



IMS Management Consulting

Presentation on: Assessment of Positive List impact (Based on MAT/06/2014 volume data; excl. L.3816 drugs)

November 12, 2014 - Athens



Total impact of positive list: A two-pillar approach

Total impact on state spending

Pillar 1

Pillar 2

Impact of new co-payment algorithm

Co-payment algorithm based on August '14 vs. the one of January '14 (GG2219/09.09.2013 & GG64/16.01.2014)

Introduction of the €50 cap in the additional cost

• In case that a patient selects a product with retail price higher than the reimbursement price, the extra cost added on the regulated copayment ≤€50

Introduction of company's payment

■ In case that a patient selects a product with retail price higher than the reimbursement price and no Gx within the cluster, company should pay the 50% of the price difference between retail and reimbursement price

*Note: Implementation of reward scheme for patients applied from the March-2014 list onwards

Impact of new positive list/ reference pricing

Positive list of August '14 vs. the one of March '14

New way of calculating reference price by cluster

■ Reference price calculated based on the cheapest (in KHΘ) Gx accounting for 20% of cluster volume (GG1144/06.05.2014)

Elimination of the jumbo-clusters

 Re-distribution of the SKUs of jumbo-clusters into smaller ones

*Assuming same positive list/ reference pricing

Source: IMS Management Consulting analysis

*Assuming same algorithm



Regulation changes within 2014: An overview

Prior situation (*GG740*/ 26.03.2014)

Case 1: Retail price lower than reimbursement price

- o Patient pays the regulated % co-payment on the retail price reduced by the smallest value between:
 - ✓ The absolute difference between reimbursement and retail price
 - √ 50% of patient's regulated co-payment

• Case 2: Retail price higher than reimbursement price and Gx within the cluster

- o Patient pays the regulated % co-payment on the reimbursement price plus **100%** of the price difference between retail and reimbursement price
- Case 3: Retail price higher than reimbursement price and no Gx within the cluster
 - o Patient pays the regulated % co-payment on the reimbursement price plus **50%** of the price difference between retail and reimbursement prices *Remaining on State*

Current situation (updated GG2336B/ 29.08.2014)

Case 1: Retail price lower than reimbursement price

- o Patient pays the regulated % co-payment on the retail price reduced by the smallest value between:
 - ✓ The absolute difference between reimbursement and retail price
 - √ 50% of patient's regulated co-payment

• Case 2: Retail price higher than reimbursement price and Gx within the cluster

- o Patient pays the regulated % co-payment on the reimbursement price plus **100%** of the price difference between retail and reimbursement price
- o The additional copayment cannot exceed €50

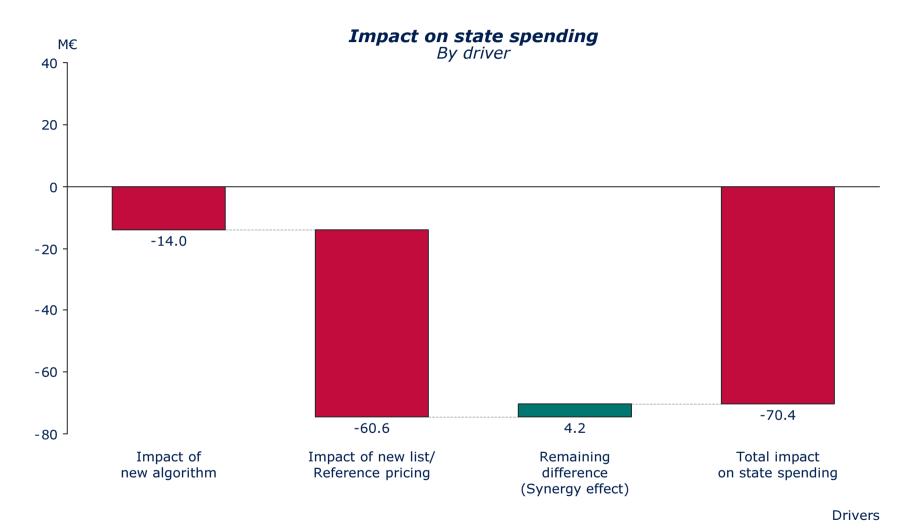
Case 3: Retail price higher than reimbursement price and no Gx within the cluster

- o Patient pays the regulated % co-payment on the reimbursement price plus **50%** of the price difference between retail and reimbursement price
- The additional co-payment cannot exceed €50
- Company should pay the additional 50% of the price difference between retail and reimbursement price

Source: IMS Management Consulting analysis



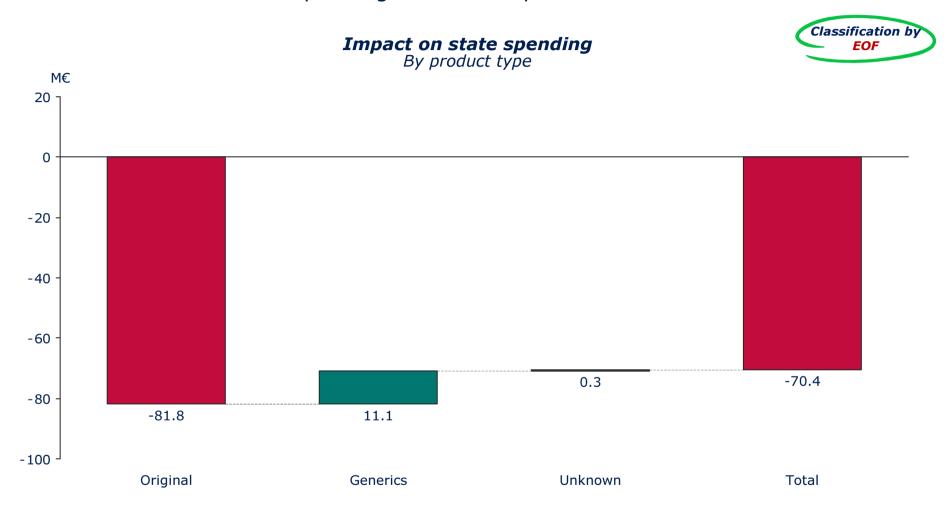
Impact on state spending due to price algorithm and list ~€70M less state expenses vs. March'14 Rx List mainly driven by the new price list & reference prices



Source: IMS Hellas volume data (MAT/06/2014); Positive Lists of March-2014 and August-2014; IMS Management Consulting analysis



Impact on state spending: By product type ~€11M incremental state spending for Generic products



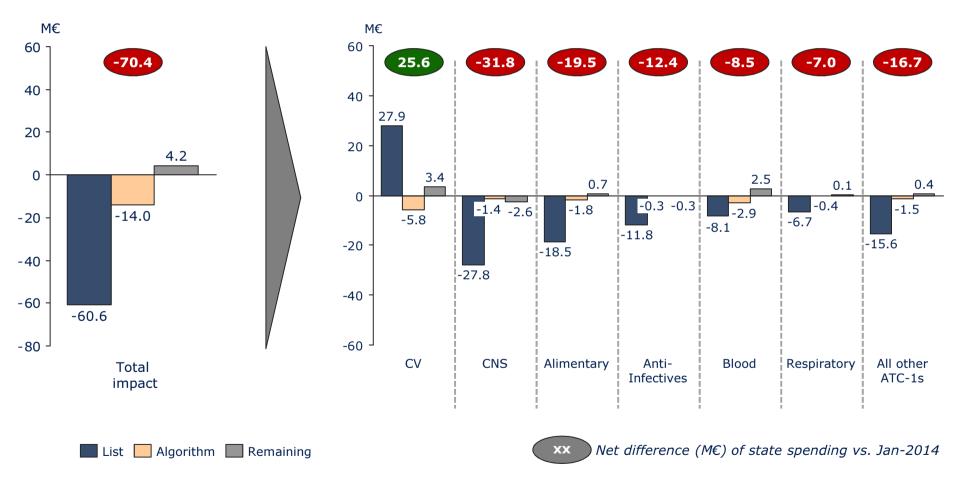
Source: IMS Hellas volume data (MAT/06/2014); Positive Lists of March-2014 and August-2014; IMS Management Consulting analysis



Impact on state spending due to price list and algorithm: By ATC-1 Cardiovascular products the only benefited from the new algorithm and the list

(~€26M incremental state spending on them overall)



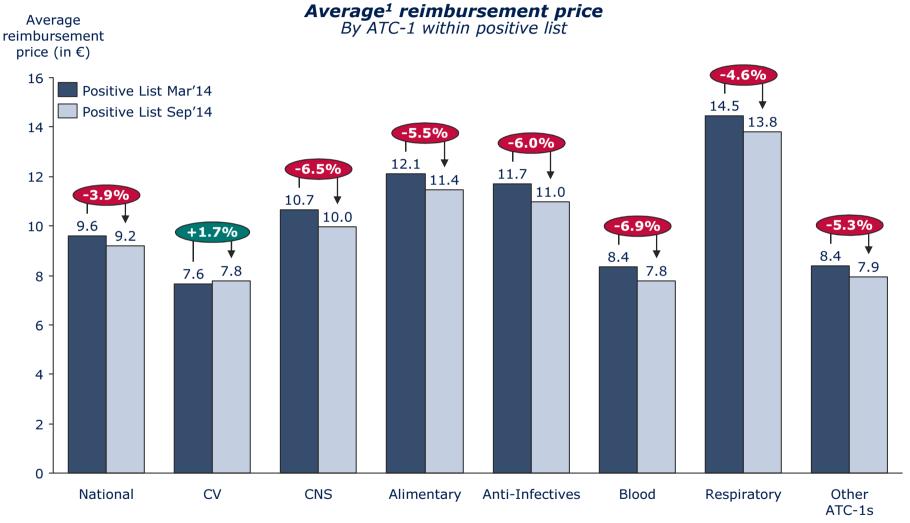


Source: IMS Hellas volume data (MAT/06/2014); Positive Lists of March-2014 and August-2014; IMS Management Consulting analysis



Average¹ reimbursement price: By ATC-1 and positive list

 \sim 4% decrease in the average reimbursement price across ATC-1s; CV the only ATC-1 with \sim 2% increase in the average reimbursement price

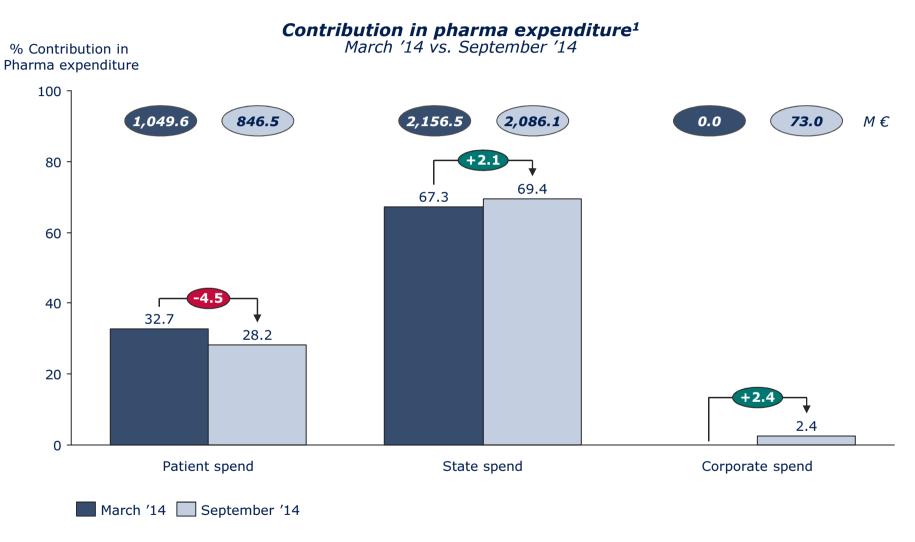


1. Weighted based on volume of MAT/06/2014 Source: IMS Hellas volume data (MAT/06/2014); Positive Lists of March-2014 and August-2014; IMS Management Consulting analysis



Contribution in overall retail pharma expenditure

State contribution to the total pharma expenditure increased by ~2ppts vs. March '14



1. Assuming volume by SKU remains stable and equal to the one of MAT/06/2014 - no volume mix effect taken into account Source: IMS Hellas volume data (MAT/06/2014); Positive Lists of March-2014 and August-2014; IMS Management Consulting analysis



Key messages

absolute terms (-€70M).

□ ~€70M less state expenses vs. March '14 Rx list

 Negative impact of new list/ reference pricing on state spending (~€61M less the state contribution)
 ~€14M less spending the impact from the new algorithm

□ ~11M higher state spending supporting generic products

 While state spends ~82M less on Originals

□ Cardiovascular products the only benefited from regulation changes with ~26M higher state spending
□ Average reimbursement price decreased by ~4%

 Reimbursement Price ranged from +2% (CV - the only ATC-1 with increase) to -7% (Blood)

□ State contribution in total pharma expenditure increased by ~2 ppts vs. March '14 albeit lower in

Companies' annualized contributions estimated at ~€73M with the introduction of the new regulations



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Thank you!

