

# The Economic Bulletin

## THE PHARMACEUTICAL MARKET IN SPAIN

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## Market evolution

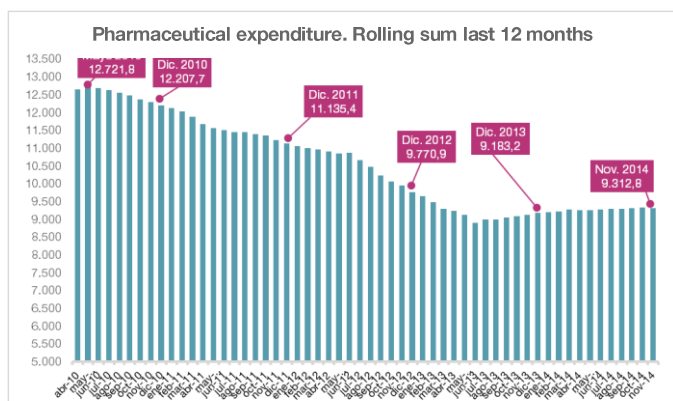
### Public Pharmaceutical Expenditure (pharmacies)

	Dic. 2013- Nov. 2014	Dic. 2012- Nov. 2013	% var. 2014/13
Exp. (€ Mill.) *	9.312,8	9.134,6	1,95%
Prescrip. (Millions)	864,3	855,2	1,07%
Av. Exp. per. prescription (€) *	10,77	10,68	0,87%

\*VAT included)

Data from the Ministry of Health, Social Services and Equality shows that in November, public pharmaceutical expenditure at pharmacies experienced a growth of +1.95% compared to the same month the previous year. This variation in expenditure is due to an increase in the number of prescriptions (+1.7%) and an increase in the average price of prescriptions (+0.87%).

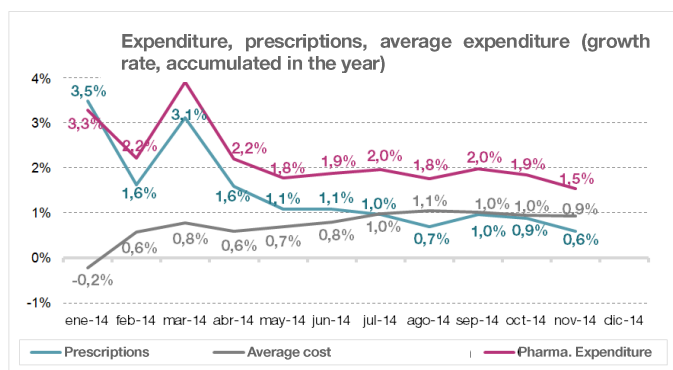
The accumulated expenditure in the 12-month period to November 2014 was -3,409M€ lower than the recorded high in May 2010.



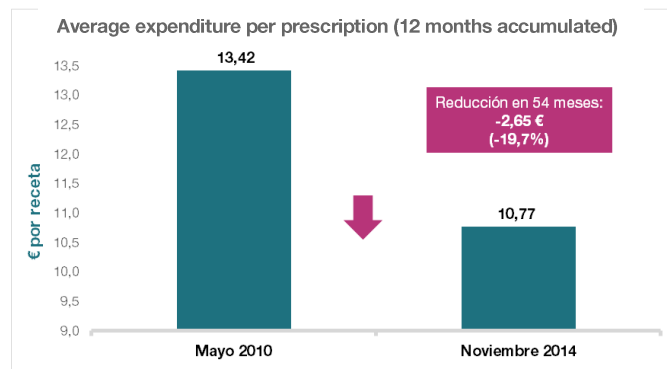
Fuente: MSSSI

With just a month to go till the end of the year, the accumulated growth rate in public pharmaceutical expenditure is +1.5%, -the lowest percentage this year- although this annual accumulated rate fluctuated around +2% between April and October, with very slight monthly variations.

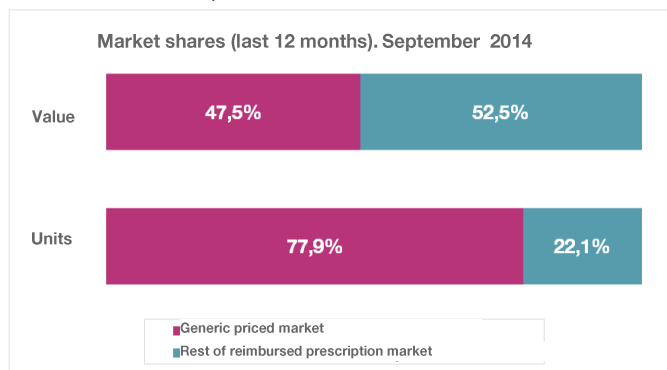
Something similar happened to the annual accumulated rate of prescriptions and the average price per prescription. Both rates have registered variations of around 1%, as shown in the following chart.



In turn, average expenditure was 10.77 euro per prescription in November, which means, as shown in the following chart, an absolute reduction of -2.65 euro per prescription since May 2010 (when public pharmaceutical expenditure to 12-months reached its recorded high of 12,721.0 million euro.)



Finally, data from the IMS covering the 12-month period ending September 2014 shows the whole of the medicines market with generic prices reached 77.9% of the total prescription market in units in Spain, and 47.5% of said market value.



Source: Farmaindustria estimates from IMS  
Note: prescription market net from rebates established in RDLs 8/2010 and 2011/9/2011

### Public pharmaceutical expenditure in Spain is 23% lower than the average in other Euro zone countries

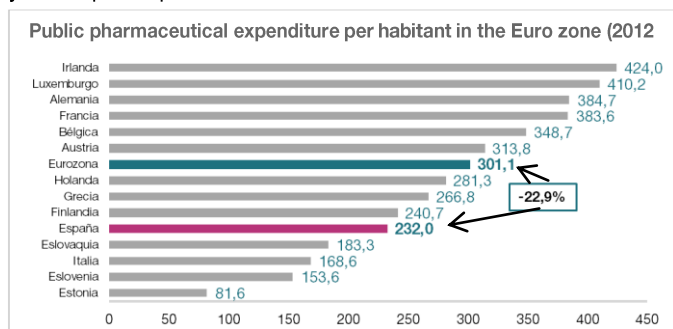
Statistics published by the OECD are the main source of information on healthcare and pharmaceutical expenditure where international comparative analysis is concerned. This organization studies homogenous statistics amongst countries with criteria that is identical in terms of inclusion or exclusion in all concepts of expenditure. For this reason, OECD data on healthcare and pharmaceutical expenditure is a model example for many institutions that carry out international studies.

Unfortunately, OECD data is not very useful when we want to carry out current situation analysis given that they tend to publish their expenditure statistics with up to 2 years delay; this is mainly due to different publication dates of official information in the different countries.

Therefore, the only real international data on healthcare and pharmaceutical expenditure corresponds to 2012, and we have to wait until mid 2015 to have access to the first set of international data corresponding to 2013.

Consequently, according to figures from the OECD which have been recently updated for a number of important countries for 2012, public pharma expenditure in Spain is one of

the lowest ranking countries within the Euro zone, when analyzed in per capita terms.

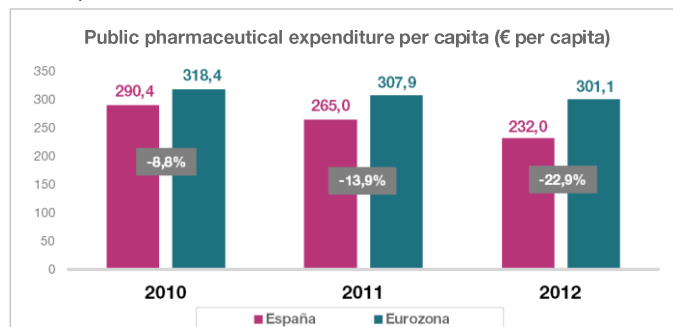


Fuente: Farmaindustria a partir de OCDE Stat Extracts (2012)

As shown in the above chart, the geographical distribution of public pharma expenditure per habitant in those Euro zone countries in 2012 reflects an important variation, swinging from 82 € per/c. in Estonia and 424€ in Ireland. In this study, Spain is positioned amongst the lower ranks of lower expenditure per capita; positioning just above Estonia, Slovenia, Slovakia and Italy.

Spain registered public pharmaceutical expenditure of 232€ per habitant in 2012 and this is a -23% lower than the average public pharma expenditure in Euro zone countries as a whole (301 euro per capita)<sup>1,2</sup>

However, just as important as it is to calculate the public pharma expenditure per habitant in a particular year, is to analyse what has been the evolution of said differential in the recent past.



Fuente: Farmaindustria a partir de OCDE

As shown in the above chart, the differential in public pharmaceutical expenditure per capita between Spain and the average in the Euro zone has increased continually through 2010-2012, which proves that cost containment measures in public pharmaceutical expenditure in Spain (i.e. mainly Royal Decrees 4/2010, 8/2010, 9/2011 and 16/2012) have been the cause of the reduction in expenditure in Spain to a greater degree than in the rest of the countries in the Euro zone.

Similarly, when the 2013 OECD figures are available, it is probable that we will see a greater differential between Spain and the Euro zone in that particular year given that the drop of -6% in pharma expenditure on NH prescriptions during 2013 was greater than the registered figure in the rest of the Euro zone countries.

## The Spanish healthcare system is one of the most efficient in Europe.

To reach ones best efficiency score is every health systems' objective, which in other words means, getting the best healthcare results with the resources available.

Therefore, the level of efficiency serves as a good indicator to study how well a health system is functioning, especially when compared to other countries.

That said, measuring efficiency brings some practical difficulties: How exactly do you measure healthcare results? What parameters should be used? Which costs should be included? Etc...

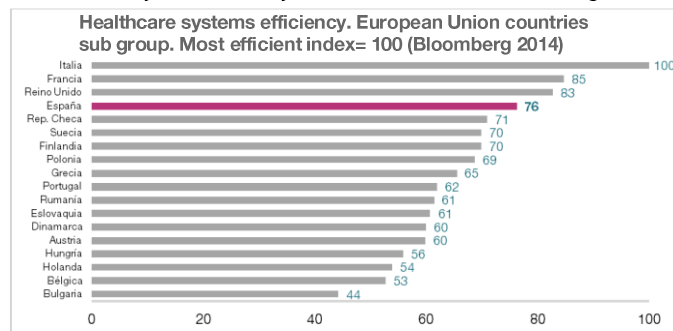
One of the most well known studies on health system efficiencies -carried out annually- is Bloomberg's<sup>3</sup>.

In their study, Bloomberg only counts on those countries that meet 3 requirements: 1) to have a population of more than 5 million habitants, ii) have GDP per capita that exceeds 5,000 US dollars, and iii) where life expectancy reaches 70 + years.

At the same time, Bloomberg takes 3 criteria into account when drawing up its efficiency indicator on healthcare systems: i) life expectancy in that country with a weighting of 60% in the indicator, ii) healthcare expenditure per capita in relation to GDP with a weighting of 30% and iii) healthcare expenditure per capita in absolute terms with a weighting of 10%.

Given these basic premises and according to Bloomberg's study for 2014, Spain would rank 14, worldwide, in terms of health system efficiency.

Nevertheless, and as shown in the following chart, if we confine this study to Member States of the European Union, Spain would take 4<sup>th</sup> place in the Bloomberg's study of health system efficiency; behind Italy, France and the United Kingdom<sup>4</sup>



Fuente: Elaboración Farmaindustria a partir de Bloomberg LP

It is important that efficiency benefits made in European healthcare systems -including Spain's- are generated through improvements in the administration of economic resources that will allow for further improved healthcare results for the population.

<sup>1</sup> The benchmark is made using countries in the Eurozone because they are most directly comparable considering they use the same currency and their data do not incorporate distortions coming from currency fluctuations, which can be important at times.


<sup>2</sup> Included are 14 Member States from the Eurozone for which OECD has published public pharmaceutical expenditure data in 2012 (all of the Eurozone except Cyprus, Letonia, Latvia, Portugal and Malta)

<sup>3</sup> Available at: <http://www.bloomberg.com/visual-data/best-and-worst/most-efficient-health-care-2014-countries>.

<sup>4</sup> The following Members States would be left out of this index: Cyprus, Croatia, Eslovenia, Estonia, Ireland, Letonia, Latvia, Luxemburgo and Malta.

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