



**HELLENIC ASSOCIATION OF PHARMACEUTICAL COMPANIES:
A REPORT ON HOSPITAL DEBTS TOWARDS SFEE's MEMBER-
COMPANIES**

Pending Payments on 30.06.2008

Athens, July 2008

Introduction

The Hellenic Association of Pharmaceutical Companies (SFEE) collected and analysed all the available data relating to pharmaceutical debts of public and private hospitals to its member-companies. The analysis resulted in a set of tables, which describe in detail the overall amount due per hospital, as well as the average length of payment delay. The tables included in the report are the following:

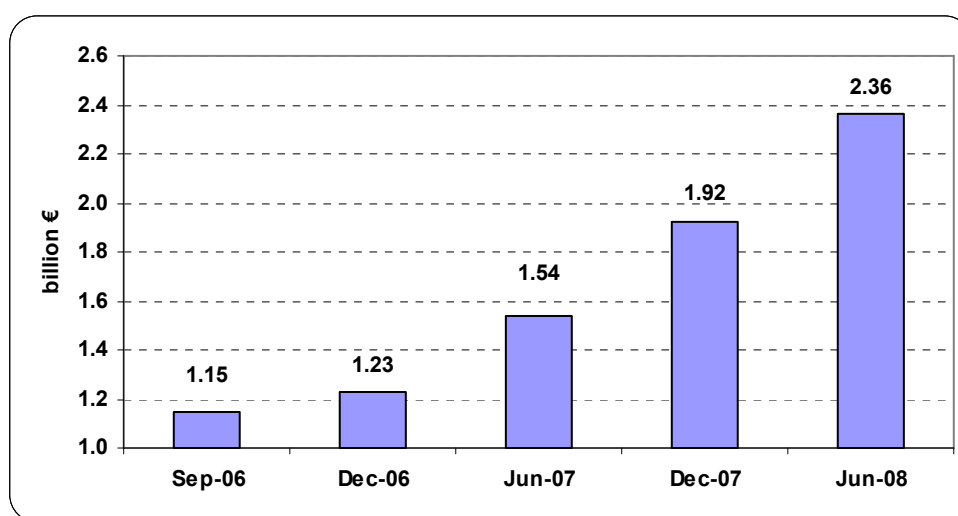
- **Table 1:** Hospital debts to SFEE member-companies
Hospitals ranked according to the amount due
- **Table 2:** Hospital debts to SFEE member-companies
Hospitals ranked according to the first month of pending payment
- **Table 3:** Debts towards the companies not included in Ministry's Debt Settlement
- **Table 4:** University Hospital debts towards SFEE member-companies
 - *Table 4a: Hospitals ranked according to the amount due*
 - *Table 4b: Hospitals ranked according to the first month of pending payment*
- **Table 5:** Psychiatric Hospital debts towards SFEE member-companies
 - *Table 5a: Hospitals ranked according to the amount due*
 - *Table 5b: Hospitals ranked according to the first month of pending payment*
- **Table 6:** Military Hospital debts towards SFEE member-companies
 - *Table 6a: Hospitals ranked according to the amount due*
 - *Table 6b: Hospitals ranked according to the first month of pending payment*
- **Table 7:** Debts of the Social Insurance Institute's (IKA) Hospitals to SFEE member-companies
 - *Table 7a: Hospitals ranked according to the amount due*
 - *Table 7b: Hospitals ranked according to the first month of pending payment*

Main points:

The main points resulting from the analysis of the tables are the following:

- On 30.06.08, the **total amount of hospital debt** towards SFEE's pharmaceutical companies was **€2.36 billion**. This figure shows a remarkable increase (53.2%) compared to the respective figure on 30.06.2007 (€1.54 billion) (Diagram 1). If the rate of increase remains unchanged, it is anticipated that by the end of 2008 hospital debts will approach €3 billion.

Diagram 1
Evolution of Hospital Debt for Pharmaceutical Products

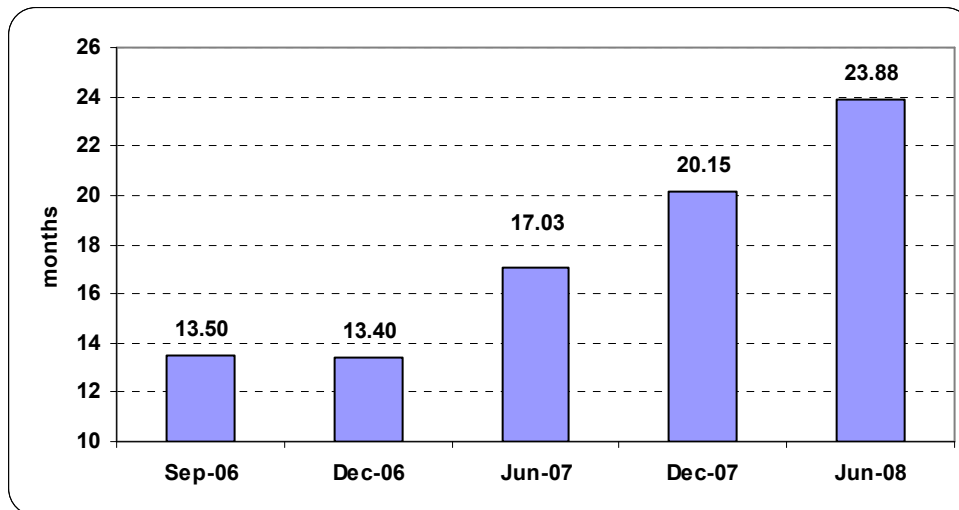


- The **average length of payment delay was 23.88 months** (716 days), i.e. hospital debts are –on average- pending since July 2006*. The average length of payment delay also presents significant increase compared to the respective delay on 30.06.07 (17.03 months) (Diagram 2).

* The overall payment delay is a weighted average of the respective delays. Companies which were not included in the Ministry's Settlement are excluded from the estimation.

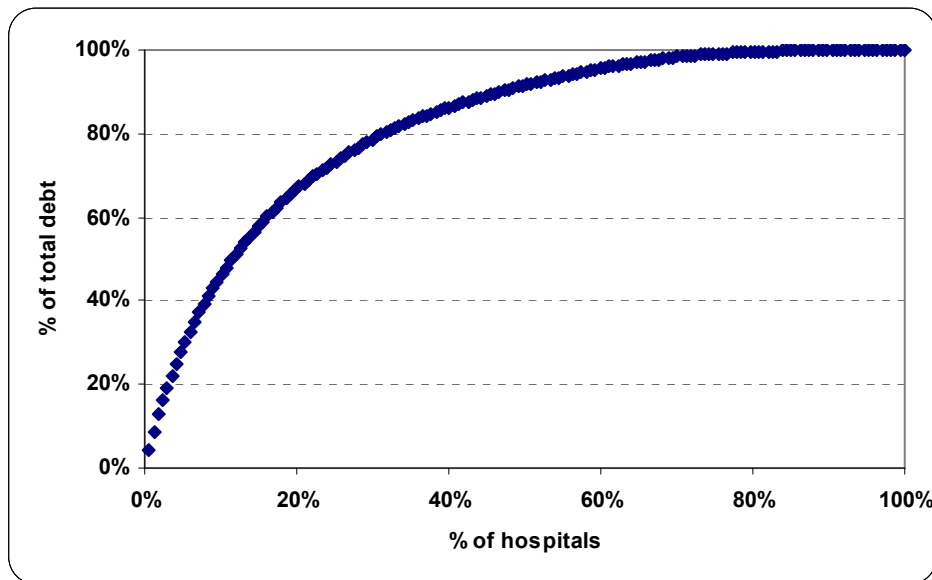
Diagram 2

Average Length of Payment Delay of Hospital Debts to Pharmaceutical Companies



- Total debt towards the companies which were **not included in the Ministry's Settlement** (2004) amounts to **€265.7 million** and exhibits an increase of 18.4% since June 2007. This amount represents approximately 11.2% of total hospital debt, and its majority (80%) is **pending since 2001, 2002 and 2003**.
- The General Hospital of Athens "Evangelismos" presents the **highest debt**, which exceeds **€105 million** (4.5% of total debt). In general, there is a **high degree of concentration** of debts to a small number of hospitals. The **top ten** hospitals with the highest levels of debt (jointly €773 million) account for 32.7% of total debt. As presented in Diagram 3, 20% of hospitals are responsible for 67.2% of total debts.
- The mean delay of "Evangelismos" payments is **29 months**, which is higher than the average delay of hospital debt payment. However, the **longest payment delay** among all public hospitals is found in NS/DE/TYY Central Wholesaler and Attica's Psychiatric Hospital, as their debts are on average pending since March 2004.

Diagram 3
Inequality Distribution Diagram of Hospital Debts



- **Private hospitals** “Errikos Dinan” and Onassis Cardiac Surgery Center jointly owe **€30 million**. Their debts have been slightly reduced compared to June 2007 (€30.4 million). As a result, their share on total hospital debt has also been reduced, from 2% in June 2007 to 1.3% in June 2008.
- Contrary to the Private Hospitals, the picture of public hospitals is getting worse, as the debt in the subcategories is increasing. In particular:
- **University Hospitals** have a debt which amounts to **€391.5 million** (€247.9 million in June 2007), representing 16.6% of total debts. The mean delay of debt payment is estimated at 25.8 months, in other words debts are pending since May 2006.
- **Psychiatric Hospitals’** debts reach **€28.9 million** (compared to €20 million in June 2007) and are pending –on average- since November 2004. The total delay of debt payment significantly exceeds the mean delay of public hospitals and amounts on average to 44.2 months (1,327 days). 66.8% of psychiatric hospital debt derives from **Attica’s Psychiatric Hospital**, which additionally presents the longest mean delay (its debts are pending since March 2004).
- **Military Hospitals’** debts to pharmaceutical companies amount to €57.3 million (2.4% of total debt). The respective figure in June 2007 was €40 million. Their average length of payment delay reaches 20.8 months, against 16.4 months in June 2007.
- **IKA’s Hospitals** appear to be the most consistent payers. The mean delay of payment amounts to 10.9 months (328 days). Their debt has been slightly reduced during the first semester of 2008 (from €157.1 million at the end of 2007 to €156.4 million in June 2008). As a result, their share in total debt has also been reduced, from 8.2% in December 2007 to 6.6% in June 2008.