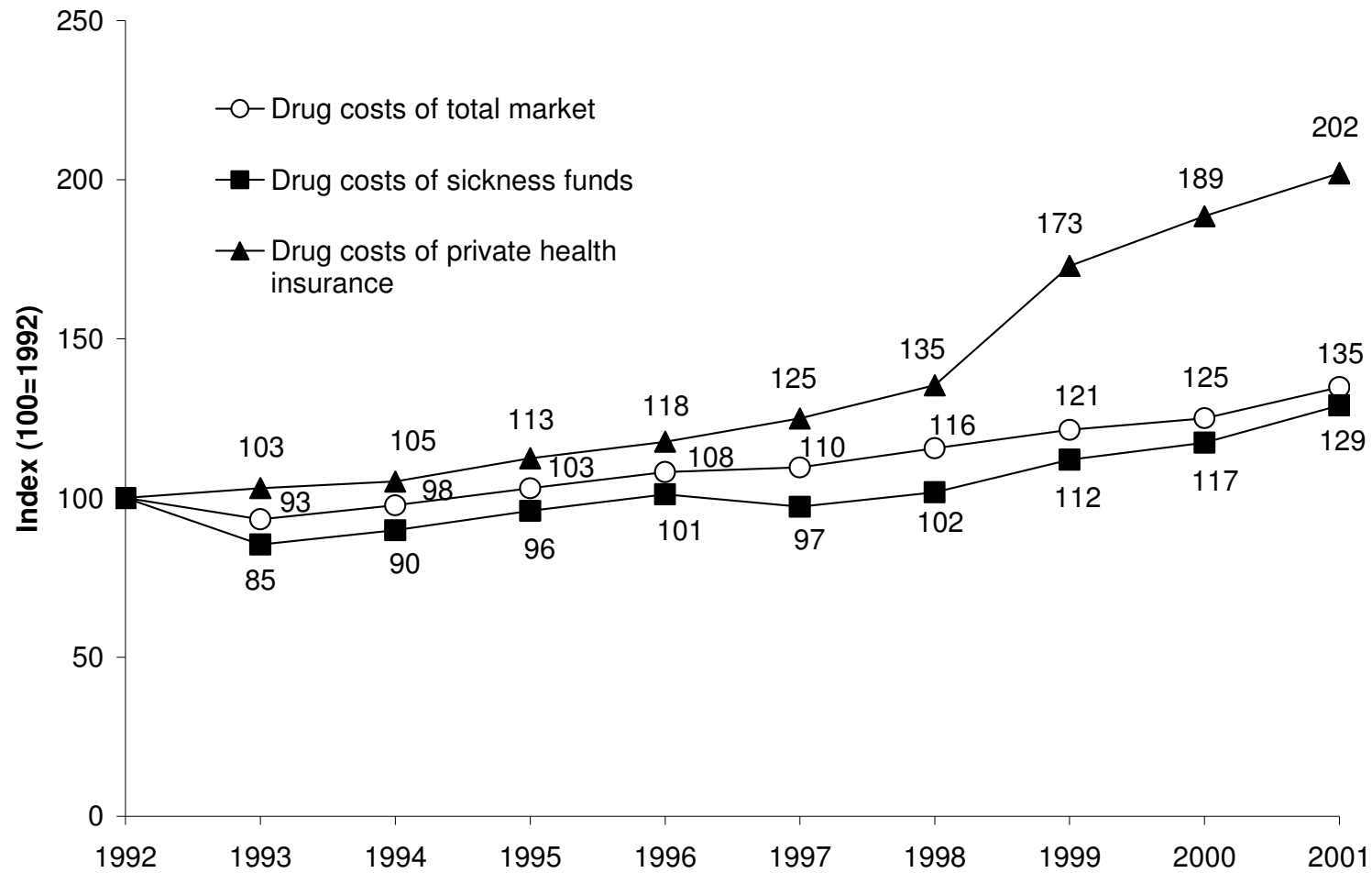


# **Effects of drug budgets on physicians' prescription behaviour - experiences from Germany**

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

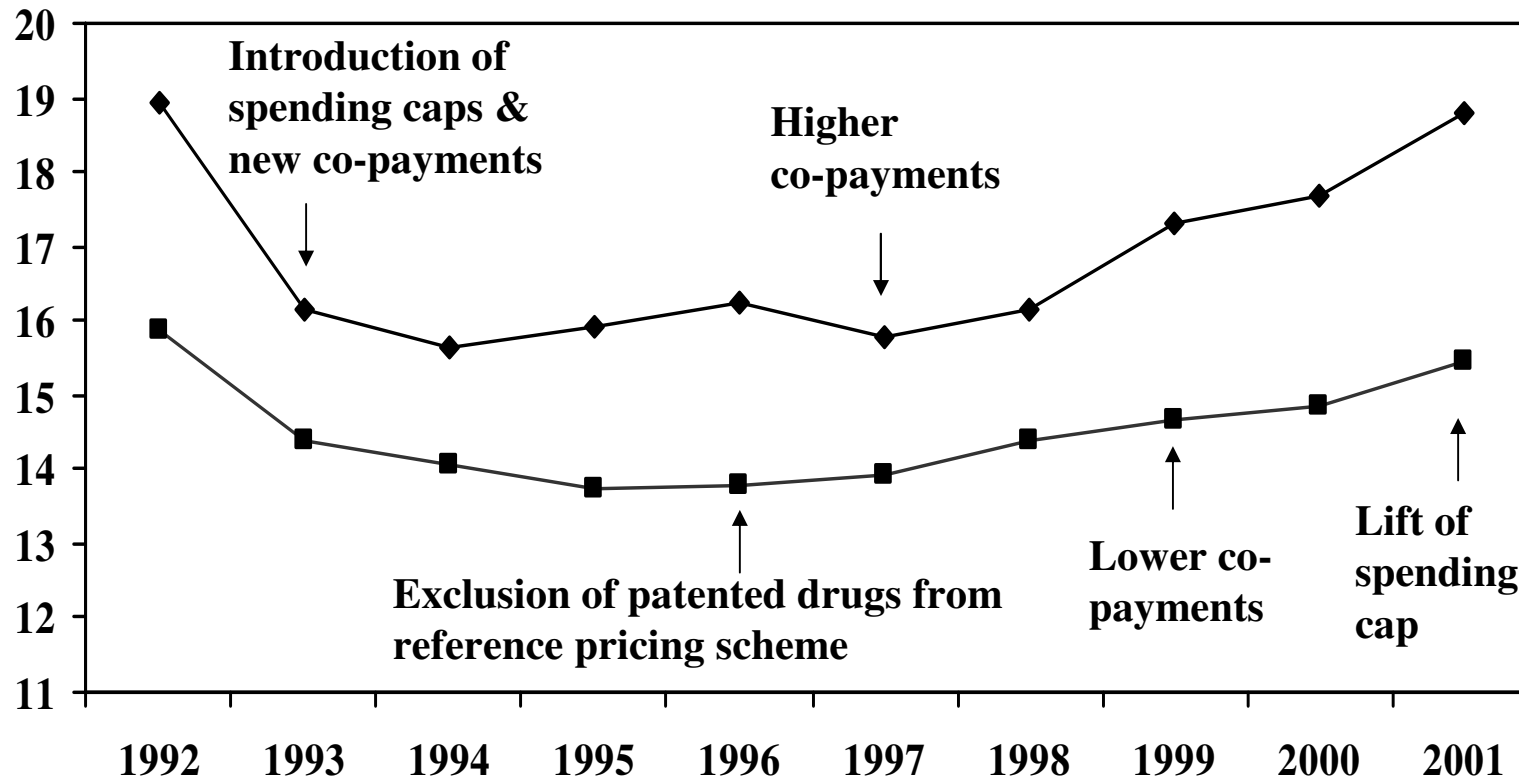
**Dr. rer.-oec. Jonas Schreyögg**  
**Fachgebiet Management im Gesundheitswesen**  
**Technische Universität Berlin**

# Development of drug costs in Germany



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

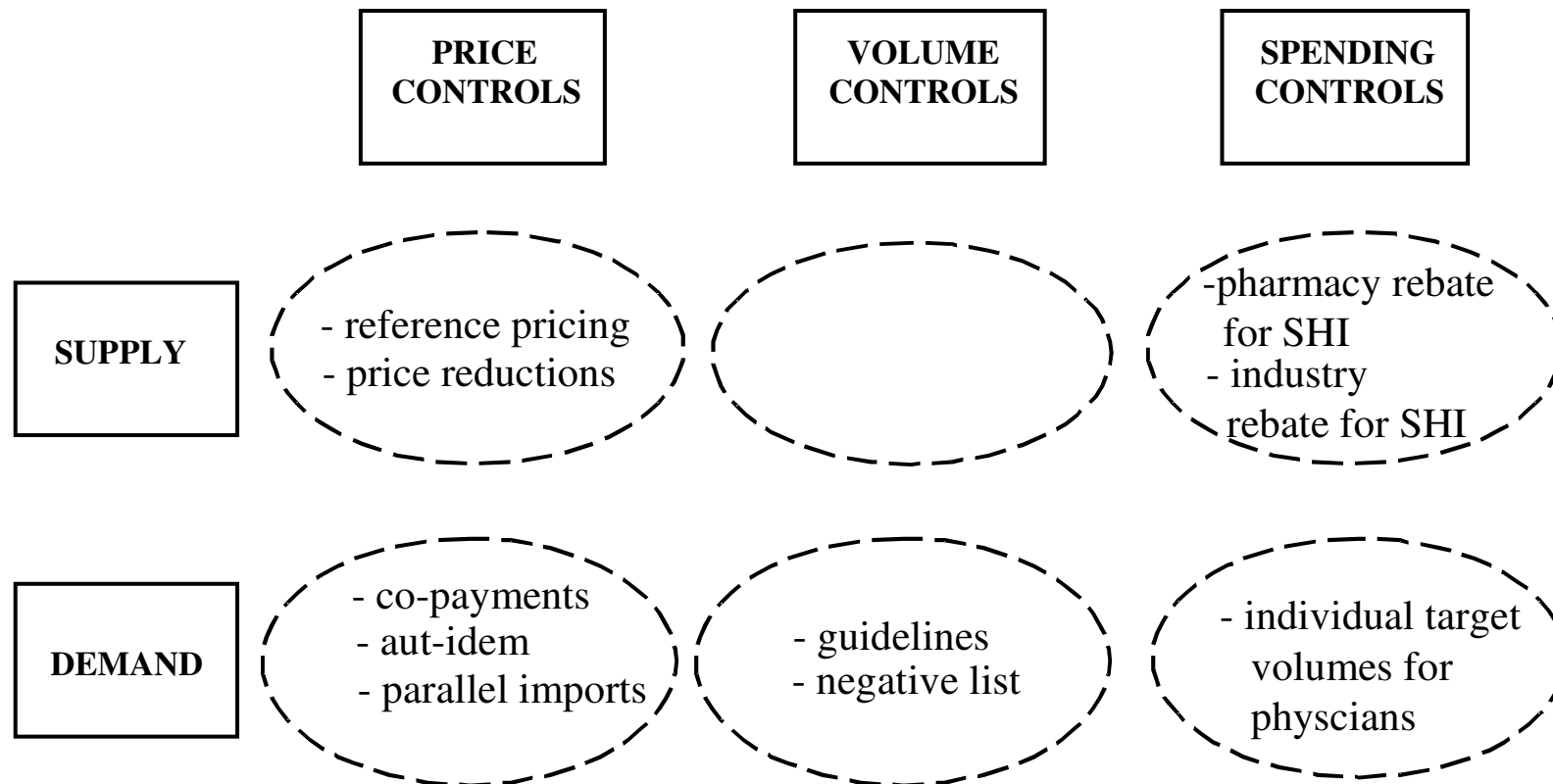
# Pharmaceutical expenditure as % of health expenditure



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

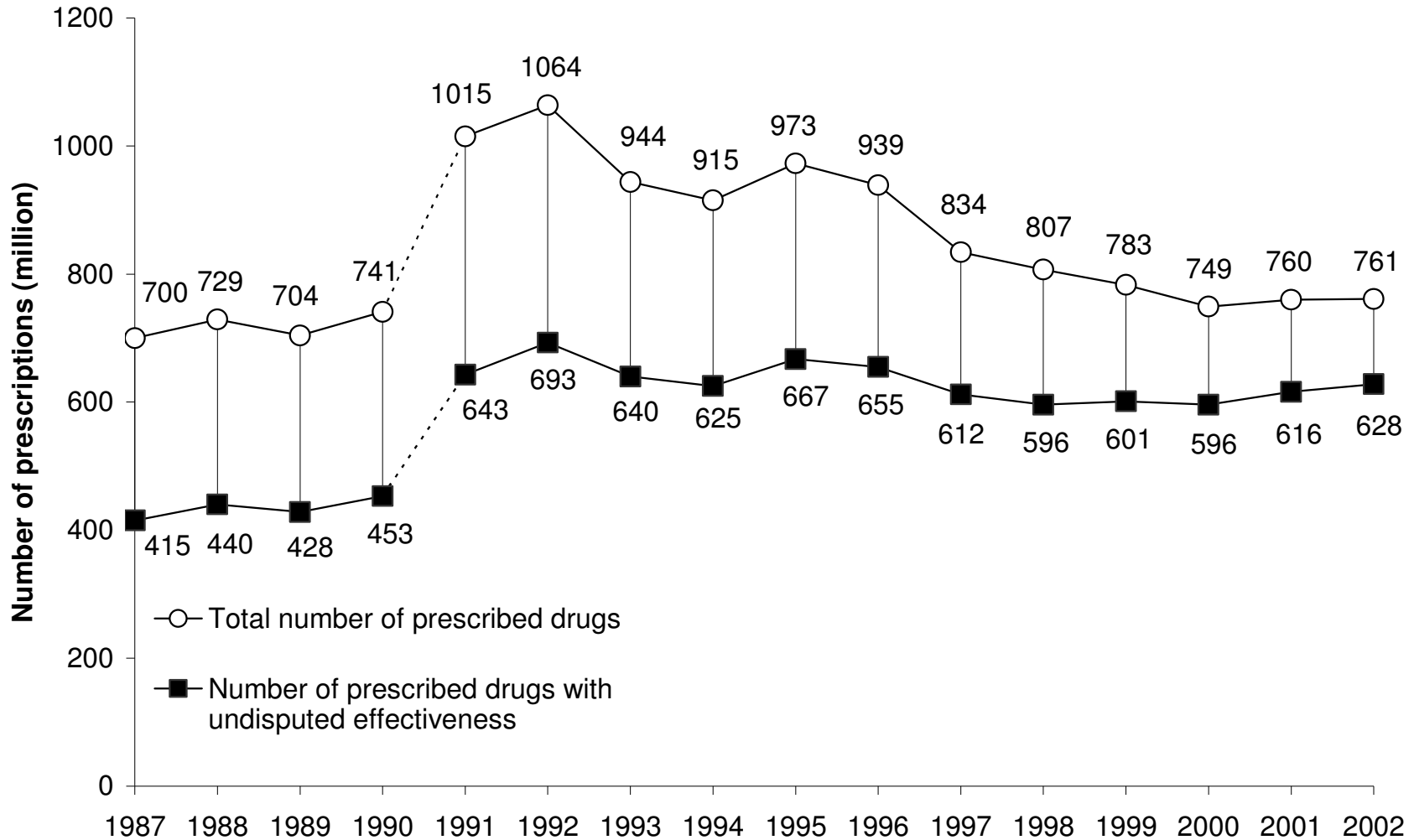
—■— Total pharmaceutical expenditure as % of health expenditure

# Different regulations in the German pharmaceutical market



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

# Development of prescriptions in the German Social Health Insurance

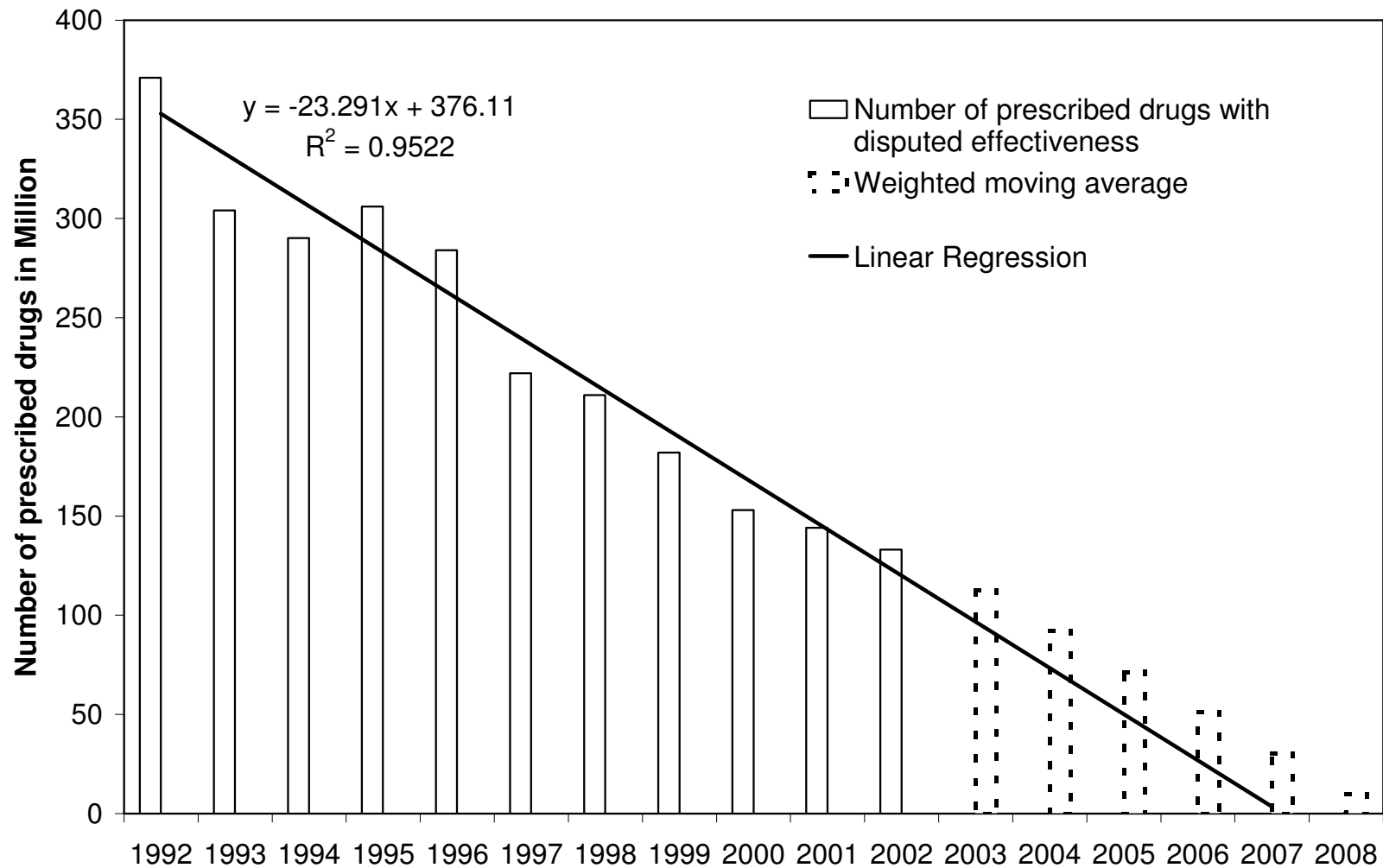


Own calculations based on data of the Research Institute of the General Regional Sickness Funds (WIdO).

## 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

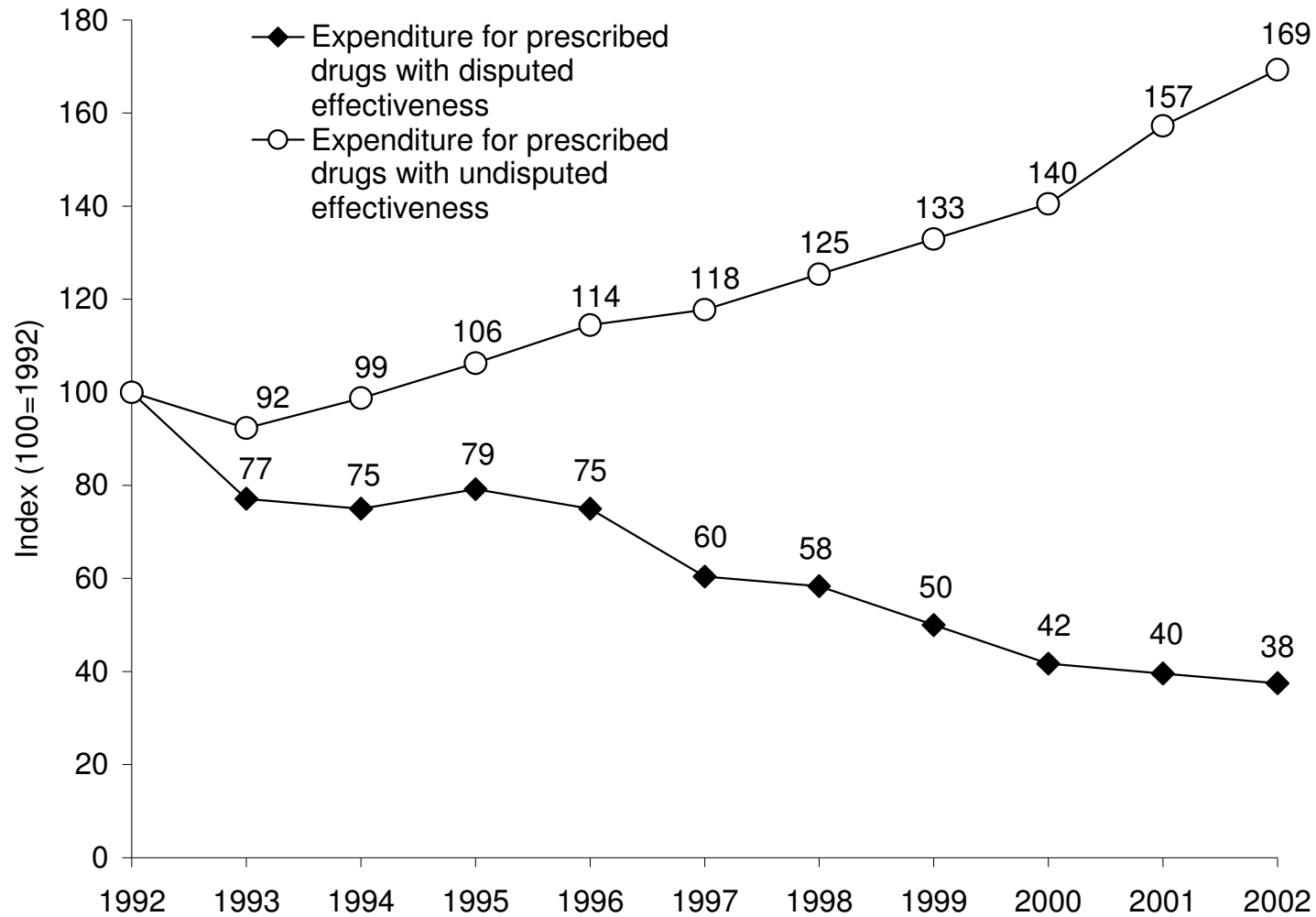
# Development of prescribed drugs with disputed effectiveness



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

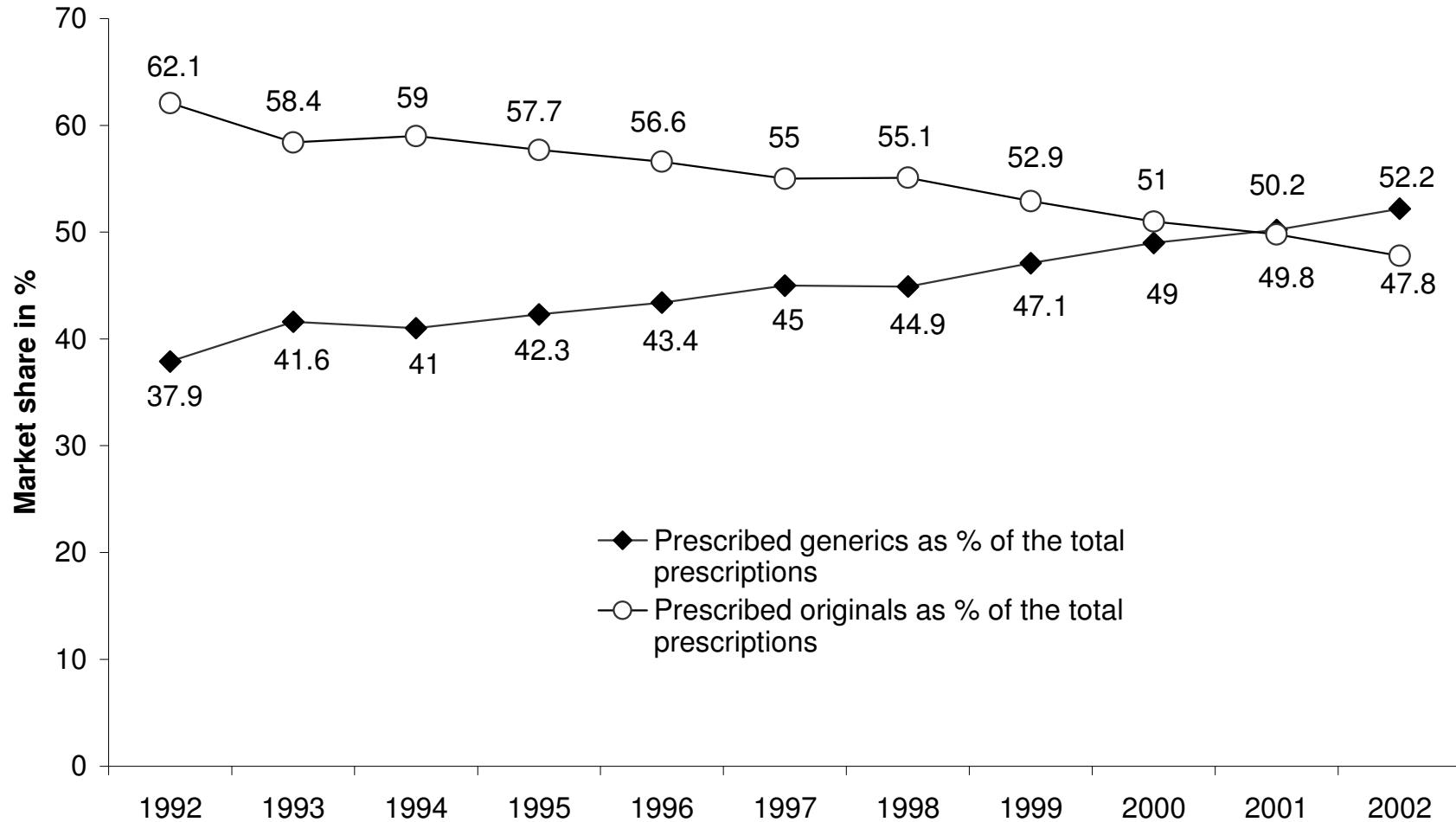


# Expenditure of drugs with disputed vs. undisputed effectiveness



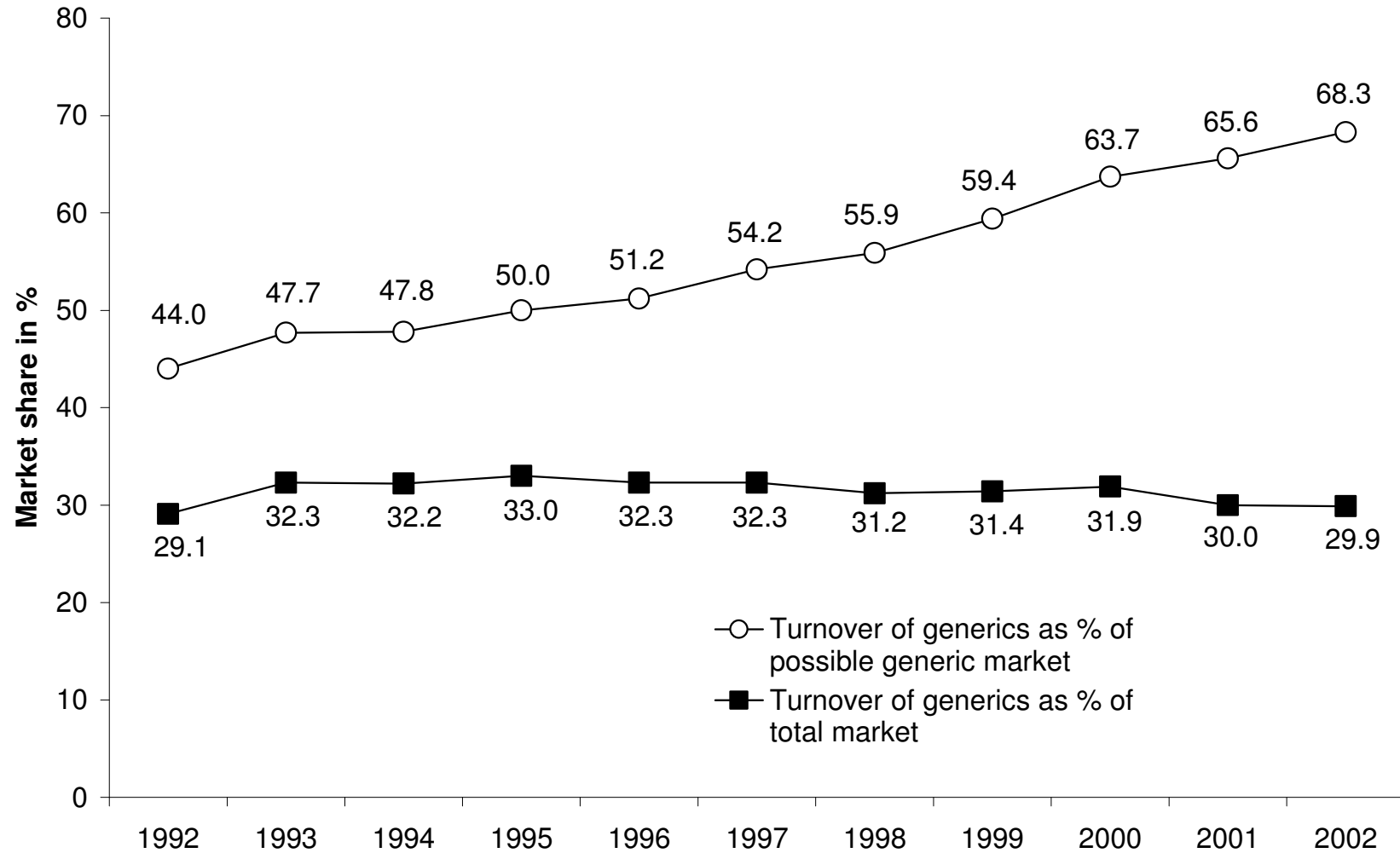
Own calculations based on Research Institute of the General Regional Sickness Funds (WIdO)

# 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