

Monthly Bulletin

THE PHARMACEUTICAL
MARKET IN SPAIN

january 2014

Market Evolution

Public Pharmaceutical Expenditure (pharmacies)

	Ene. 2013- Dic. 2013	Ene. 2012- Dic. 2012	% var. 2013/12
Exp. (€ Mill.) *	9.183,2	9.770,9	-6,01%
Prescrip. (Millions)	859,6	913,8	-5,93%
Av. Exp. per. prescription (€)	10,68	10,69	-0,09%

*Retail price (VAT included).

Data from the Ministry of Health, Social Services and Equality shows that in December 2013, public pharmaceutical expenditure at pharmacies experienced a drop of -6.0%, compared to the same month the previous year. This variation in expenditure is a consequence of a fall in the number of prescriptions (-5.9%) and a drop in the average price of each prescription by -0.1%.

The accumulated expenditure in the 12-month period to December 2013 was 588 M€ lower than the year-end figure of 2012. (Please see the below chart.)

Pharmaceutical expenditure. Moving average last 12 months (€ Mill.)

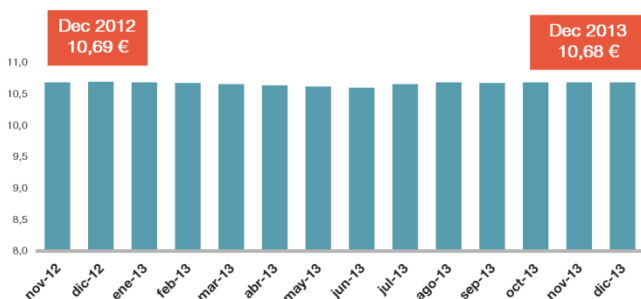


Source: MSSSI

During the first half of 2013, the accumulated pharmaceutical expenditure to 12-months decreased as a consequence of the initial impact of the new pharmaceutical co-payment system and also the de-listing of some medicines in June and September 2012.

A year after these measures were introduced –in the second half of 2013– the expenditure series came to a standstill, although it does look like there is a slight growth towards the yearend as a consequence of the delay in the RPS being

Average expenditure. Moving average last 12 months (€ per prescription)



updated. This has given rise to the average cost /prescription falling by only one cent (of a euro) during the last 12-months, as can be seen in the following chart.

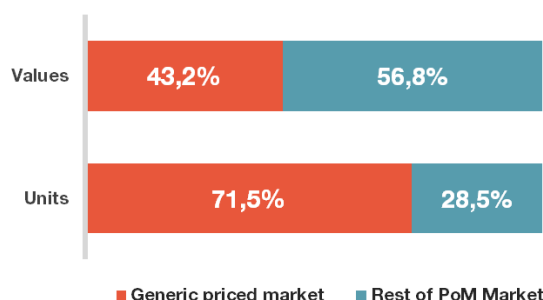
We can see the demand side on prescriptions increased in the second half of 2013, however, this does not reflect a future trend in our opinion, but rather is down to statistics and current situations, (see our previous bulletins nº 102 and

103) and also to the adjustment of the new copayment for those mainly affected (typically the pensioners) which caused a knock-on effect on the older generation whose demand side is traditionally high for medicines; these were previously non-copayment NH prescription drugs.

This significant impact produced a contraction on the demand-side of prescriptions in the short term, much greater than expected as a level of equilibrium in the medium term. (see [Boletín de Coyuntura nº 88, agosto 2012](#)).

Finally, data from the IMS covering the 12-month period ending December 2013, shows that the whole of the medicines market with generic prices reached 71.5% of the total prescription market in units in Spain, and 43.2% of said market value.

Market shares last 12 months (December 2013)



Source: Farmaindustria estimation from IMS

Note: Total market net from RDL 8-2010 RDLs rebates

Public pharma expenditure at pharmacies in Spain during 2013

2013 has been the 4th consecutive year registering reductions in public pharmaceutical expenditure for NH prescriptions.

After the following falls in expenditure: -2.4% in 2010, -8.8% in 2011, -12.3% in 2012 and -6.0% in 2013, the accumulated pharmaceutical expenditure reached a total global fall of -27% during the 2009-2013 period. This means that in four-years, public pharma expenditure lost more than a quarter of its value where NHS prescriptions are concerned.

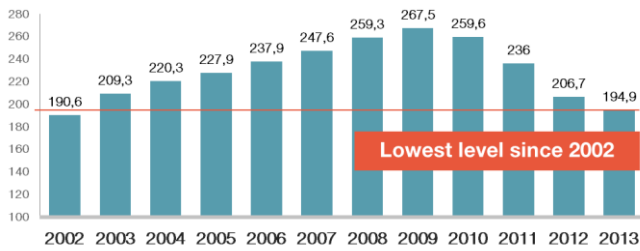
Behind this fall of -27%, we can find reductions affecting two main components; the demand side of prescriptions has reduced by -8% and the average expenditure per prescription by -20% during 2009-2013.

In fact, the demand on prescriptions per capita in 2013 (18.2 prescriptions per person per year) matches levels of 2007 where the demand of NHS prescriptions reached 18.7 prescriptions/person/year.

On the other hand, the average expenditure per prescription of €10.68 reached its lowest level at the end of the year since 1998.

When analysing public pharma expenditure per capita per year, the figure was €194.90 at the end of 2013, a very similar variable to that registered in 2002, as seen in the following chart.

Public pharmaceutical expenditure in NHS prescriptions. € per capita

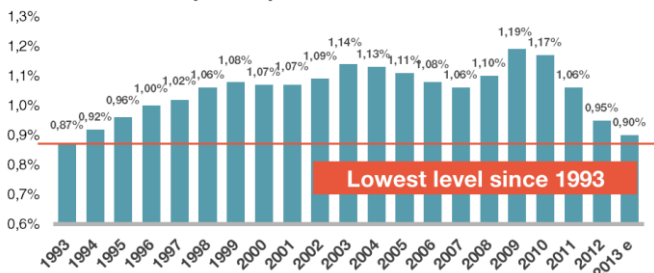


Source: Farmaindustria + MoH + INE

That is to say, public pharma expenditure per person in 2013 has gone back to figures of more than 10-years ago, and, we must bear in mind the improved therapeutics provided by the pharma industry during this period plus the increasing costs involved in developing innovative medicines.

If we analyse this in terms of a Spanish GDP percentage, public pharma expenditure would have registered 0.9% at the end of 2013, a ratio of almost 0.30 percent lower than that registered 4-years ago, as shown in the following chart.

Public pharmaceutical expenditure in NHS prescriptions. % of GDP



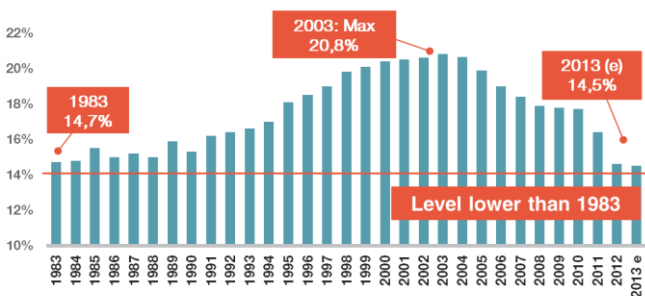
Source: Farmaindustria + MoH + INE

Said ratio of 0.90% hasn't been registered in Spain since 1994, when it reached 0.92% Spanish GDP, a year in which GDP per person in Spain was less than half of what it was in 2013.

This chart clearly shows how the Spanish economy has evolved and worked to finance the public pharma expenditure. This expenditure has gone from a stable figure of around 1.1% GDP through the decade 2000-2010, to 0.9% registered in 2013.

Additionally, public pharma expenditure on NHS prescriptions in 2013 has reached 14.5% of Spanish public healthcare expenditure.

Public pharmaceutical expenditure in NHS prescriptions. % of public healthcare expenditure



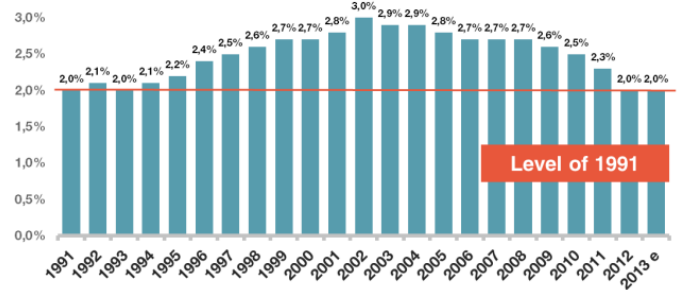
Source: Farmaindustria + MoH. 2013 estimations from evolution of healthcare budgets in the analyzed period.

As seen in the chart below, never before have there been such low ratios in this expenditure since records began in 1983.

This fall in public pharma expenditure weight over public healthcare is a trend that commenced in 2005 after a relatively stable period where the ratio was around 20%. In fact, public pharma expenditure on NH prescriptions has reduced significantly within public healthcare expenditure by almost 6 points over the last decade.

Finally, if we studied public pharma expenditure influences within the whole of the Spanish public expenditure, 2013 would have ended with a ratio of 2.0%; this means that 2 out of every 100 Euros spent in all the public administrations in Spain would have gone to pay medicines financed by the NHS dispensed through pharmacies.

Public pharmaceutical expenditure in NHS prescriptions. % of total public expenditure




Source: Farmaindustria + MoH + Ministry of Economy and Competitiveness. 2013 estimation according to the 2014 Budgetary Plan. Kingdom of Spain.

As seen in the above chart, public pharma expenditure on medicines equivalent to 2% of Spanish public expenditure has not been seen since the early 1990s.

Although an economic variable such as public pharma expenditure at pharmacies -where complete monthly data can be found- permitting interesting analysis of the current situation is available, in some occasions it is this very short term scenario which precisely prevents appreciating the true impact of some policies in the long run. With this in mind, it is important to look at things long-term and analyse bigger trends of public pharma expenditure with a historical comparison and perspective. Only this way will we be able to contemplate the route and the impact of particular measures of economic policy on the whole of the Spanish pharmaceutical sector.

farmaindustria

 C/ María de Molina, 54, 7^a
28006 - Madrid

 Phone: (+34) 91 515 93 50

 farmaindustria@farmaindustria.es

 facebook.com/farmaindustria

 [@farmaindustria](https://twitter.com/farmaindustria)

 googleplus

 <http://www.farmaindustria.es/>