Minutes Deloitte

On 19/09/2019, [redacted] (ECFIN), [redacted] (ECFIN) and [redacted] (SANTE) met with consultants from Deloitte to discuss the situation and the outlook of the Greek pharmaceutical sector. The aim of Deloitte, who work for the industry, is to develop a white paper to reach consensus across stakeholders.

We started by informing them about the programme, which started with a markedly high level of spending in pharmaceuticals, and flagged how a large part of the measures in the area of health care directly targeted pharmaceuticals.

We touched upon the broader context of projected health care spending in the EU referring to the Ageing Report and the Joint Report on Health Care, explaining the role played by pharmaceuticals. In this context, cost effectiveness was flagged as a priority, with innovation putting a lot of pressure on the public budget. Pharmaceuticals are still one of the main drivers of expenditure in health care.

Addressing what we thought about reforms in the system after all the efforts that have taken place, we explained that progress is still needed but a lot has been done. Implementation is still the key issue to be solved though.

Overspending has been addressed through structural measures with both demand and supply management, as well as tools for monitoring and control (e-prescription, protocols). Despite all the tools in place, the monitoring is not implemented also due to a cultural problem. Probably not enough resources are spent on monitoring and cost effective initiatives such as the real time auditing that the authorities have been trying to put in place recently. However, some measures are still actually lacking, for instance such as the creation of adequate registries for high cost drugs, for which only two are available, with the notable absence of a register on cancer.

More recently, HTA and negotiating committees were introduced to improve the efficiency of spending. We took the opportunity to clarify that the role of the HTA committee for the assessment of innovative drugs and of whether reimbursed substitutes are still comparatively more cost-effective or they should be discarded.

On the clawback, as long as the programme was in place, it was a fiscal safety net. However one of its shortcomings has proven to be the reduction of the incentives to implement structural reforms. We clarified that the level of the clawback is not per se too low, and that the overspending is still indicative of distortions. Based on this, the hypothesis to exclude categories of pharmaceuticals from the clawback, such as in the case of prevention, is still premature, especially considering the residual signals of supply-induced demand and inefficient spending in the system. We also recalled that the system of the clawback how it is currently designed is not the only way (it could have been linked, for instance, to the dynamism of the firms or improved in other ways from the point of view of the industry).

The issue of shared responsibility for the creation of the clawback was also discussed as a way forward and as a possibly promising tool to counter the incentive to keep a light touch on the implementation of reforms. We acknowledged the intrinsic limitations of the clawback tool and clarified that the Commission has been advocating for the reduction of the clawbacks in the MoU almost since the beginning of the programme.

We also explained that the general issue is not lack of reforms but lack of implementation and clarified the existence of technical support, referring also to the existence of funds made available by the Commission to MSs and that further support relevant reforms. One of the important issues which historically impaired implementation is discontinuity, as Greece is characterised by a very serious spoil system, whereby with every government change the whole administration is removed. This is an important factor explain the insufficient implementation (or discontinuation) of some ambitious reforms so far and their limited results.

As for priorities, we conveyed that the authorities have to give a strong signal that they are willing to engage in additional reform efforts. The industry on their side should be committed to finding consensus on how to reduce the clawback. As for contact points between the industry and the authorities, agreeing on the risk sharing would imply enhanced efforts for expenditure containment on the side of the authorities; secondly, corporate social responsibility, whereby the industry agrees to the provision of free drugs to some categories, would be another possible win-win; lastly, ethical responsibility could be another point of convergence, with the creation of a dedicated fund to promote products while committing to interrupt the direct and corruption-prone channel with health care providers. Exploiting exports while safeguarding the internal market and attracting additional clinical trials could have additional potential if appropriately implemented.