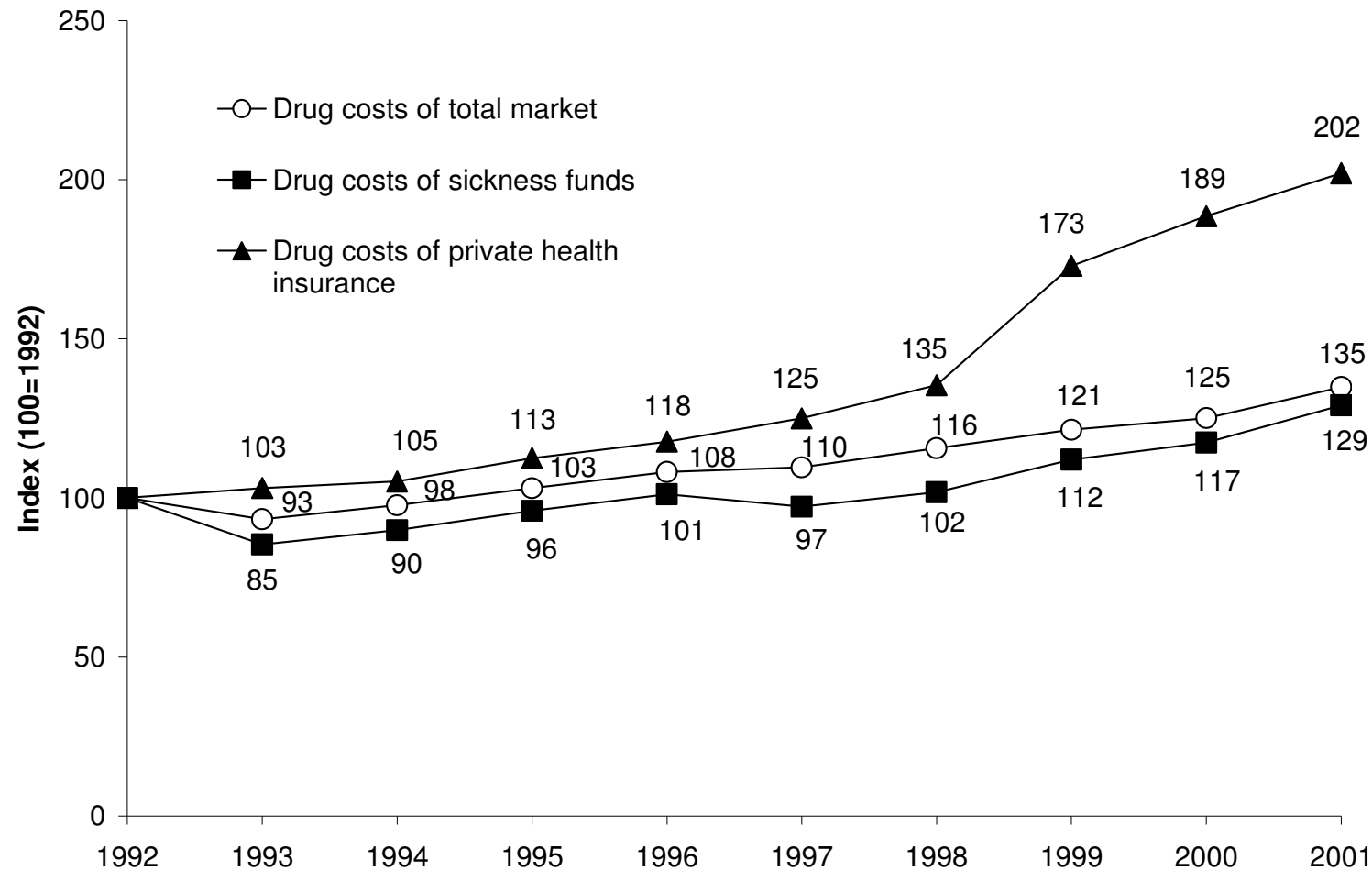


Effects of drug budgets on physicians' prescription behaviour - experiences from Germany

**Symposium "MEDICINE, HEALTH AND SOCIETY IN EUROPE:
TRENDS AND PROSPECTS
Faculty of Economics, University of Coimbra
15-17 December 2004**

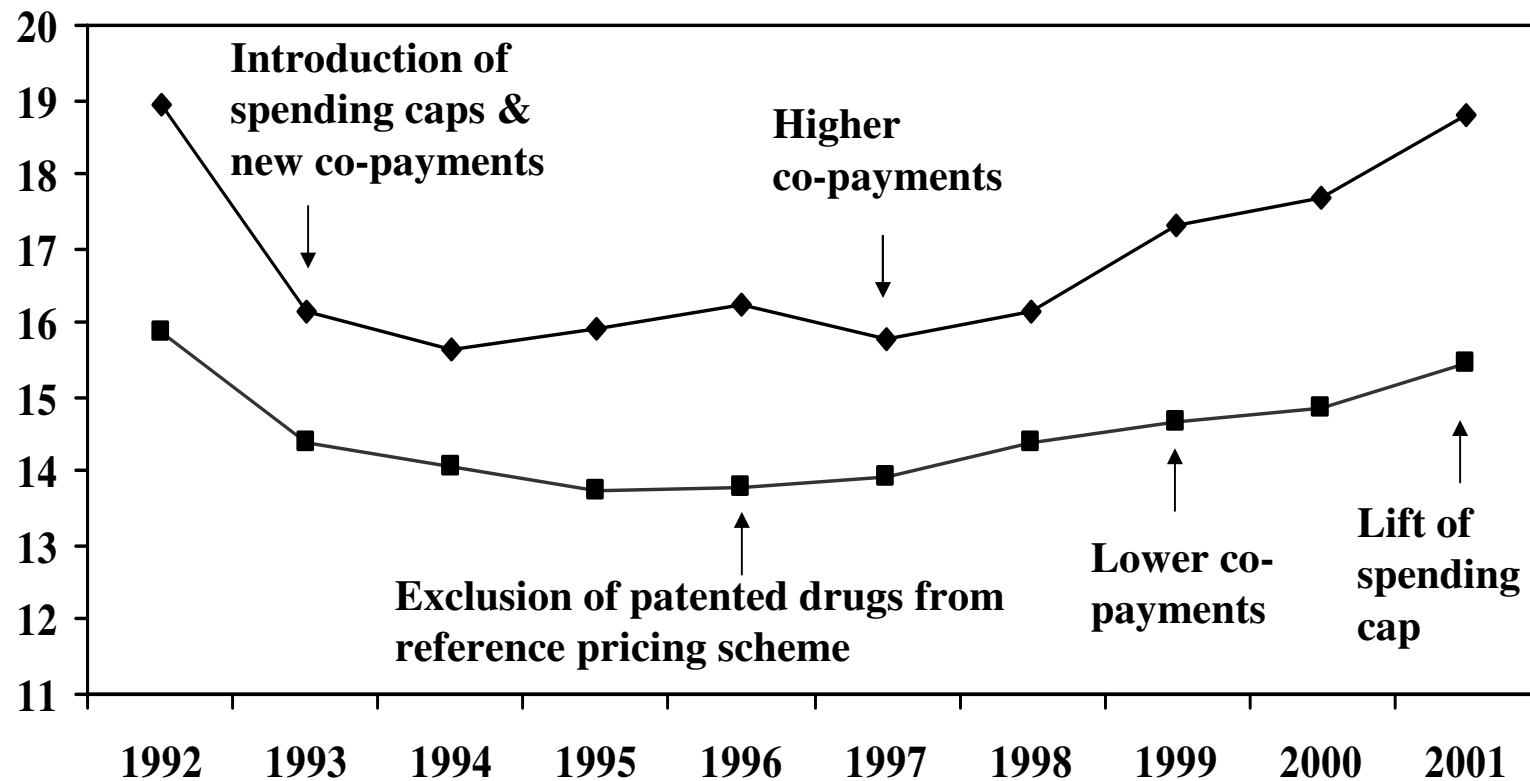
**Dr. rer.-oec. Jonas Schreyögg
Fachgebiet Management im Gesundheitswesen
Technische Universität Berlin**

Development of drug costs in Germany



Source: German Federal Statistical Office, Health Expenditure and Personell 2001, Wiesbaden 2003.

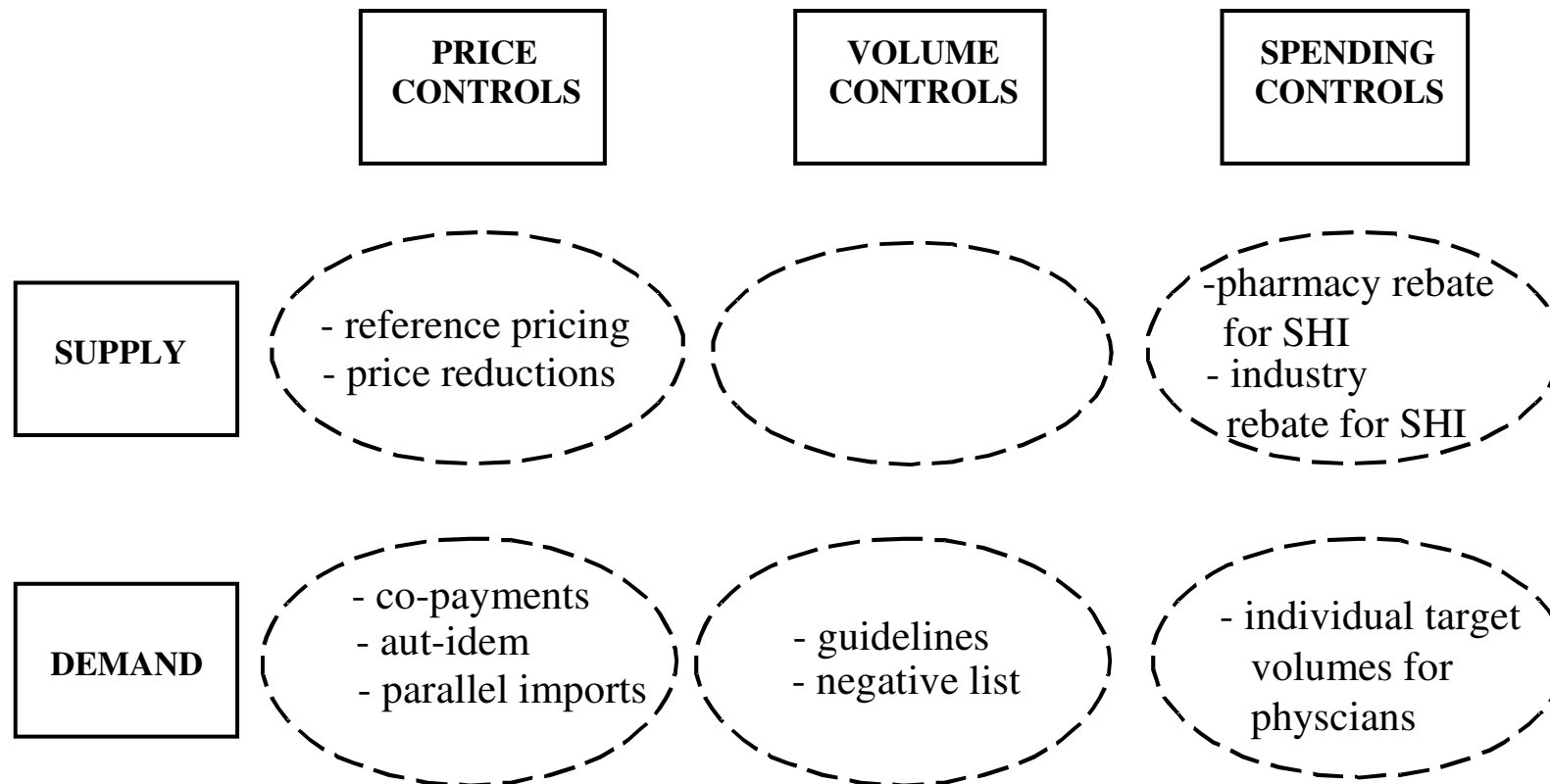
Pharmaceutical expenditure as % of health expenditure



—◆— Public pharmaceutical exp. as a % of public health exp. (GKV)

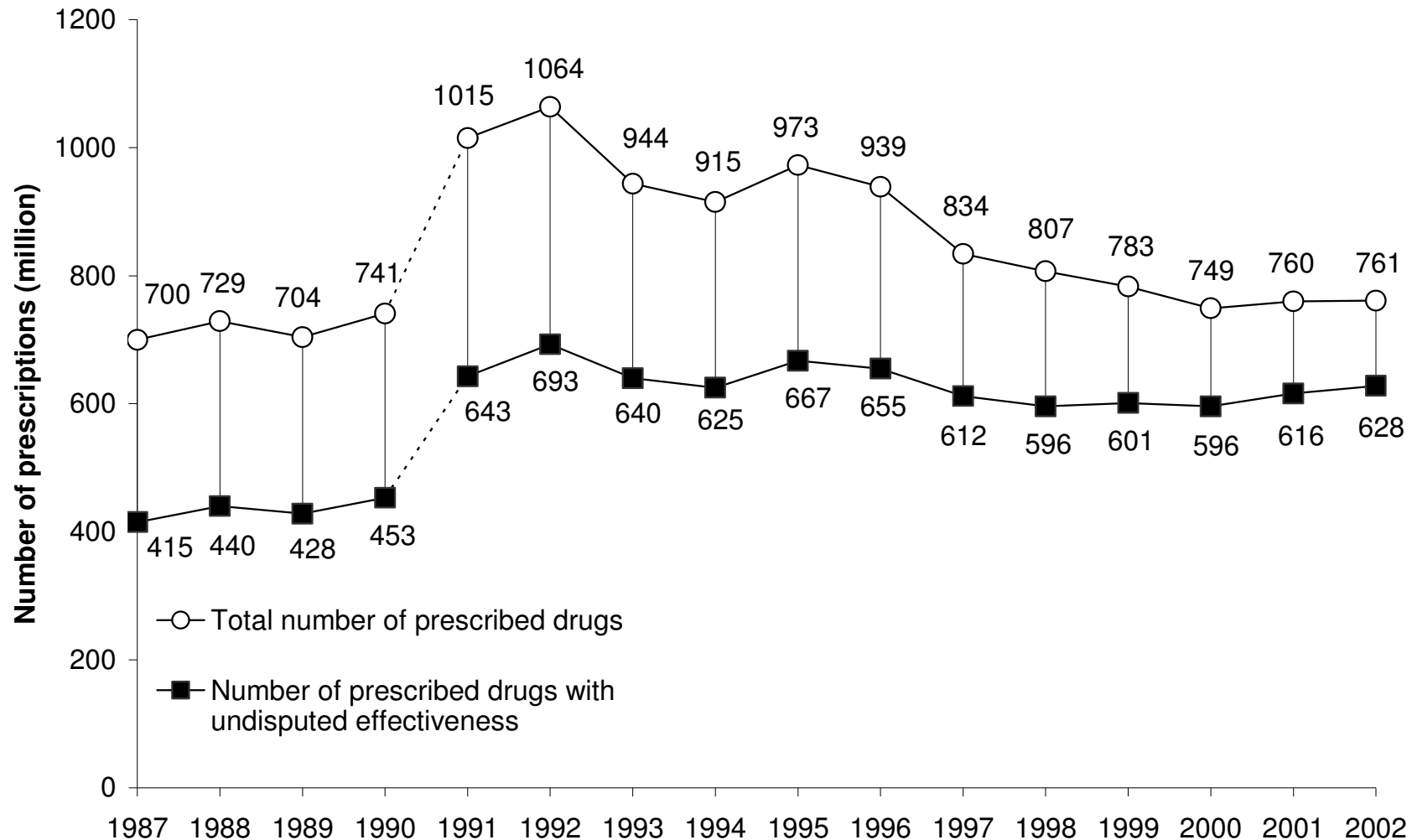
—■— Total pharmaceutical expenditure as % of health expenditure

Different regulations in the German pharmaceutical market



	Spending caps (collective liability)	Target volumes (Individual liability)
1989 to 1992	No spending caps required	Target volumes legally required but not implemented due to lack of data
1993	Legally set national spending caps	
1994 to 1997	Negotiated regional spending caps	
1998	No spending caps required	
1999	Legally set regional spending caps	Negotiated target volumes for individual practices (lack of legal liability)
2000 to 2001	Negotiated regional spending caps	
Since 2002	No spending caps	
		Legal liability for negotiated target volumes for individual practices

Development of prescriptions in the German Social Health Insurance

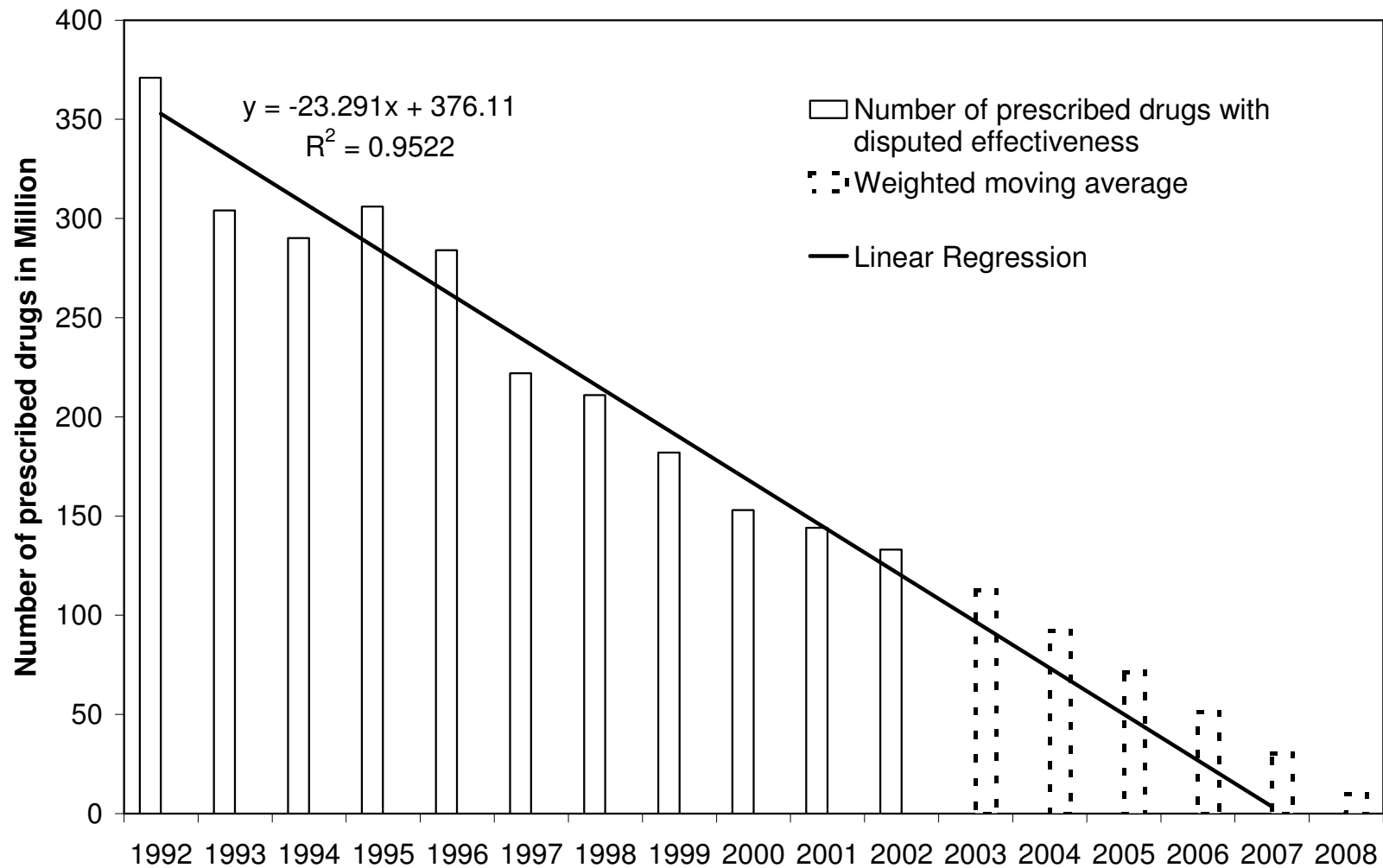


Own calculations based on data of the Research Institute of the General Regional Sickness Funds (WIdO).

Drugs with disputed effectiveness

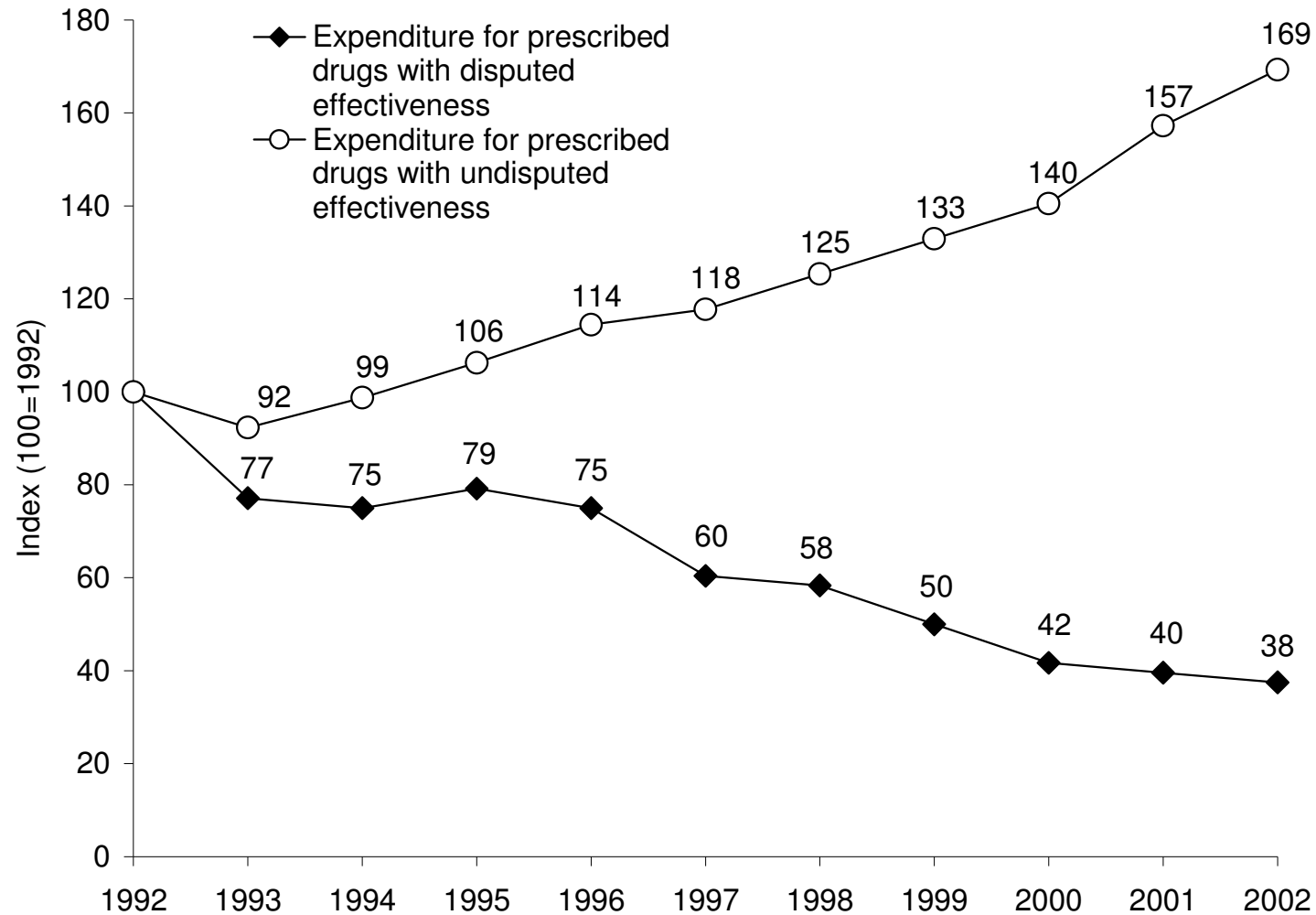
- drugs are defined as drugs with disputed effectiveness if a proof of therapeutic effectiveness through clinical studies is not sufficient or completely missing
- groups with the highest turnover are expectorant drugs (€ 193 million), medication against dementia (€ 156 million) and medication to treat neuropathies (€ 113 million)
- often not available in other countries e.g. Great Britain and Scandinavian countries

Development of prescribed drugs with disputed effectiveness



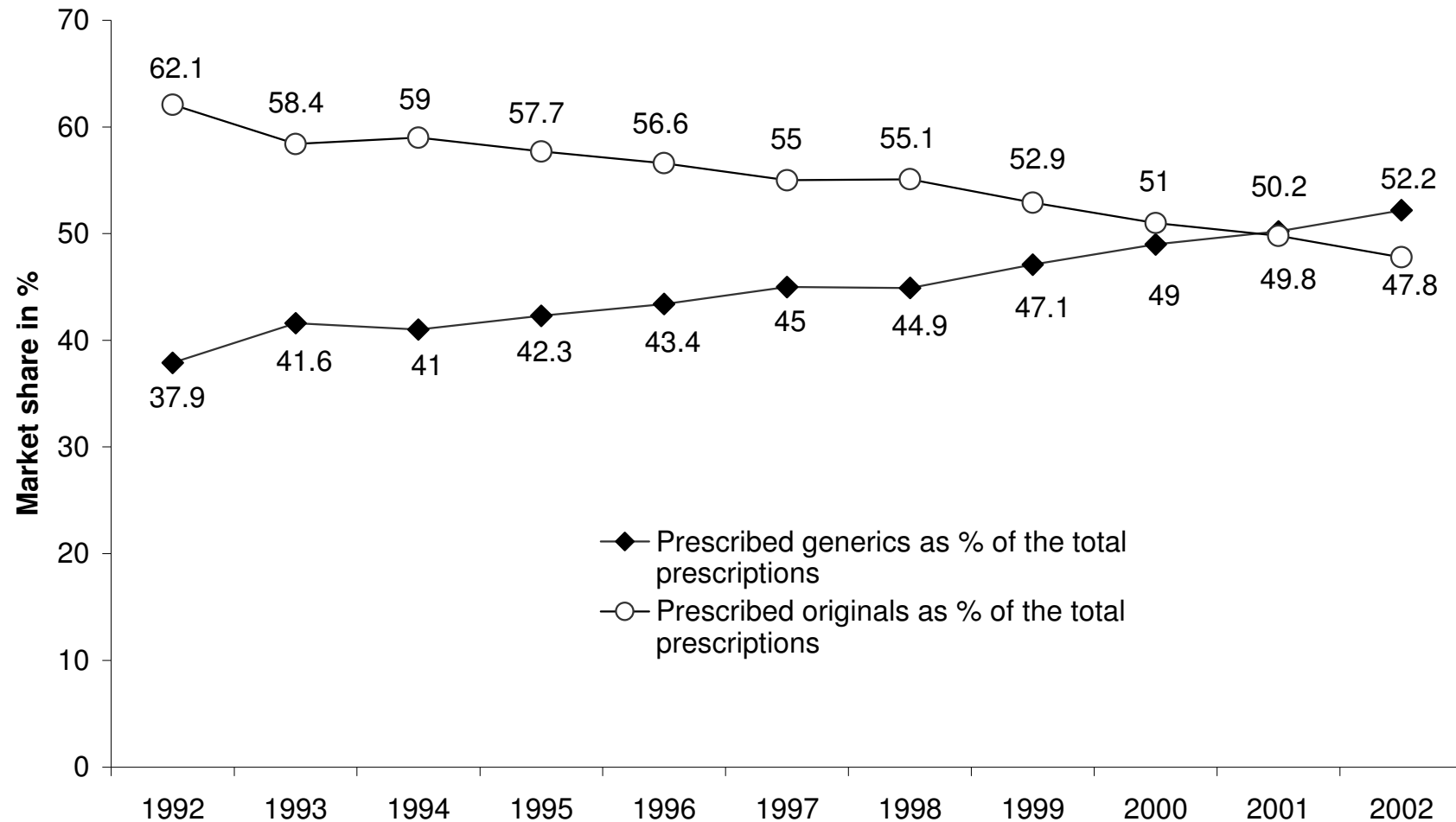
Own calculations based on data of the Research Institute of the General Regional Sickness Funds (WIdO).

Expenditure of drugs with disputed vs. undisputed effectiveness



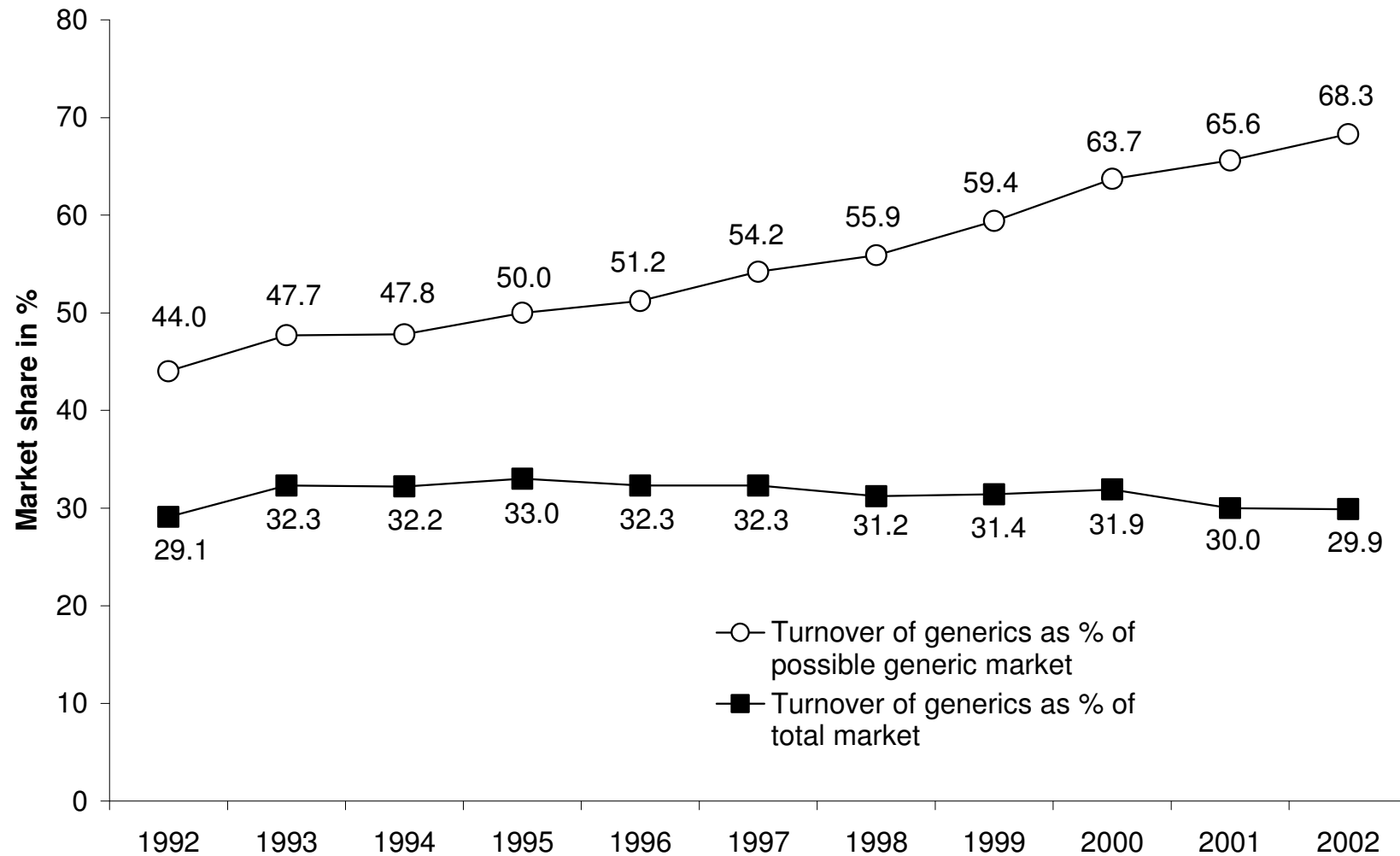
Own calculations based on Research Institute of the General Regional Sickness Funds (WIdO)

Market share of generic versus original prescriptions



Own calculations based on data of the Research Institute of the General Regional Sickness Funds (WIdO).

Turnover of generic drugs



Own calculations based on data of the Research Institute of the General Regional Sickness Funds (WIdO).

Cost reduction by drugs budgets/
target volumes:

- drugs with disputed effectiveness € 3,0 billion
 - Substitution by generics € 2,7 billion
- > drug budgets/ target volumes are not only effective in reducing the number of drugs with disputed effectiveness but have effects normally associated with positive lists