Which scenarios do occur when a new generic appears ?

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Introduction

The reference price system in Belgium was introduced in 2001. It does not specifically encourage the prescription of generics, since it leads to price cuts for all medicines with generic alternatives.

Presently, the consumption of reimbursed medicines, measured in DDD, is equally distributed over generics, original medicines in the reference price system, and medicines not yet in the reference price system. It involves 721 active substances, of which 209 with generics.

Objective

Analysis of the scenarios that occur when a new generic appears, relative to changes in overall expenses and consumption in order to identify the factors leading to changes such as savings, shifts in consumption, increasing expenses, …

Method

Retrospective observational study for important therapeutic classes with generics such as PPI (proton pump inhibitors), statins, sartans, antidepressants, antipsychotics, … based on the Ifstat database of the IPhEB, with monthly data on all reimbursed medicines in Belgium since 1996.

Result

Most of the time the arrival of the first generic in a class has the biggest impact, especially if price cuts are accompanied by changes of the reimbursement conditions. However, in some cases, the expected decrease of the expenses cannot be achieved due to very large growth of the consumption after the arrival of generics in large packs and with more dosages than the originals, or, when at the same time, new and more expensive, but not necessarily more effective, substances arrive in the same therapeutic area.

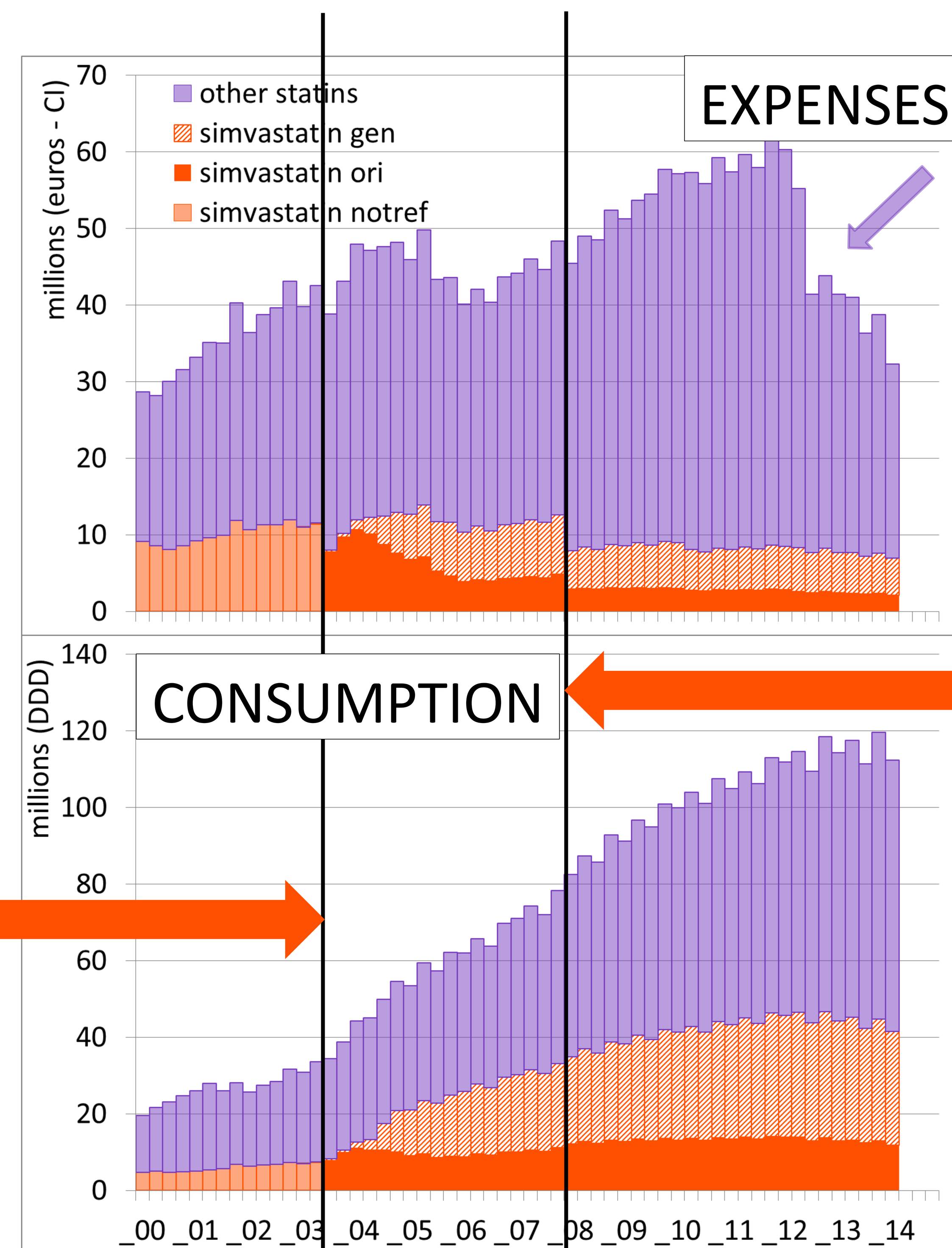
Conclusion

The change of prescribing patterns is a complex issue. Specific measures, such as adapting reimbursement conditions, seem more effective than price cuts when new generics arrive.

SCENARIO 1 illustrated by SIMVASTATIN (C10AA01) SCENARIO 2

Price cuts & increasing consumption : the most expected scenario.

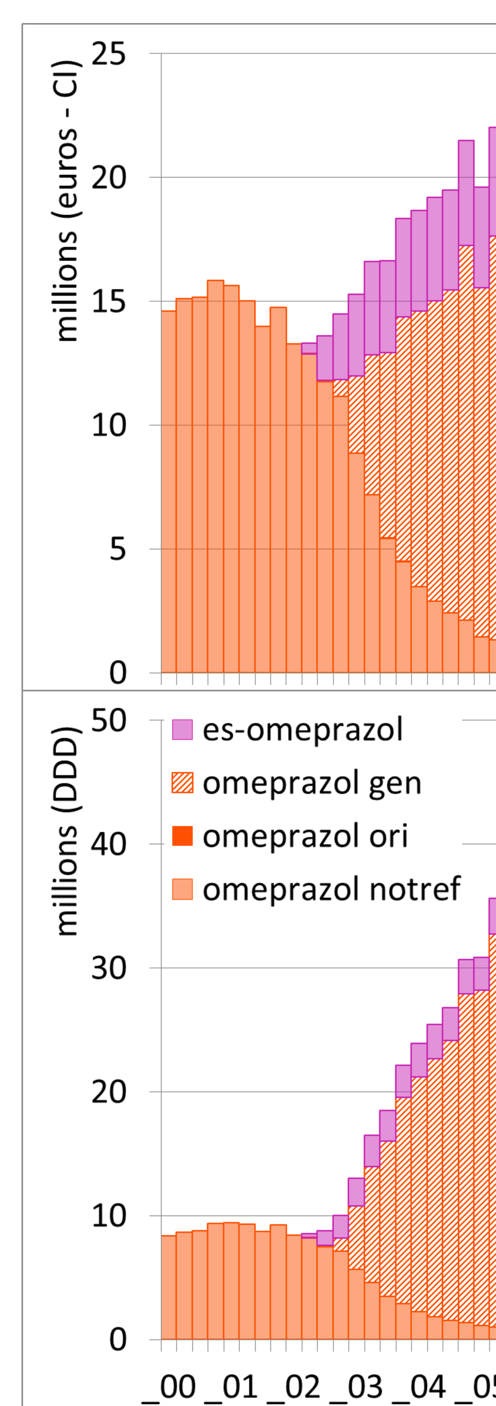
With the arrival of the first generic simvastatin in the 3rd quarter of 2003, consumption of simvastatin (DDD – below – orange) increased more than that of other statins and cost insurance (CI – above) remained under control.



KIWI (tendering)

A simvastatin tender in 2008Q1 leads to evident savings (above) even with an increasing consumption (below) … But, as the consumption of other statins (C10AA) also increases without price cuts, the net results are increasing expenses (until the arrival of atorvastatin generics in 2012Q3 (→)

SCENARIO 3 illustrated by OMEPRAZOL (A02BC01) SCENARIO 4



The coast is not always clear : internal competition is bypassed by external.

Simultaneously (2002Q2) with the arrival of generic omeprazol, "original" es-omeprazol appears.

Other coincidences

- generic citalopram and es-citalopram
- generic simvastatin and rosuvastatin
- generic losartan and combinations of sartans with other antihypertensiva

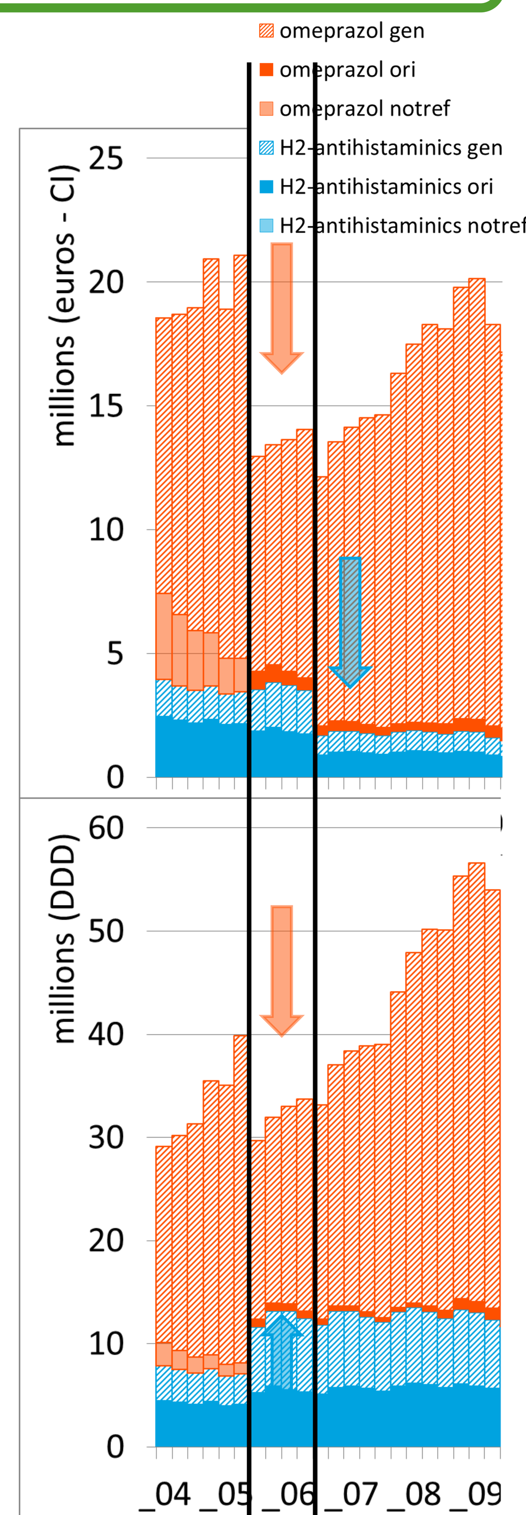
Change in reimbursement conditions

After generic omeprazol appeared in 2002, the consumption growth was so important that, in spite of price cuts at unit level, expenses increased. Therefore on July 1, 2005

- reimbursement of omeprazol (orange) subject to conditions
- H_2 antihistaminics (blue) were reimbursed less (but unconditioned)

resulting in

- drastic cut in omeprazol consumption and expenses (→)
- increasing consumption of H_2 antihistaminics and … price cuts (→) one year later



other SCENARIOs

- generics totally replace originals (omeprazol, pantoprazol) or originals remain on the market (amoxicillin, antihypertensiva)
- after the arrival of generics, some molecules gain on importance (pantoprazol, simvastatin) while other ones become less important (pravastatin)
- although CI (cost insurance) always lowers when generics arrive, CP (cost patient) doesn't necessarily

LEGEND Reference pricing started in Belgium on 2001, June 1, and was at the time semesterly updated. From 2010 on, updating happens quarterly. Therefore the data on the graphs are quarterly data (years mentioned on the horizontal axis). Data for cost insurance (CI) and consumption (DDD) in millions are represented, distinguishing gen (generics), ori (originals in reference price system) and notref.

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