



**SFEE's REPORT ON PUBLIC HOSPITALS' DEBTS TOWARDS
SFEE's MEMBER-COMPANIES**

Sales, receivables and amounts due: 01.01.2010 - 30.06.2011

Athens, July 2011

The Hellenic Association of Pharmaceutical Companies (SFEE) collected and analyzed all the available data regarding pharmaceutical debts of public hospitals to its member-companies, for the invoices issued from 01.01.2010 to 30.06.2011. The analysis describes in detail the data regarding sales, receivables and outstanding debts for invoices issued in 2010, in 2011 and collectively the invoices in 2010 and 2011, only for the pharmaceutical sector, as well as the total time of delay of settlement of the outstanding debts per hospital.

Moreover, the data on pending debts of IKA and military hospitals towards SFEE member-companies for invoices issued before 01.01.2010 were collected and analyzed.

A) Sales, receivables and outstanding debts for 2010

The **main points** resulting from the analysis of the data on sales, receivables and outstanding debts for invoices issued from **01.01.2010 until 31.12.2010** by SFEE member-companies, are the following:

- The **total amount of sales** effected by SFEE's member-companies to public hospitals from 01.01.2010 until 31.12.2010 **reached € 1,349.7 million.**
- On 30.06.2011, the **total amount of receivables** from the public hospitals to SFEE's member-companies for invoices issued from 01.01.2010 until 31.12.2010, reached **€656.3 mil** compared to €435.4 mil. on 31.03.2011.
- In other words, on 30.06.2011 **46.8% of the total debts of public hospitals** for invoices issued in 2010 have been **settled**, namely invoices regarding the first half of 2010. Therefore, on average, the settlement of invoices issued in the second half of 2010 is still pending.
- On 30.06.2011, the **total amount of public hospitals' debt** towards SFEE's member-companies for invoices issued from 01.01.2010 until 31.12.2010 was **€693.4 million.**

B) Sales, receivables and outstanding debts for 2011

The **main points** resulting from the analysis of the data on sales, receivables and outstanding debts for invoices issued from **01.01.2011 until 30.06.2011** by SFEE member-companies, are the following:

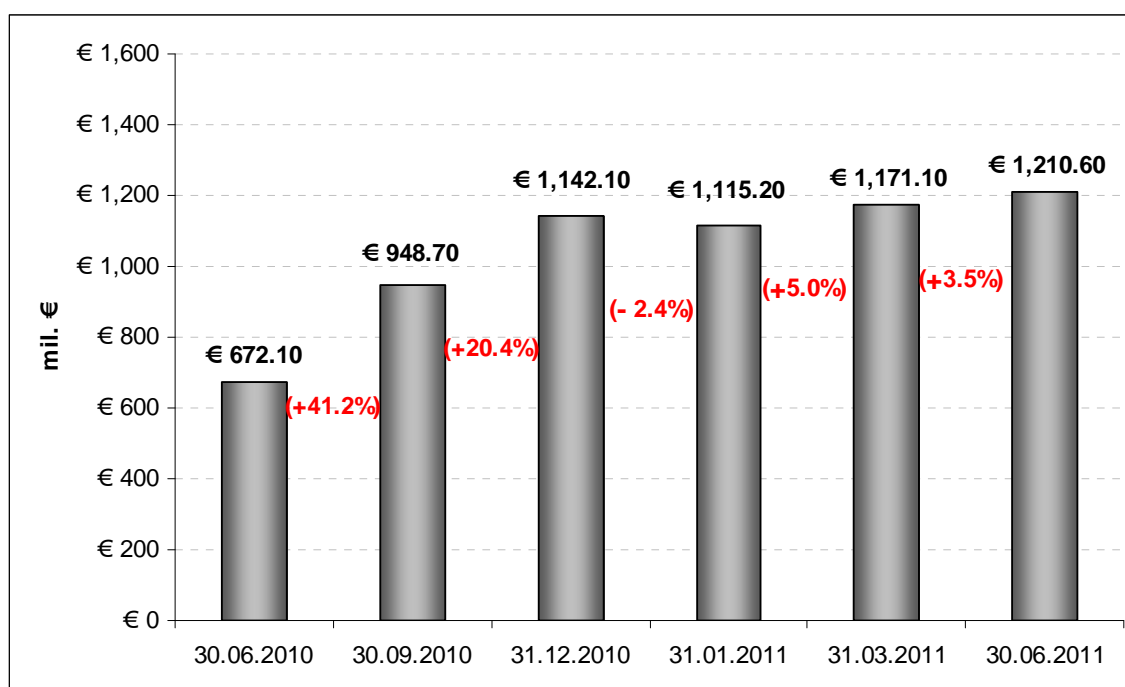
- The **total amount of sales** effected by SFEE's member-companies to public hospitals from 01.01.2011 until 30.06.2011 **reached €578.8 million.**
- On 30.06.2011, the **total amount of receivables from** public hospitals to SFEE's member-companies for invoices issued from 01.01.2011 until 30.06.2011, reached **€61.5 mil. In other words, 11% of the total amount** owed by public hospitals for invoices issued in the first half of 2011 has been **settled**. In other words on 30.06.2011 the settlement of invoices issued in January 2011 is still pending.
- On 30.06.2011, the **total amount of public hospitals' debts** towards SFEE's member-companies for invoices issued from 01.01.2011 until 30.06.2011 was **€517.3 million.**

C) Sales, receivables and outstanding debts for 2010 & 2011

The **main points** resulting from the analysis of the data on sales, receivables and outstanding debts for invoices issued from **01.01.2010 until 30.06.2011 by SFEE member-companies**, are the following:

- The **total amount of sales** effected by SFEE's member- companies to public hospitals from 01.01.2010 until 30.06.2011 reached **€ 1,928.5 million**.
- On 30.06.2011, the **total amount of receivables from** the public hospitals to SFEE's member- companies for invoices issued from 01.01.2010 until 30.06.2011, reached **€ 717.8 mil.** In other words, on 30.06.2011, **37% of the total debts** of public hospitals have been **settled**, compared to **27% of the total debts** of public hospitals that had been settled until 31.03.2011.
- On 30.06.2011, the **total amount of public hospitals' debts** towards SFEE's member- companies for invoices issued from 01.01.2010 until 30.06.2011 was **€ 1,210.6 million**, as shown in Figure 1.

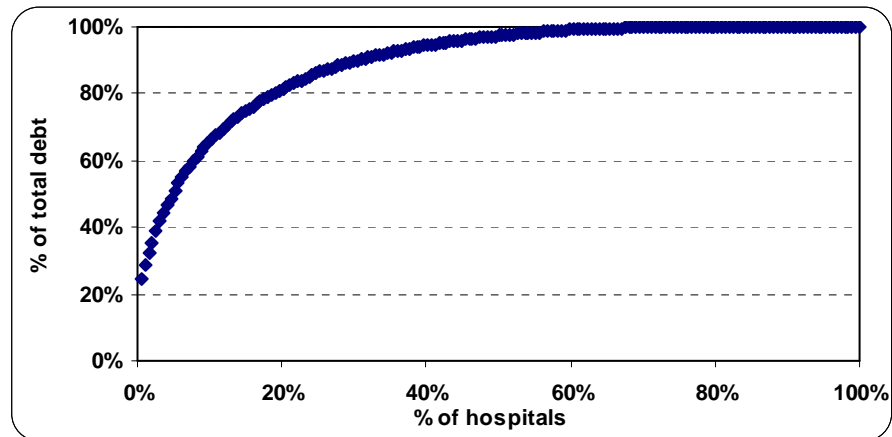
Figure 1
Evolution of Hospital Debts



- On 30.06.2011, **important variations** are observed **between the amounts paid by each of the hospitals** of the National Health System, **for invoices issued from 01.01.2010 until 30.06.2011**. More specifically, the **payment rates for invoices range from 18.7% to 77.6% for large hospitals**, i.e. in hospitals with total sales of more than € 20 million. Indicative of this phenomenon, is the variation in the settlement of pending amounts for the University Hospital of Larissa, the University Hospital of Ioannina and the General Hospital of Thessaloniki “Papanikolaou”, where payment rates equal to 18.7%, 56.2% and 77.6% respectively. Significant **variations in the payment of invoices are observed in the medium- sized hospitals**, i.e. the hospitals with total sales between €10 mil. and €20 mil., for which the **payment rates of invoices range from 22.4% to 76.4%**. Finally, **large variations in the payment of invoices are noticed also among small size hospitals**, i.e. hospitals with sales less than €10 million.
- The **hospitals of IKA** have a large amount of debt towards SFEE’s member companies, with total debts of approximately **€298 million** (25% of the total debt) on 30.06.2011. The 47% of the total debt is related to invoices issued in 2010, while the corresponding sum on 31.03.2011 was equal to 74.5%. It is also noted that on 30.06.2011 the **total amount of debt of the hospitals of IKA** towards SFEE’s member companies for **invoices issued before 01.01.2010** reached **€10.8 mil**
- A large amount of debt also corresponds to the **Military Hospitals**, that have settled only **15.5%** of the invoices issued in 2010 and 2011, whereas the total amount of debt of the Military Hospitals towards SFEE member pharmaceutical companies reached **€55.4 million** on 30.06.2011. Furthermore, the **total amount of debt of the Military Hospitals** towards SFEE member companies for invoices issued **before 01.01.2010** reached **€48 million** compared to €52.3 million on 31.03.2011.
- The hospitals of Judicial Prisons have the lowest debt toward the member companies of SFEE, worth **€ 222,7 thousand** and the highest repayment rate of invoices that reached approximately 71.9% on 30.06.2011.
- A **high degree of concentration** of debts in few hospitals is observed. The **top ten** - ranked based on the amount owed- public hospitals have total debts towards the pharmaceutical enterprises that exceed **€616.8 million**, which correspond to **50.9%** of total debts.
- Furthermore, as shown in Figure 2, **20% of public hospitals** have debts that correspond to **81%** of the total debts.

Figure 2

Inequality Distribution Diagram of Hospital Debts 30.06.2011



- Finally, it is worth mentioning that according to the total sales of SFEE's member companies to Public Hospitals of the National Health System, Hospitals that are Private Legal Entities, Military Hospitals, Hospitals and Pharmacies of IKA, Judiciary and Prison Hospitals and the Institute for Pharmaceutical Research and Technology (IFET) for the **first half of 2011**, it is estimated that the **total amount of sales of SFEE member companies to the State for 2011 will reach €1.1 billion**, decreased by 17.4% compared to the corresponding amount for 2010.