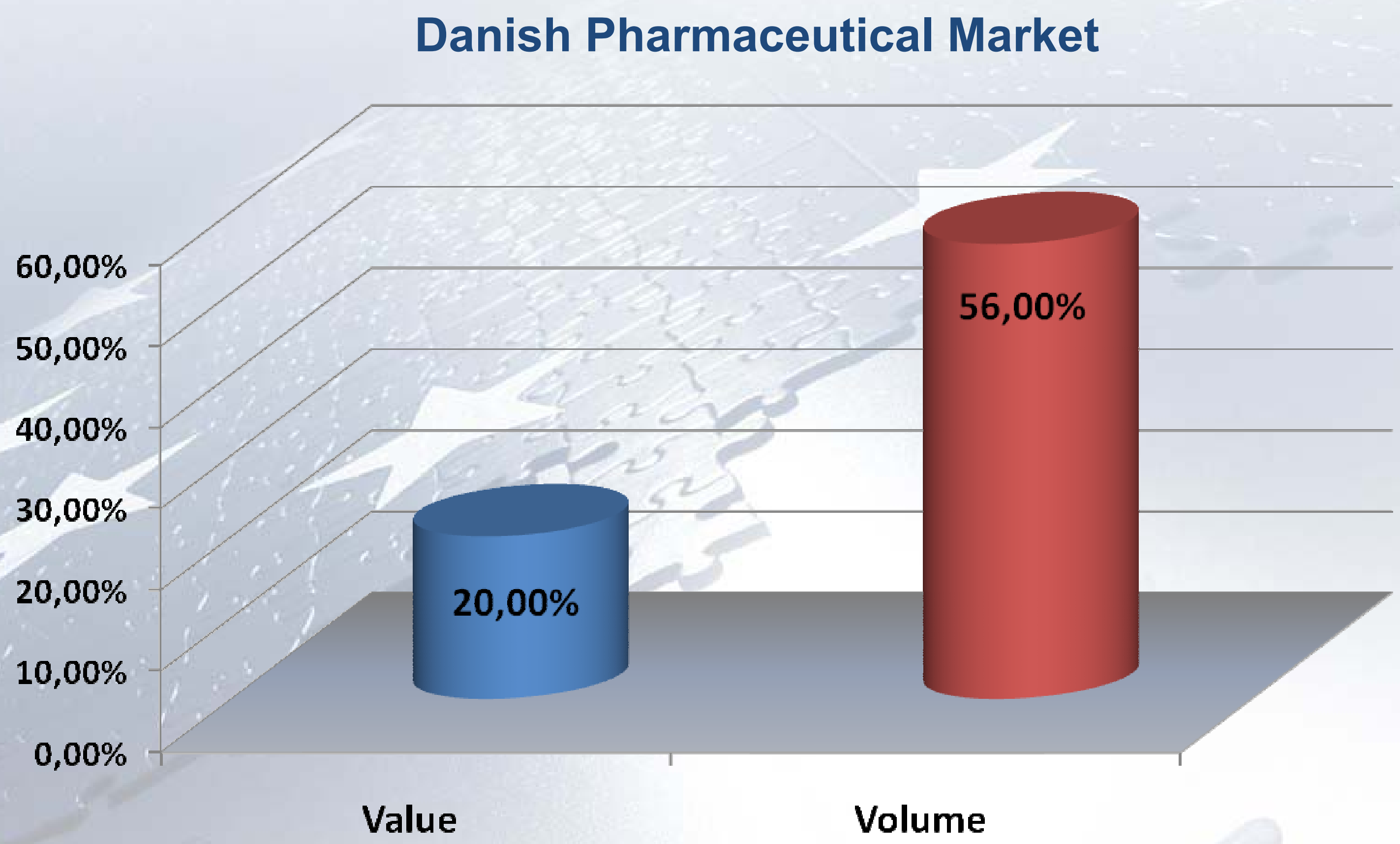
Chairman Bogin NL

Chair Health-Economy EGA

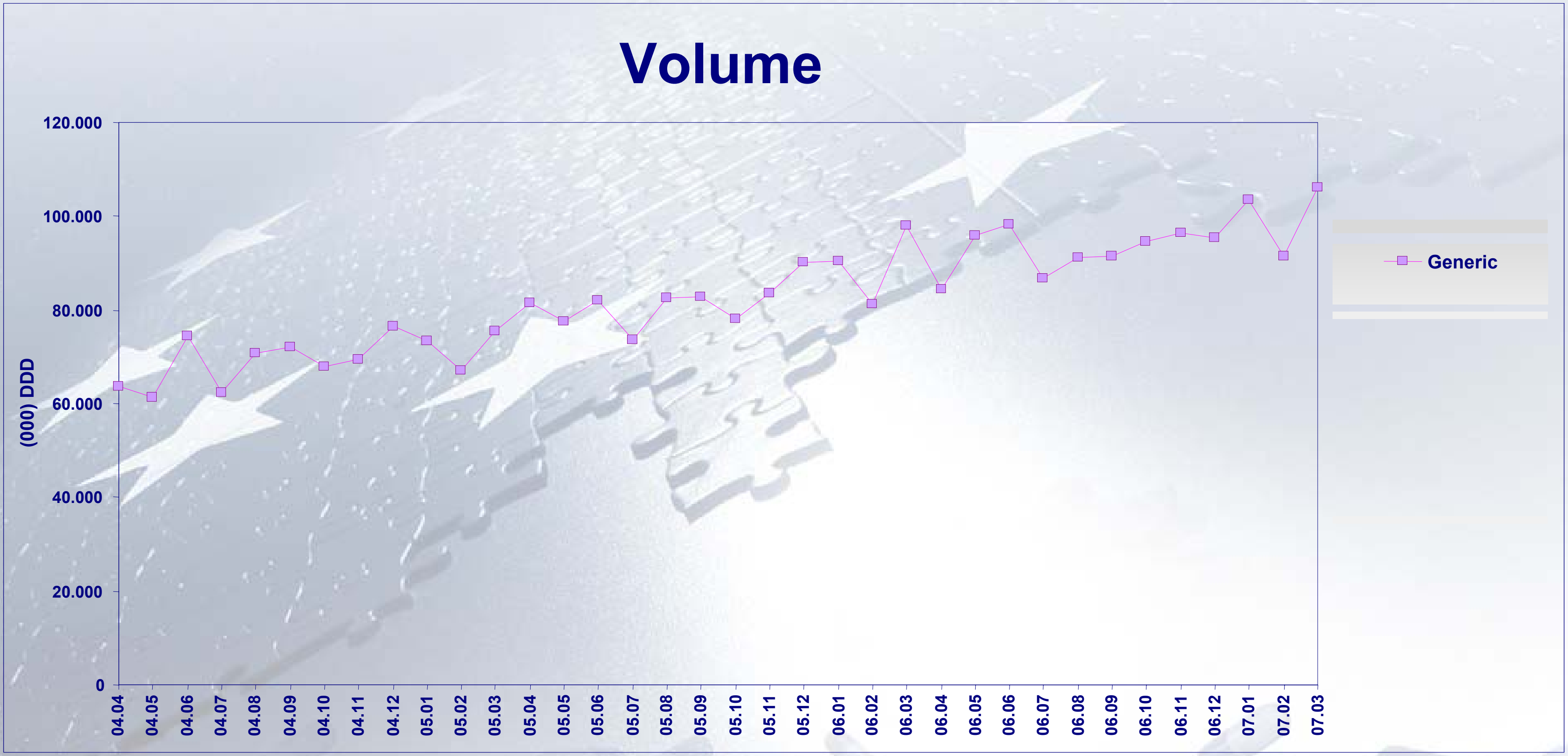
Denmark – Current Market Share



Source: National Association

Denmark - Market Share 2004 - 2007

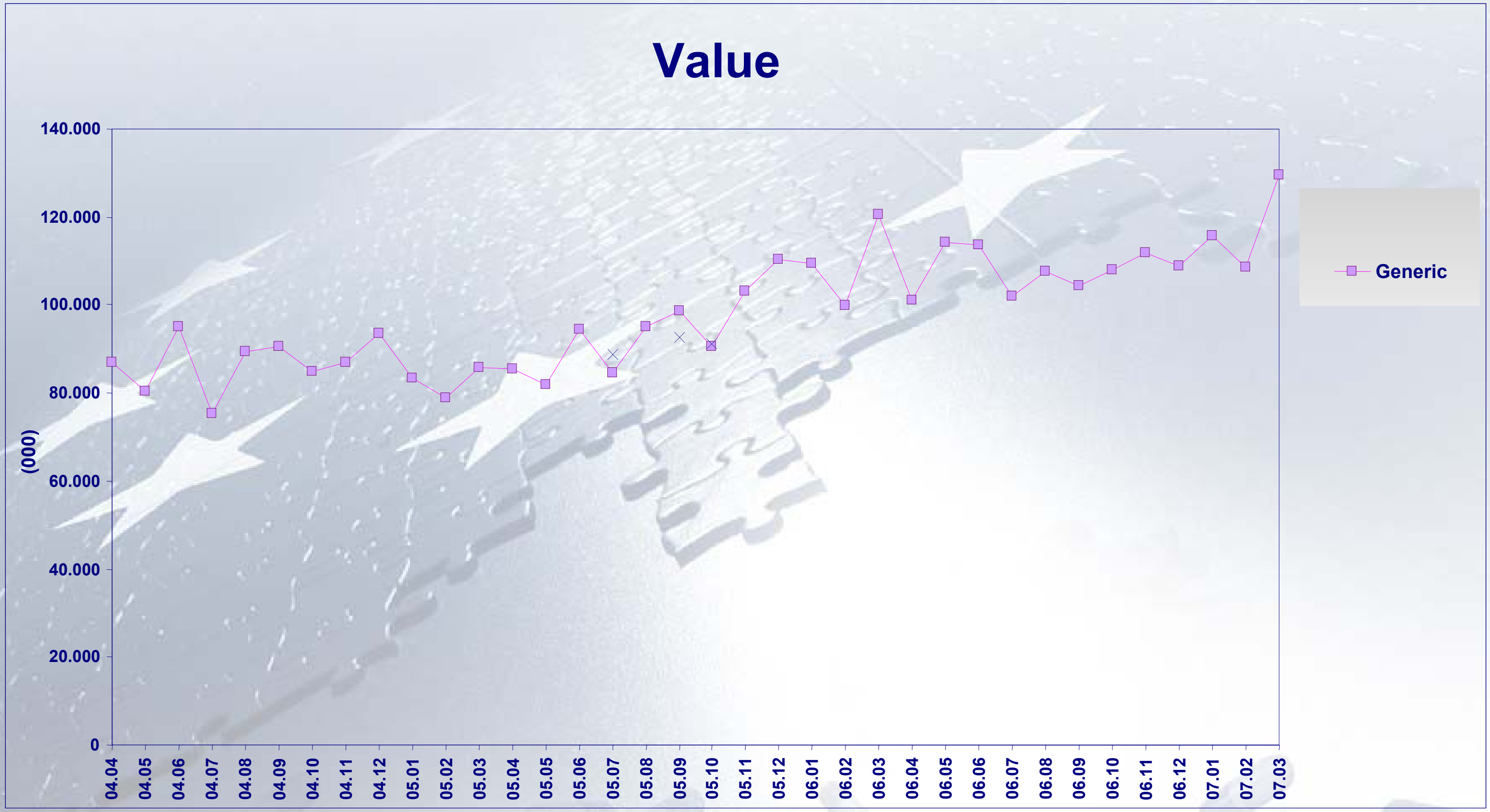
Danish Pharmaceutical Market



Source: IGL

Denmark - Market Share 2004 - 2007

Danish Pharmaceutical Market



Source: IGL

Denmark – Ranking of the Top 5 Molecules

Top 5 Generic Molecules	Value (Millions Euros)	Volume (Millions Units)
CEFUROXIME	5,2	1,0
METOPROLOL	4,1	21,4
SIMVASTATIN	4,0	66,4
LAMOTRIGINE	3,9	6,4
PROPOFOL	2,6	0,1

Source: EGA Internal Survey 2006

Danish Market

Main current:

Drivers:

- General Physicians under observation
- “No substitution” on prescriptions, decreased from 25% to 5%
- Generic Substitution since 1991
- Reimbursement based on the cheapest product since 2005
- Neutral pharmacist profit – under implementation
- Pharmacy monopoly
- Pharmacists loyal towards Government policies
- Favourable industry “return” policies
- 15 + players

Danish Market

Main current:

Hurdles :

- No substitution between forms
- Injunctions
- "Fear" among some patient groups (e.g. – epileptics)
- Compliance problems due the shift in cheapest product every 2 weeks

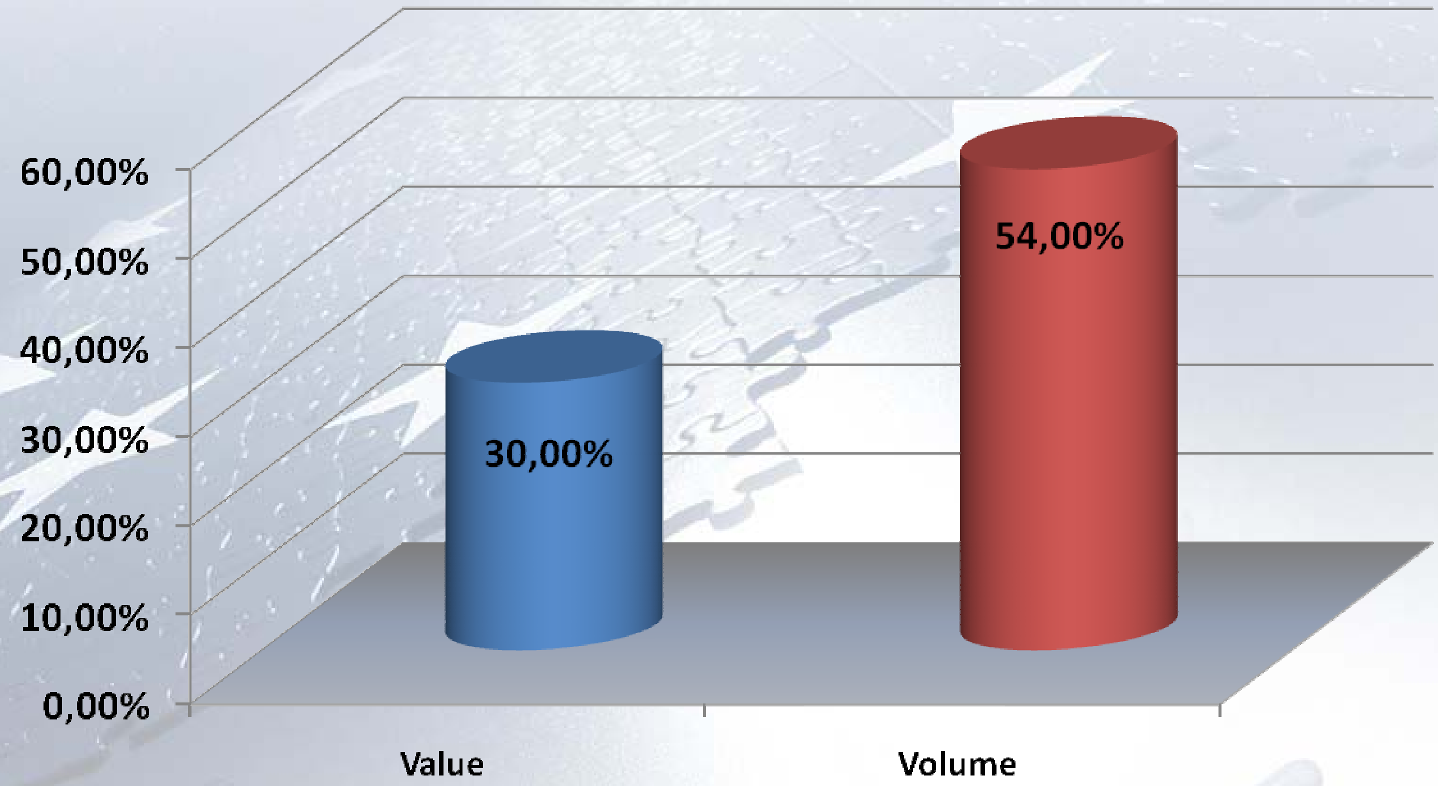
Danish Market

Key New Developments:

– Neutral pharmacy profit fully implemented by April 2007 (Flat fee profit margin instead of % profit margin)
– Price cap agreement between original producers and the government

Germany – Current Market Share

German Pharmaceutical Market



Source: EGA Internal Survey 2006

Germany – Ranking of the Top 5 Molecules

Top 5 Generic Molecules	Value (Millions Euros)	Volume (Millions Units)
SIMVASTATIN	84	N.A.
OMEPRAZOL	71,4	N.A.
AMOLOPINE	15,7	N.A.
MIRTAZOPINE	13,9	N.A.
CARVEDILOL	0,9	N.A.

Source: Pro Generika

German Market

Main current:

Drivers:

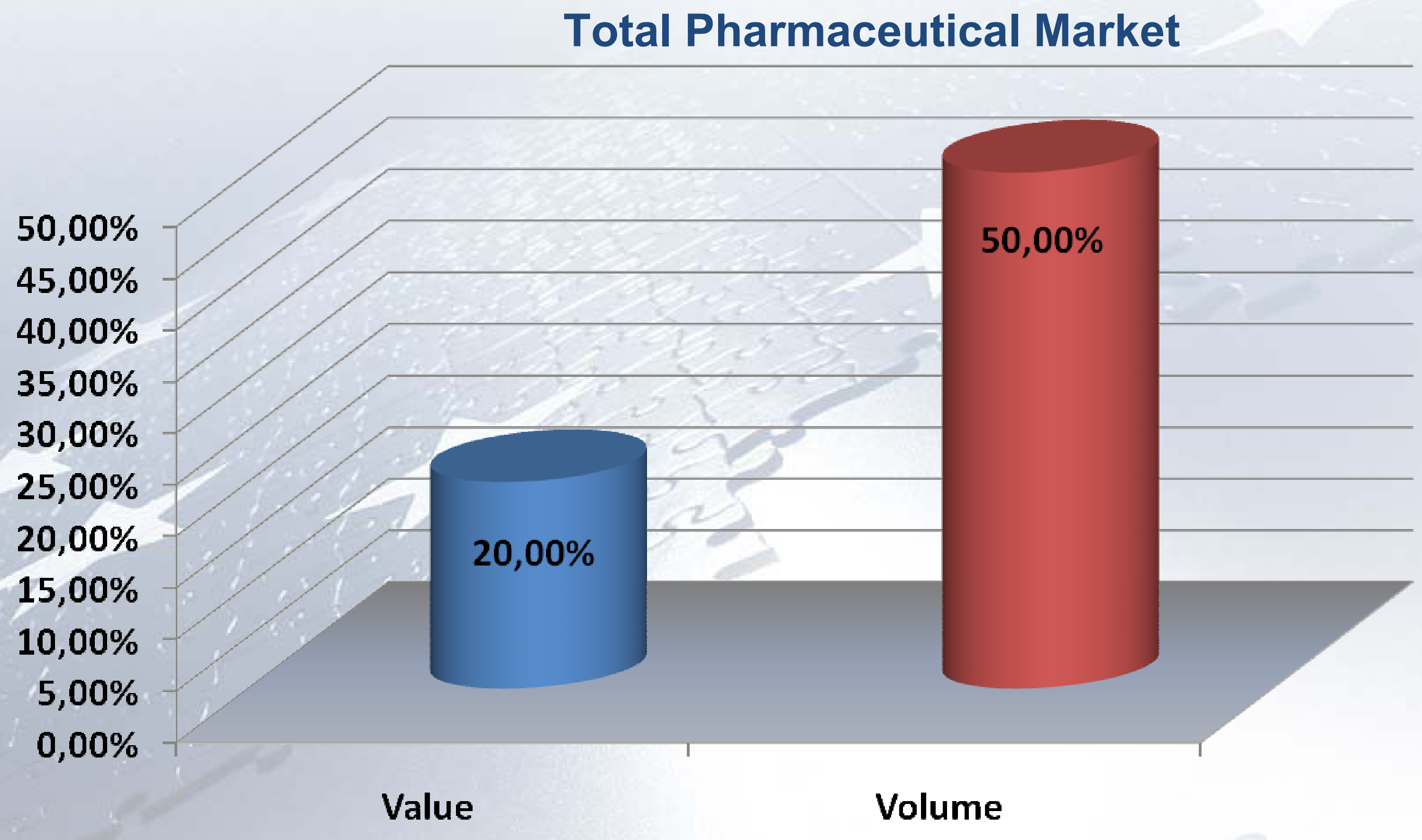
- Discount Contract
- Reference Price
- Co-Payment exemption

German Market

Key New Developments:

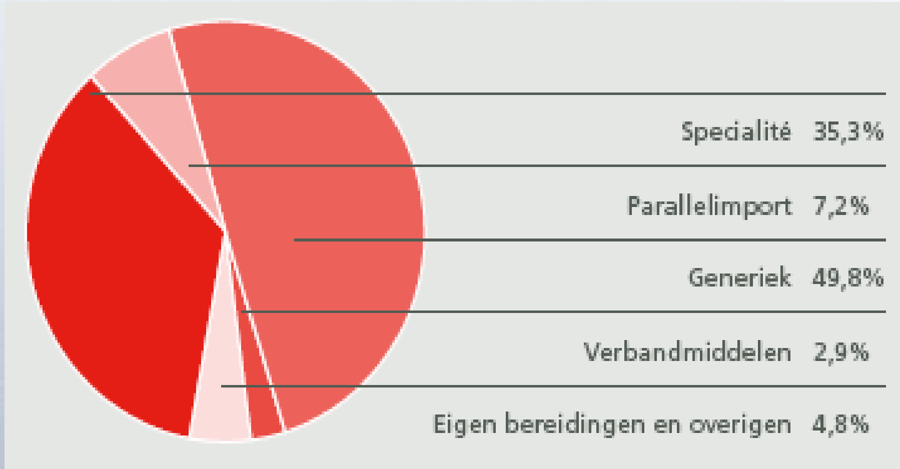
- A new Tendering System was implemented recently.
  - Participating parties: Manufacturers, Health Insurance Funds and Pharmacists
  - The German tender system can be set by active substance or by product

The Netherlands – Current Market Share

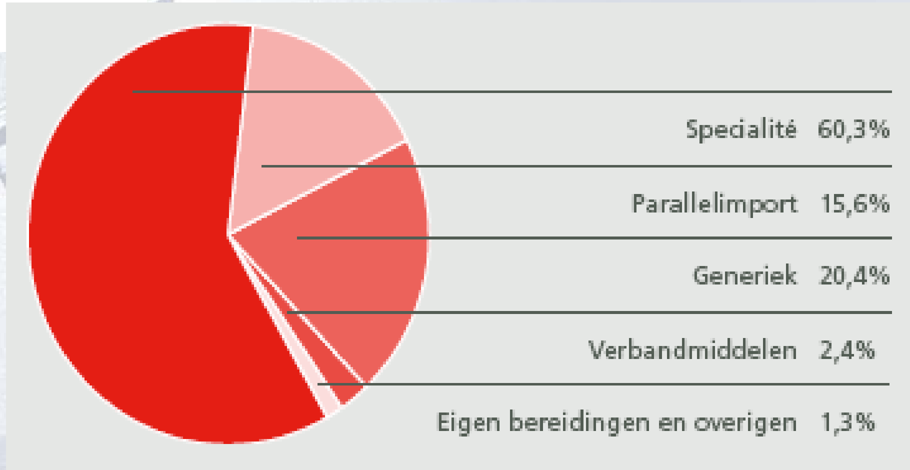


Source: Bogins

The Netherlands – Current Market Share

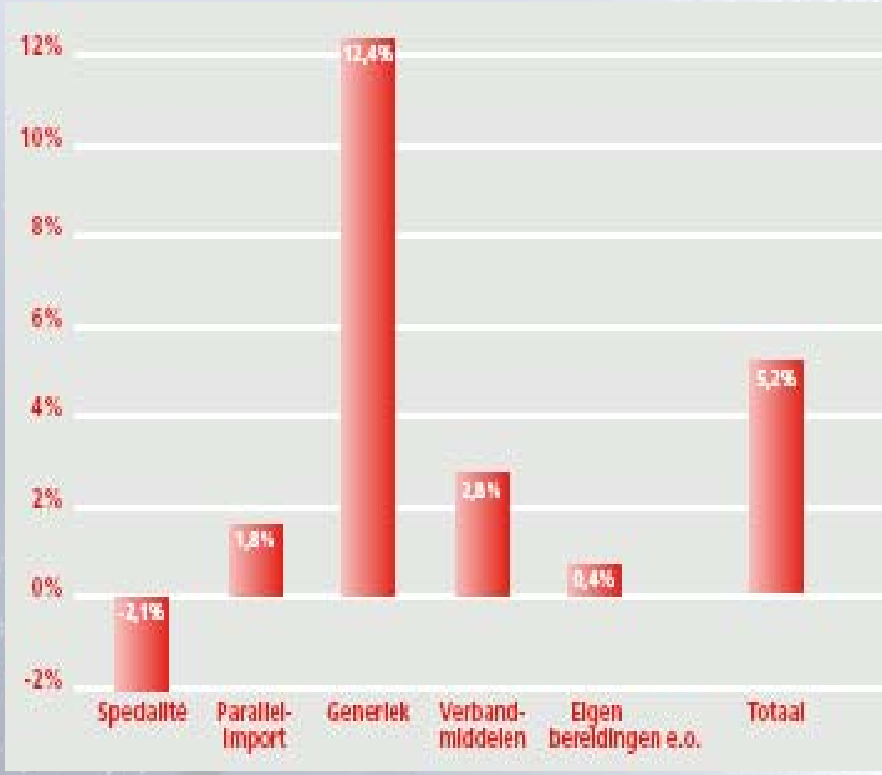


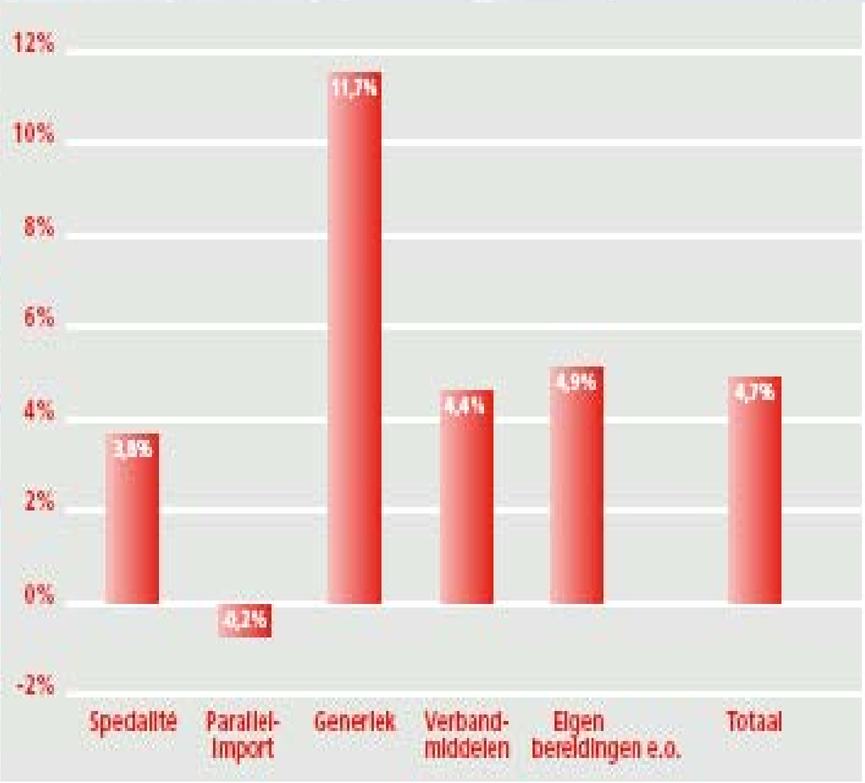
Bron: Stichting Farmaceutische Kengetallen



Source: Bogins

The Netherlands – Current Market Share





Source: Bogins

The Netherlands – Ranking of the Top 5 Molecules

Top 5 Generic Molecules	Value (Millions Euros)	Volume (Millions Units)
OMEPRAZOL	40,1	113,0
SIMVASTATIN	33,0	130,0
PARAXETINE	28,6	57,9
PRAVASTATIN	27,0	46,9
ENALAPRIL	22,0	111,4

Source: EGA Internal Survey 2006

Dutch Market

Main current:

Drivers:

- Substitution possibility
- Active steering by government and Healthcare insurers
- Reimbursement system
- Active attitude of pharmacists
- Covenant on savings in market

Dutch Market

Main current:

Hurdles :

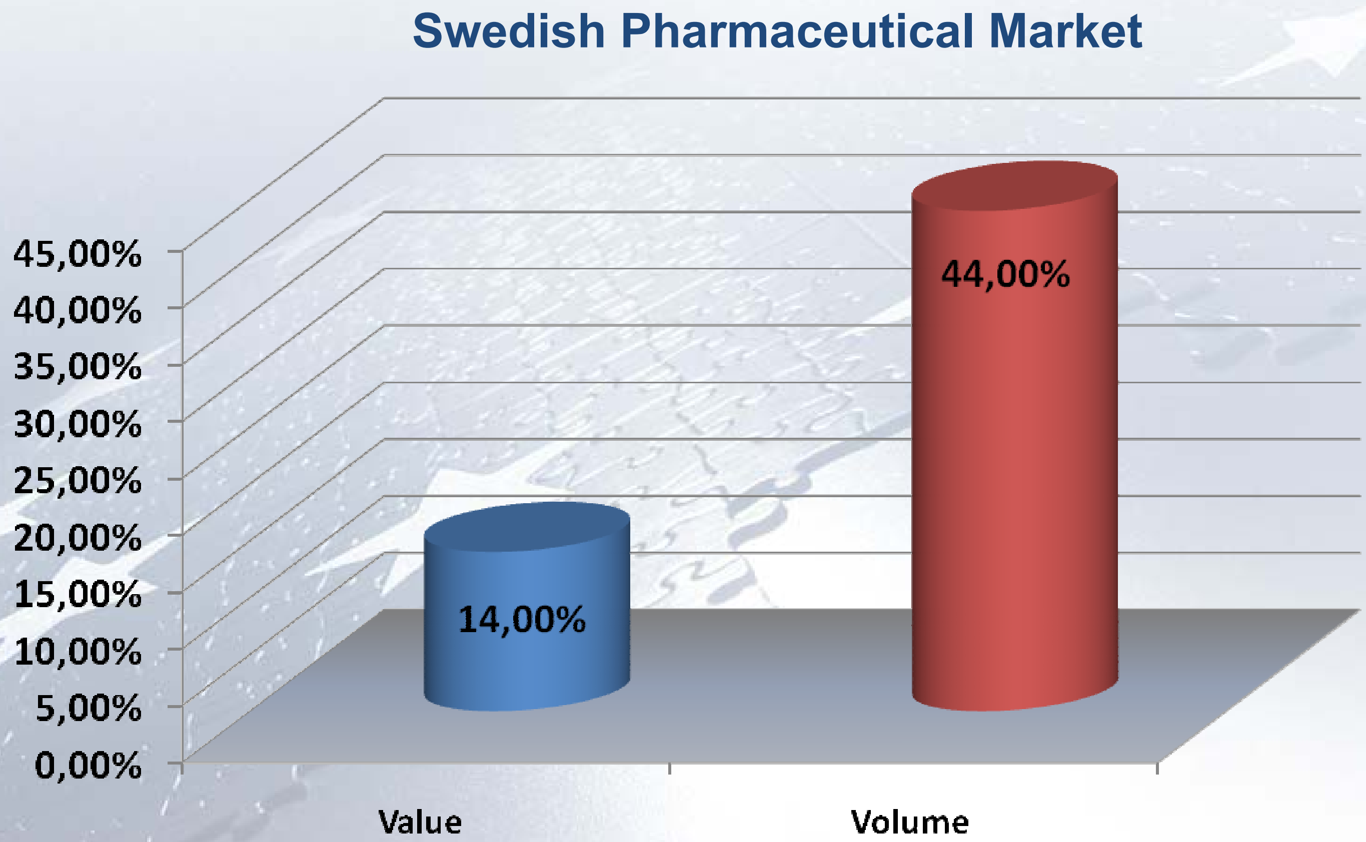
- Attitude of doctors favouring patented medicines, influenced by marketing of innovative industry
- Pressure of marketing
- Sometimes debate on quality
- Evergreening
- Pressure on prices of generic medicines

Dutch Market

Key new developments:

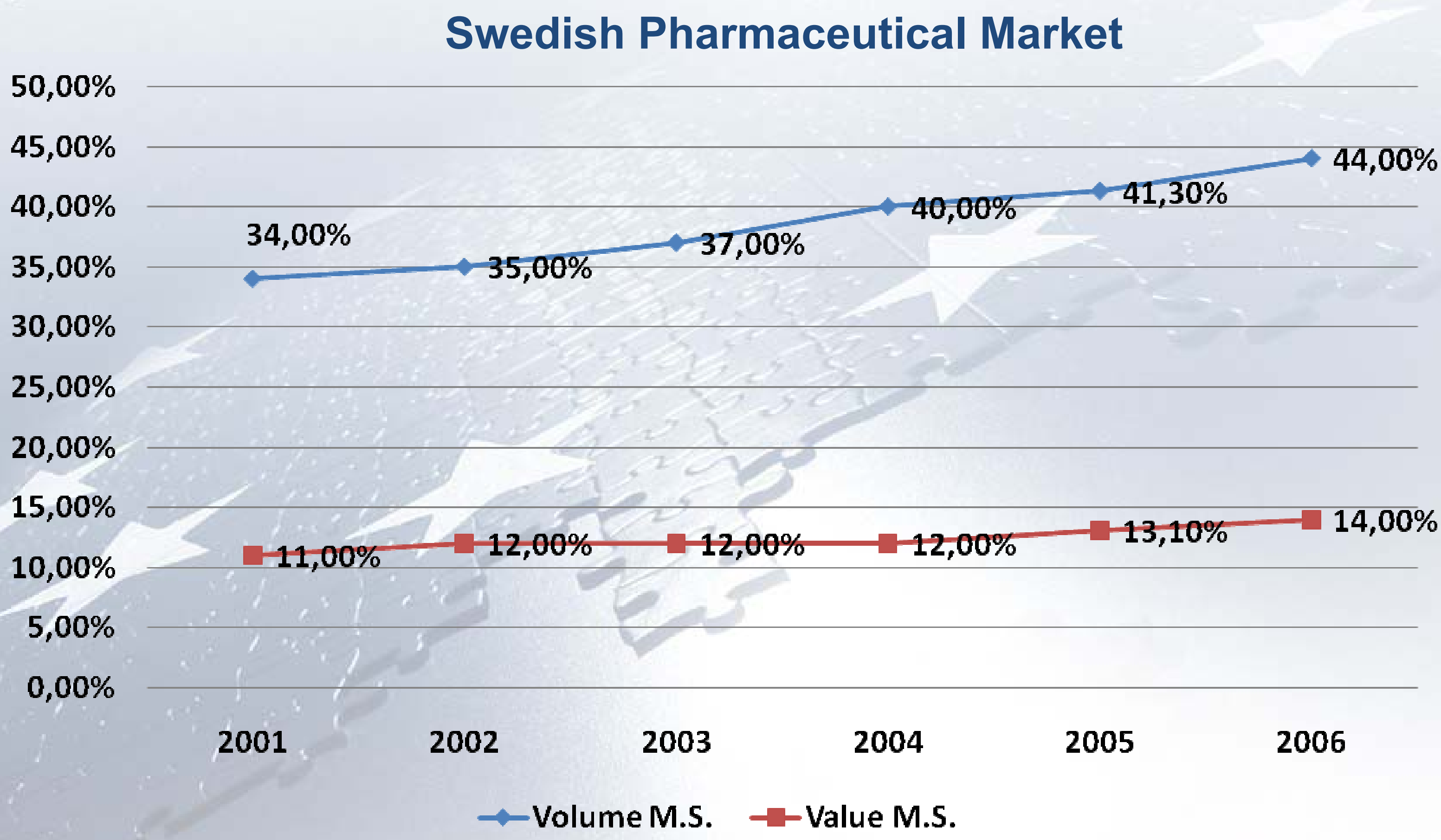
- New covenant in discussion
- Formulation of market model to stimulate market dynamics
- Introduction of market model in 2010 (?)
- Increasing role of healthcare insurers
- Competition by wholesale “brands”
- Internet pharmacy activities
- Pharmacist more focus on care

Sweden – Current Market Share



Source: The Association for Generics Pharmaceuticals in Sweden

Sweden - Market Share 2001 -2006



Source: The Association for Generics Pharmaceuticals in Sweden

Sweden – Ranking of the Top 5 Molecules

Top 5 Generic Molecules	Value (Millions Euros)	Volume (Millions Units)
OMEPRAZOL	13,0	30,7
SIMVASTATIN	8,5	119,8
PROPOFOL	4,2	0,6
METOPROLOL	4,2	24,7
ACETYLCYSTEINE	3,1	40,0

Source: EGA Internal Survey 2006

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Swedish Market

Main current:

Drivers:

- Mandatory Generic Substitution on the pharmacy (Mandatory or patient pay price difference)
- Transparent prices - No discounts anywhere

Hurdles :

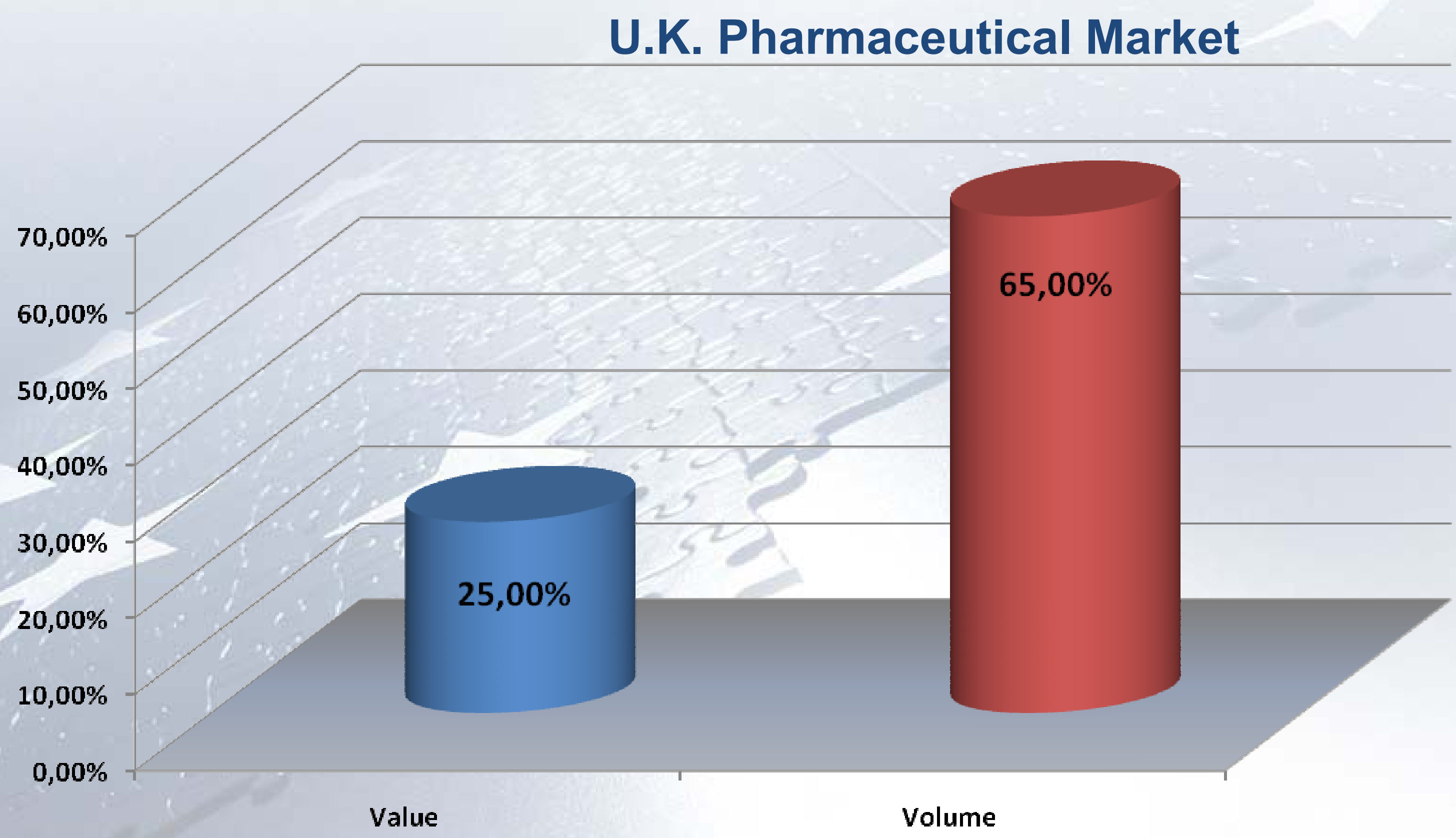
- Reference Companies taking legal actions against Generic suppliers.
- Reference Companies changing the formula before patent expiry
- Reference Companies appeal being on the substitution list

Swedish Market

Key New Developments:

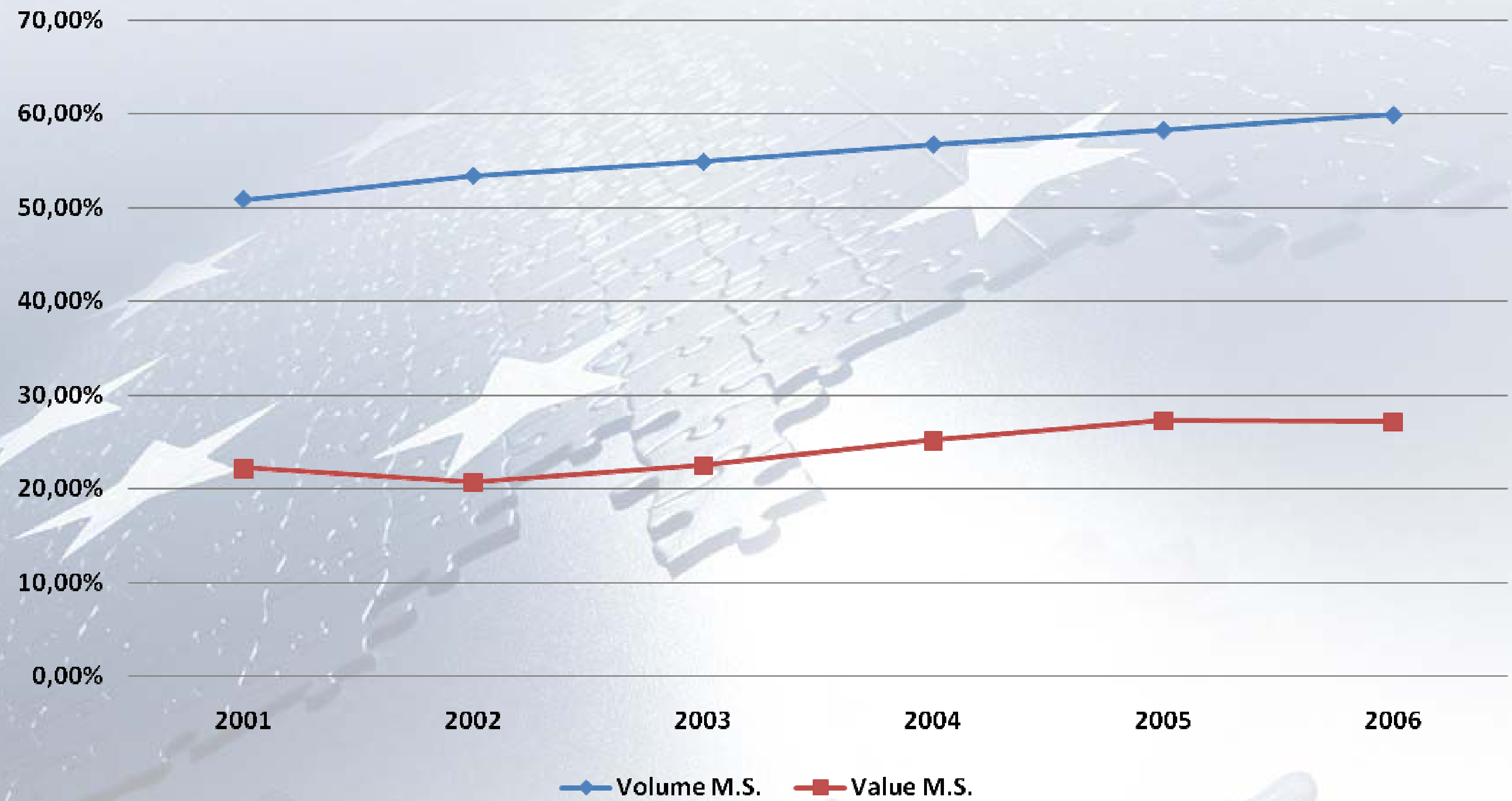
- The new liberal government in Sweden aim to abolish the pharmacy monopoly
- It is expected a report from the Inquiry Chair presenting a proposal to the ministry of health in the end of 2007
- Today the products get reimbursed if proven cost efficient (and compared with other similar products)

United Kingdom – Current Market Share



Source: British Generic Manufacturers Association

United Kingdom - Market Share 2001 -2006



Source: IMS UK - BMGA

United Kingdom – Ranking of the Top 5 Molecules

Top 5 Generic Molecules	Value (Millions Euros)	Volume (Millions Units)
OMEPRAZOL	183,5	357,8
SIMVASTATIN	152,3	695,3
AMLODIPINE	115,0	293,9
PARACETAMOL	110,1	3.256,4
RAMIPRIL	85,3	460,5

Source: EGA Internal Survey 2006

U.K. - Market

Main current:

Drivers:

- **Doctors trained to prescribe by INN**
- **Financial incentives for GPs to prescribe generics**
- **Financial incentives for pharmacists to dispense generics**

U.K. Market

Main current:

Hurdles :

- **Brand equalisation**
- **Evergreening**
- **Lack of patient demand (no effective co-payment)**

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U.K. Market

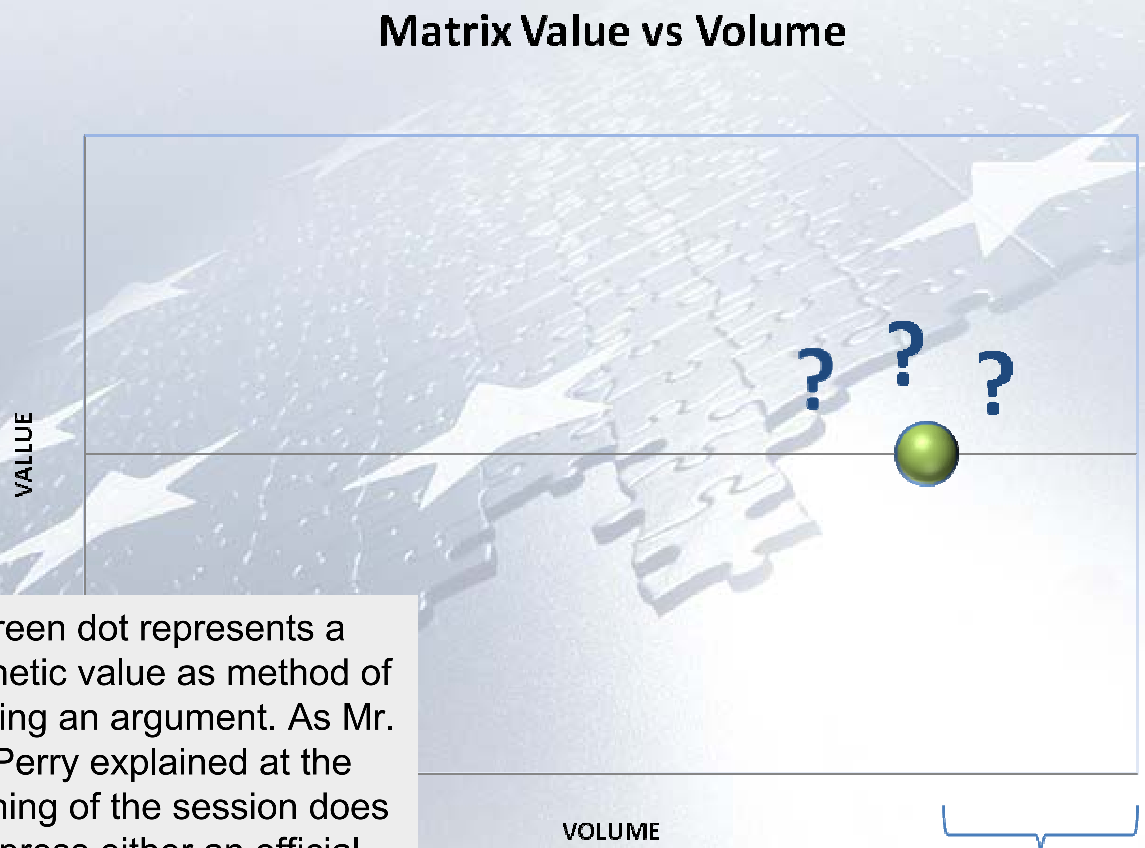
Key New Developments:

- OFT market study into the PPRS
  - Government response awaited
- OFT market study into distribution
  - To report by December 2007
- Originator company / wholesaler distribution agreements

Current Situation

Source: EGA Internal Survey 2006

Countries Optimal Solution?

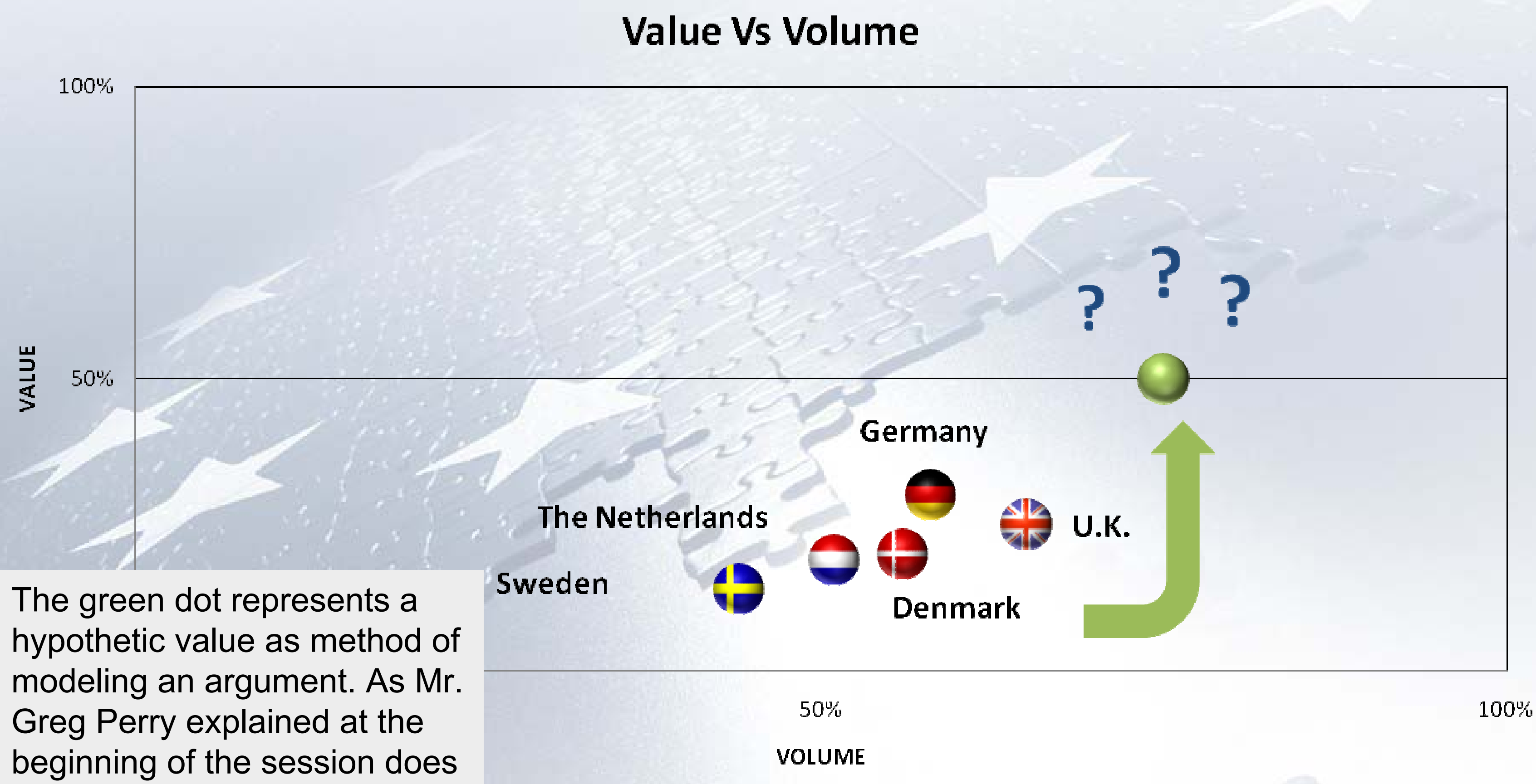


Justifiable savings brought by generic medicines through price differentiation

Room for Innovation and Competition on the Market

The green dot represents a hypothetic value as method of modeling an argument. As Mr. Greg Perry explained at the beginning of the session does not express either an official figure or position from EGA.

What direction should countries take?



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Source: EGA Internal Survey 2006

EGA

Making Medicines Affordable

The 7 Recommendations of the Simoens Report and how the countries are implementing

Simoens Report Recommendation	DENMARK	GERMANY	THE NETHERLANDS	SWEDEN	UNITED KINGDOM
1 - Introduce a coherent generic medicines policy	√	X	X	√	√
2 - Encourage price differentiation/ Competition within existing regulatory frameworks	√	X	X	√	√
3 - Disseminate pricing information to actors	X	X	X	√	√
4 - Increase confidence of actors in generic medicines	√	X	√	√	√
5 - Provide incentives for physicians to prescribe generic medicines	X	√	√	√	√
6 -Remove financial disincentives for pharmacists to dispense generic medicines	√	√	X	√	√
7 - Provide incentives for patients to demand generic medicines	√	√	√	√	X

Source: National Associations

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The End

Thank you for your attention!!