

Value of generic medicines

Medicines for Europe Vision 2020

Our 5 pillars

Medicines For Europe VISION



PATIENTS



QUALITY



VALUE



SUSTAINABILITY



PARTNERSHIP

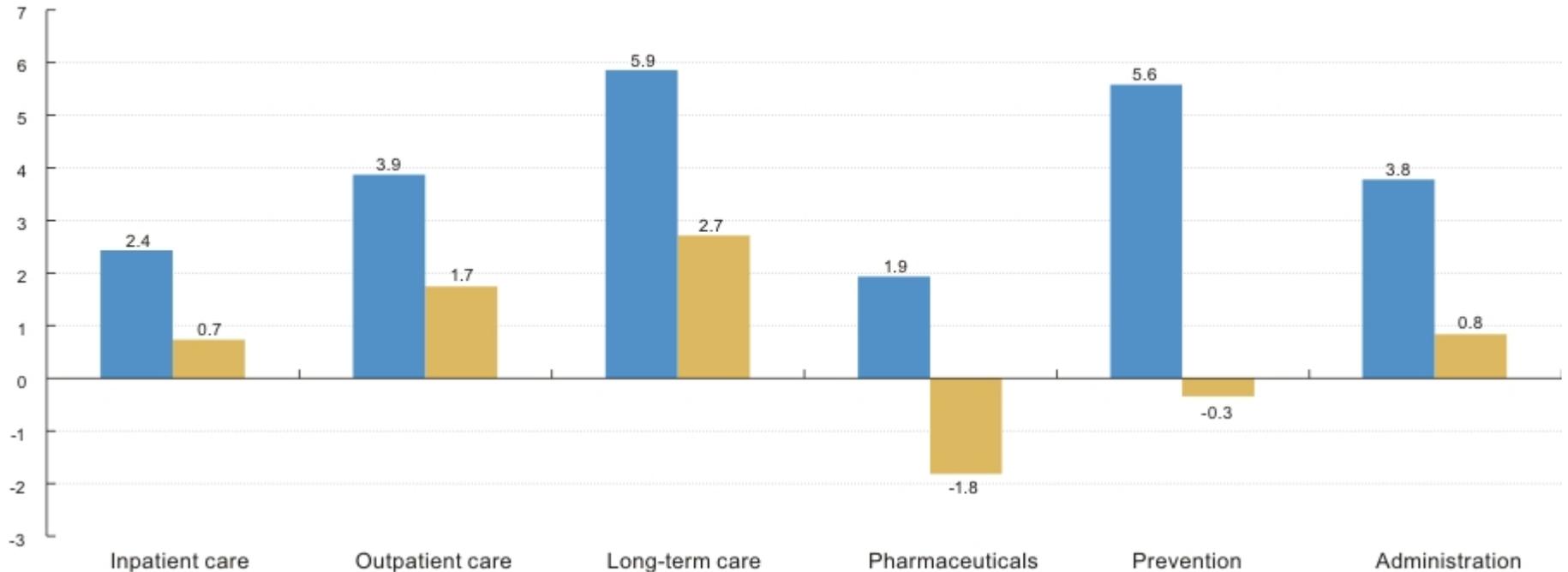
Pressure on EU budgets

Reduction of healthcare spending

Growth rates of health spending for selected functions per capita, OECD average, 2005-2013

2005-09 2009-13

Average annual growth rates in real terms, %

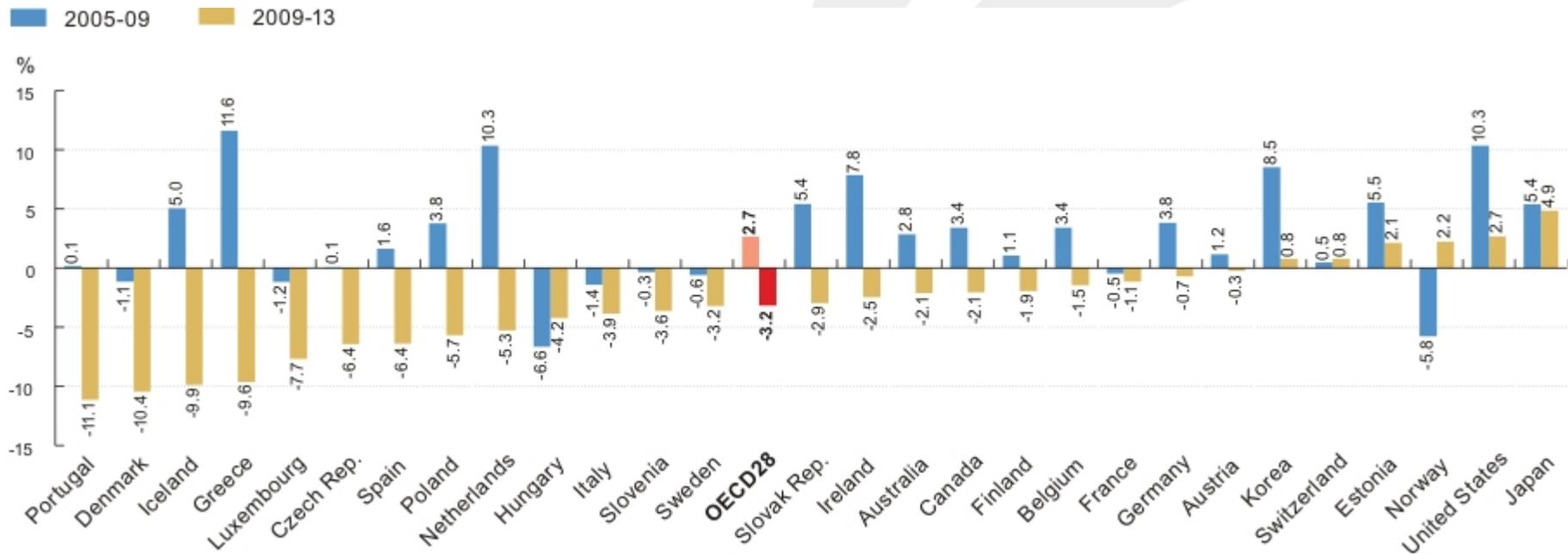


Source: OECD Health at a Glance (2015)

Reduction of healthcare spending Focus on pharmaceuticals



Average annual growth in pharmaceutical expenditure¹ per capita, in real terms, 2005-09 and 2009-13 (or nearest periods)



¹ Includes medical non-durables.

Source: OECD Health at a Glance (2015)

An ageing population: Major EU social and economic challenge



Modern lifestyle and an ageing population increase prevalence of chronic disease

129 Million patients



2014

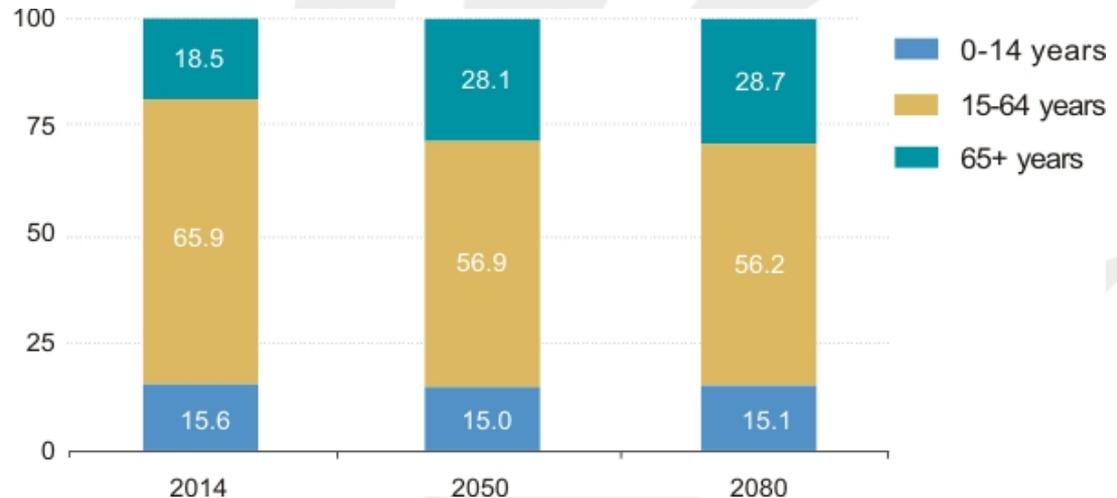
+50%
Population
over 65 years

191 Million patients



2050

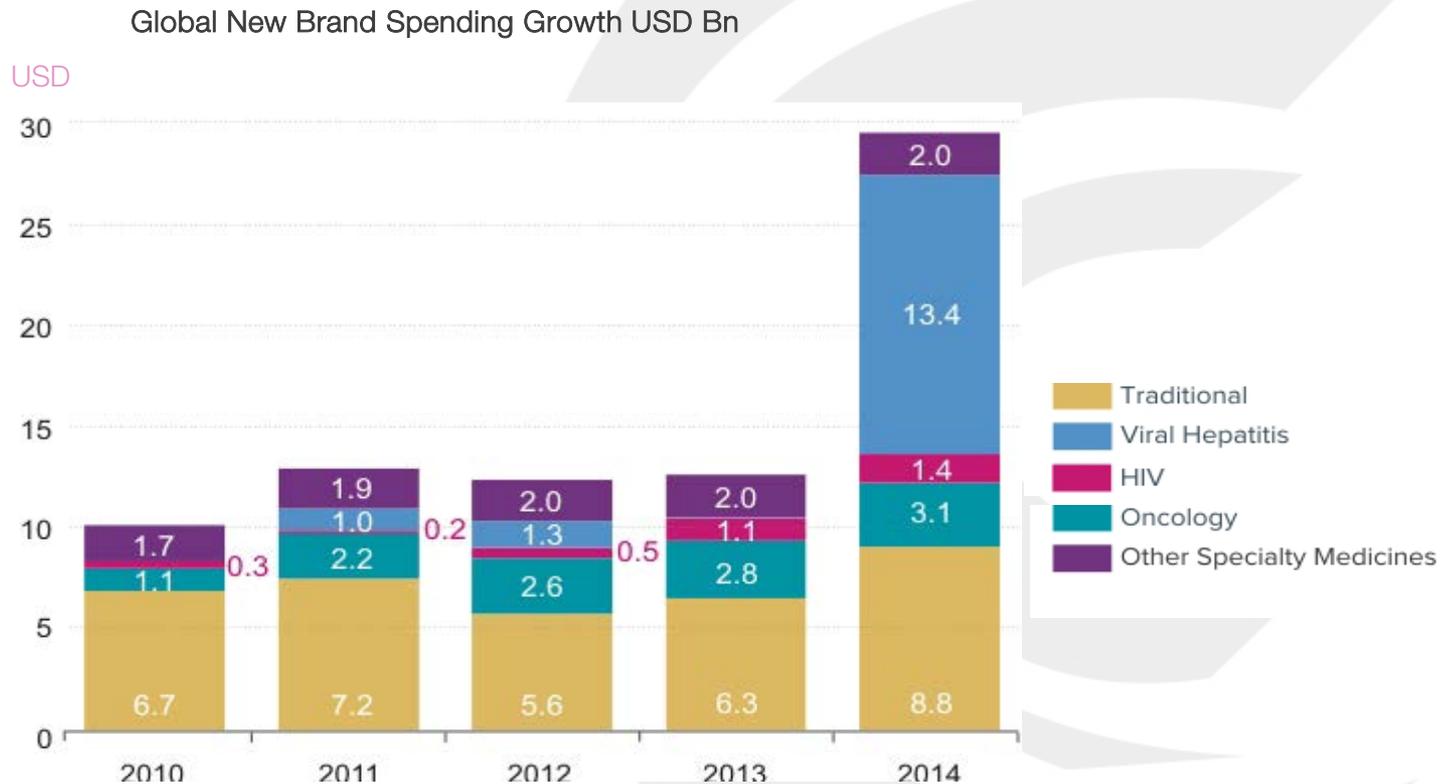
Population Structure by Major Age Groups
EU28, 2014-2080 (percentage of total population)



Source: Eurostat Population Statistics

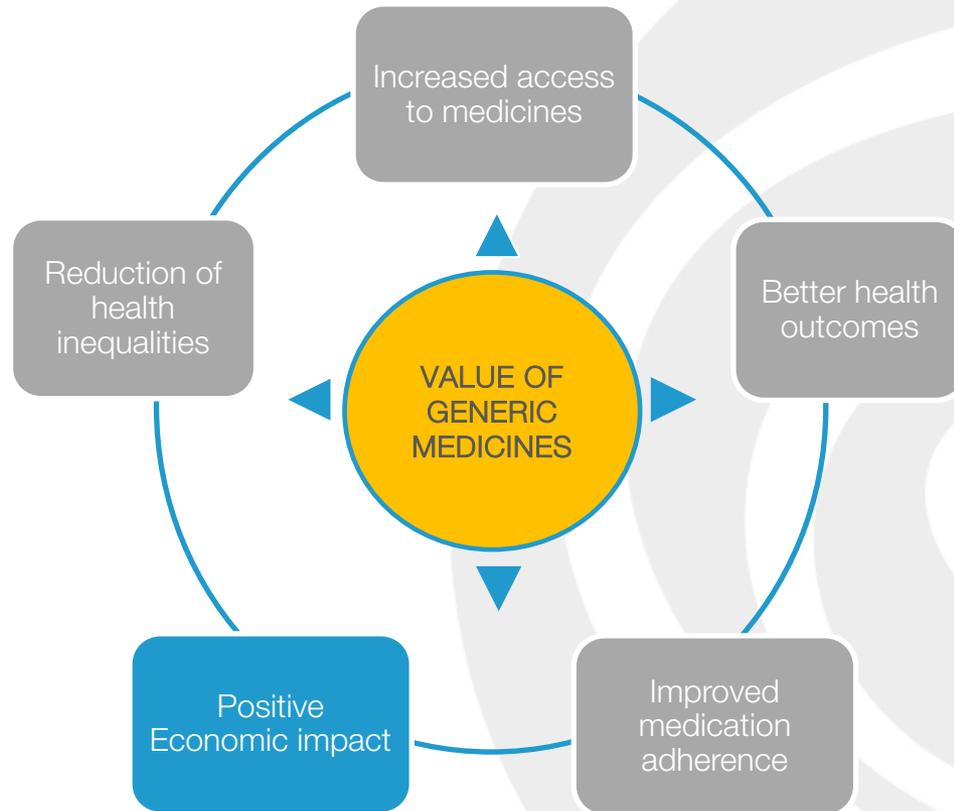
A surge in innovation: Major EU social and economic challenge

Global spending on new brand medicines has more than doubled in 2014 and is 2.6% of global pharmaceutical spending



Source: IMS Health, R&D Focus, May 2015; MIDAS, Q4 2014, constant USD

Generic medicines are key to EU healthcare sustainability



Generic Medicines A Cornerstone of Healthcare Sustainability

KEY FIGURES ON GENERIC MEDICINES



56%
OF DISPENSED
MEDICINES

22% +
OF PHARMACEUTICAL EXPENDITURES



-€100BN
LESS SPENDING
THROUGH GENERIC COMPETITION

+350 
MANUFACTURING SITES
IN THE EU



HIGH QUALITY MEDICINES
TO OVER
500 MILLIONS
PATIENTS

Cardiovascular | Hypertension
Diabetes | Depression
Epilepsy | Mental disorder
Gastro-intestinal



+100% PATIENT ACCESS
OVER 10 YEARS

+160,000
EMPLOYEES

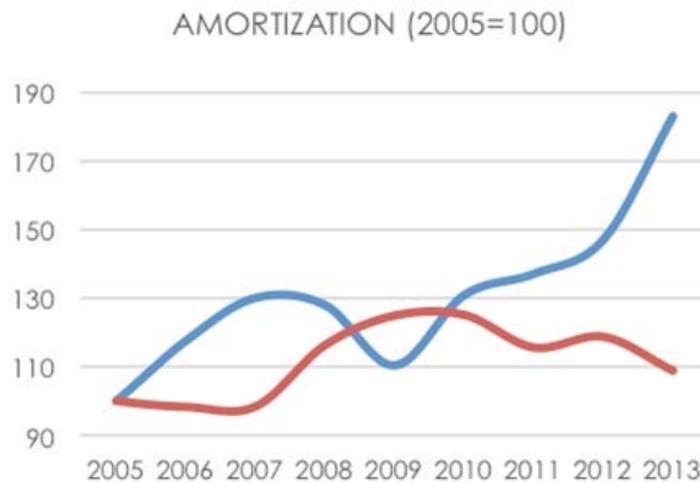


UP TO
17%
R&D INVESTMENT
OF TURNOVER

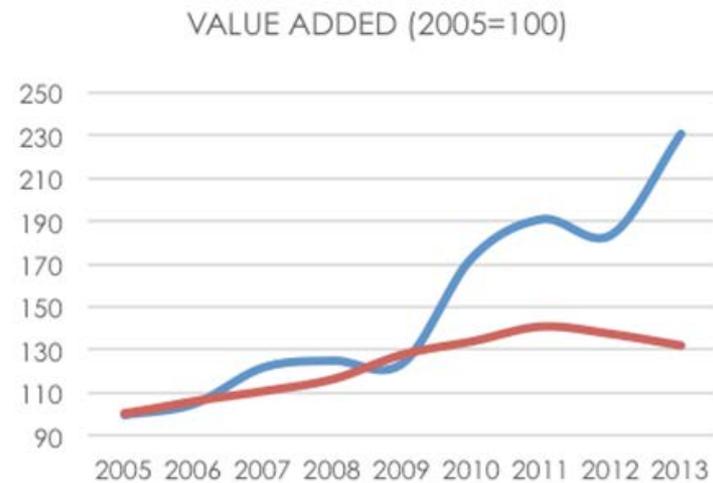


Generic medicines industry Activation of investments, employment and value added

Depreciation and value added trends – 2005-2013 (Italy)



— GENERIC COMPANIES
— NON GENERIC COMPANIES

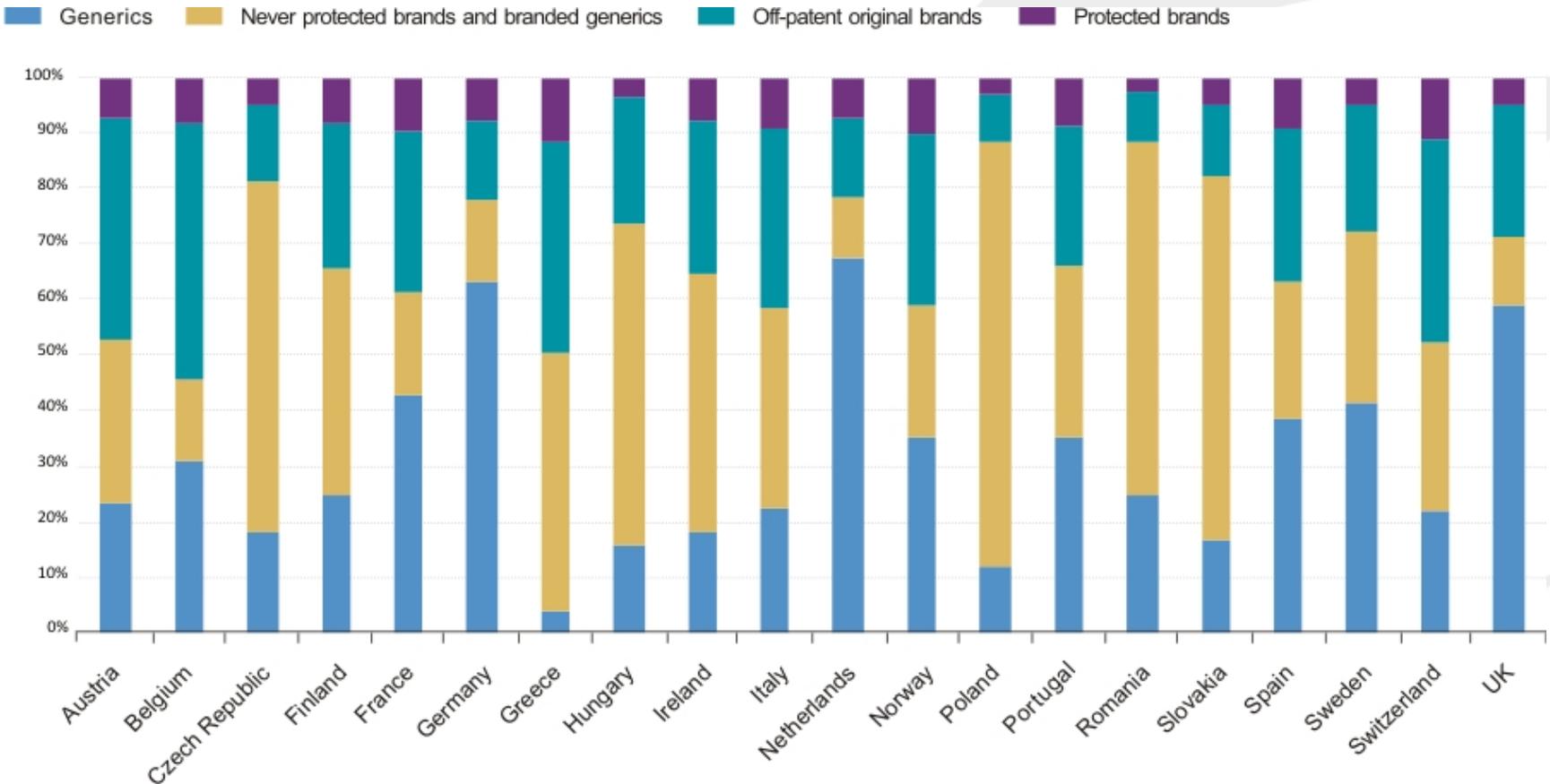


— GENERIC COMPANIES
— NON GENERIC COMPANIES

Source: Nomisma (2015) – The generic medicines system in Italy: Scenarios for sustainable growth

Still considerable opportunities to increase uptake throughout Europe

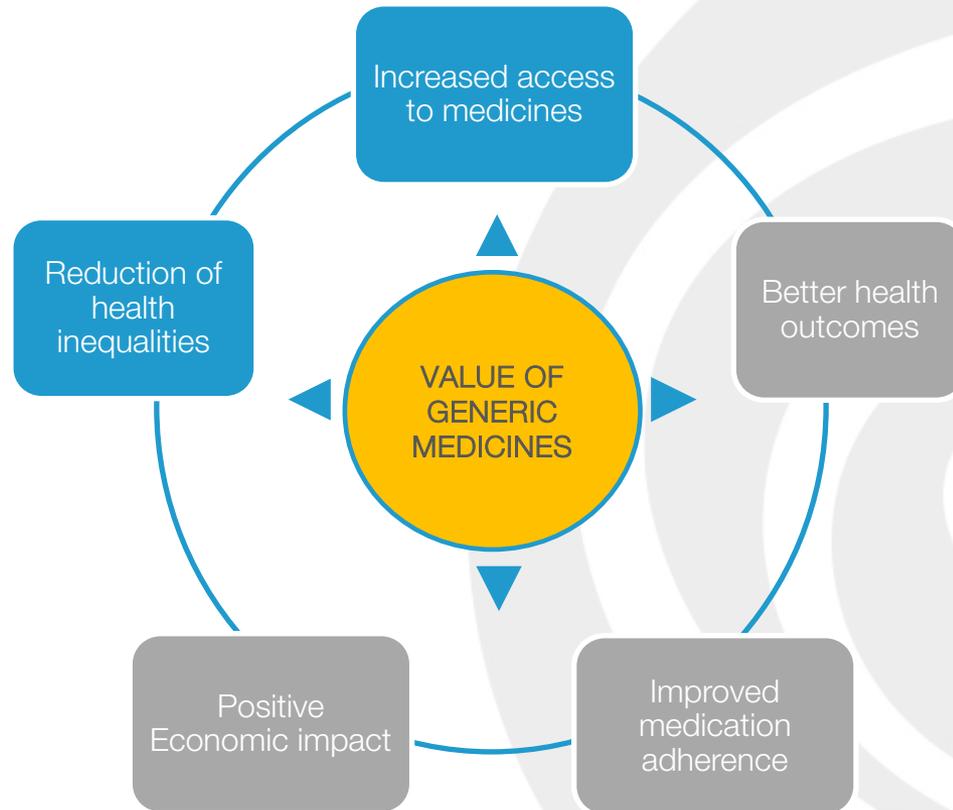
Protected and off-patent marked share (volume) by country, June 2015



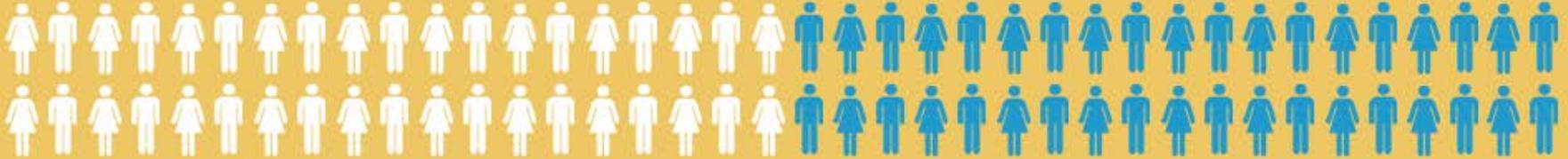
Source: IMS Health, MIDAS, Q2 2015, retail and hospital channel

Note: Non-original brands and branded generics include copy products in some countries; Generics include INN branded and company branded

Generic medicines are key to EU healthcare sustainability

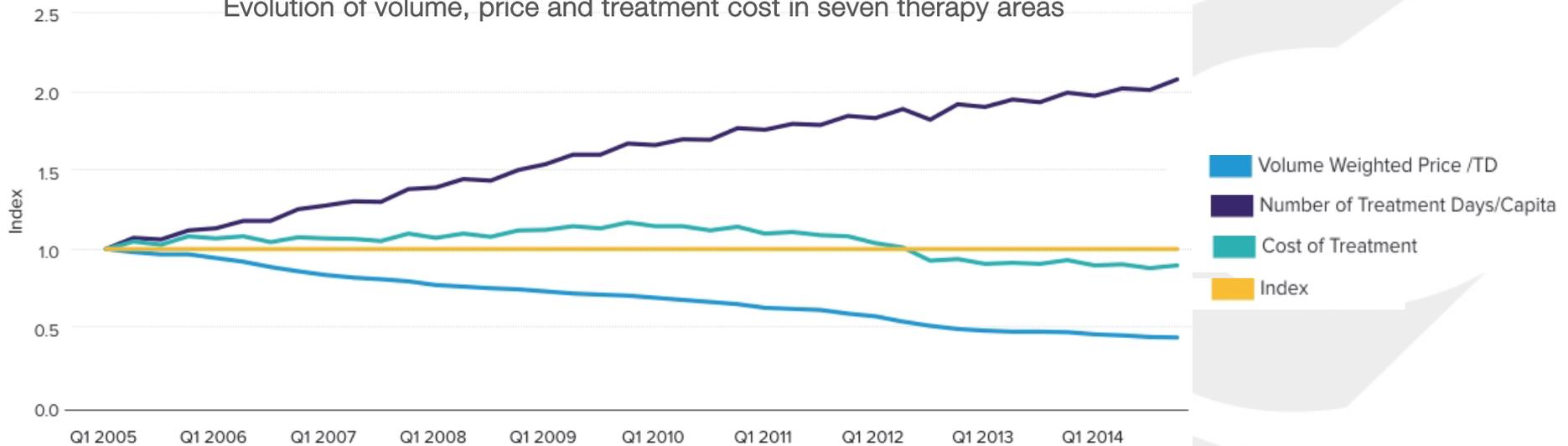


Generic medicines increase patient access



Twice as many patients treated... without an impact on treatment costs

Evolution of volume, price and treatment cost in seven therapy areas



Selected therapy areas: Hypertension, epilepsy, gastro-intestinal disorders, mental health, high cholesterol and diabetes.
Source: IMS Institute for Healthcare Informatics. The Role of Generic Medicines in Sustaining Healthcare Systems. June 2015.

Benefits accrue in different ways across countries

Increased access to medicines delivers long-term benefits to society and to healthcare providers

		Time period 2005 to 2014			
		Country	Price (€/TD)	Volume (TD/cap)	Treatment Cost
Decline in overall treatment cost	Germany	-62%	153%	-7%	
	UK	-64%	143%	-13%	
	France	-51%	40%	-31%	
	Italy	-53%	121%	-9%	
	Ireland	-59%	148%	-9%	
	Sweden	-69%	108%	-40%	
Stabilisation of overall treatment cost	Spain	-50%	109%	0%	
	Czech	-53%	132%	2%	
	Austria	-49%	133%	14%	
Increased access in under-served groups	Slovenia	-69%	152%	-30%	
	Poland	-51%	192%	33%	
	Slovakia	-63%	207%	9%	

Source: IMS Health, MIDAS, Q4 2014; OECD Population statistics

Selected therapy areas: angiotensin II antagonists, anti-epileptics, anti-psychotics, anti-ulcerants, cholesterol regulators and oral anti-diabetics.

Generic medicines reduce healthcare inequalities

Cost-efficiency gains



Reduce **healthcare expenditure**
without compromising **health
outcomes**

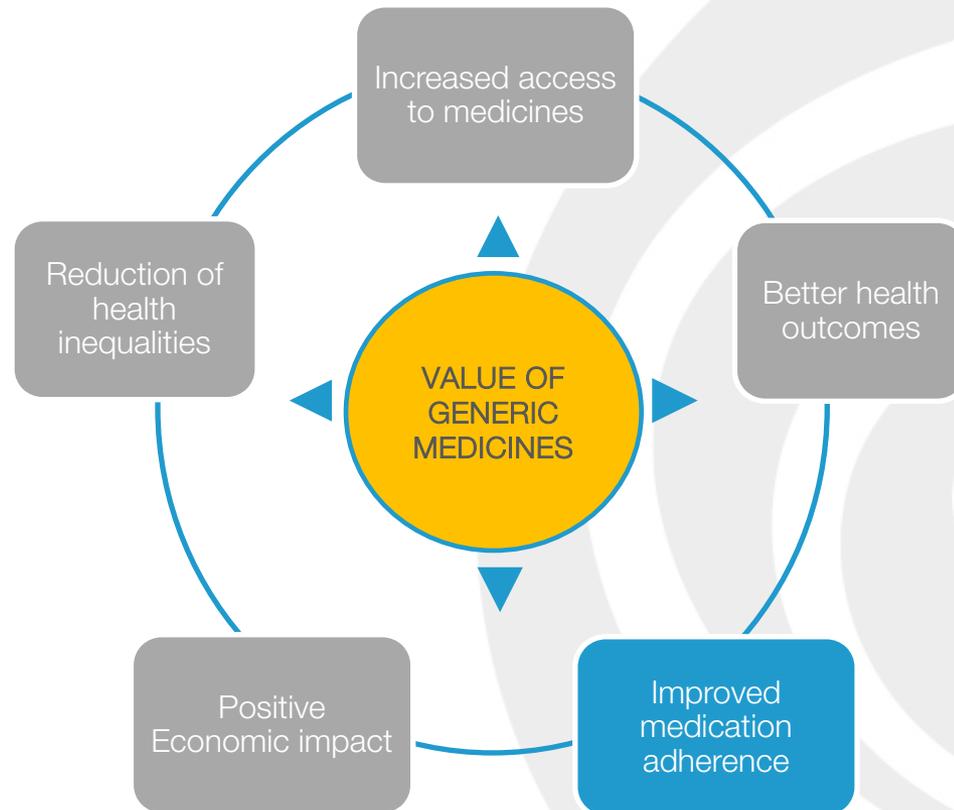
Investment in health



Improve **health outcomes** through
better patient access without
increasing **health expenditure**

Source: Kaló,Z et al. (2014). Investment aspects of generic drug policies in countries with severe resource constraints.
Poster presented at ISPOR Annual European Congress in Amsterdam

Generic medicines are key to EU healthcare sustainability



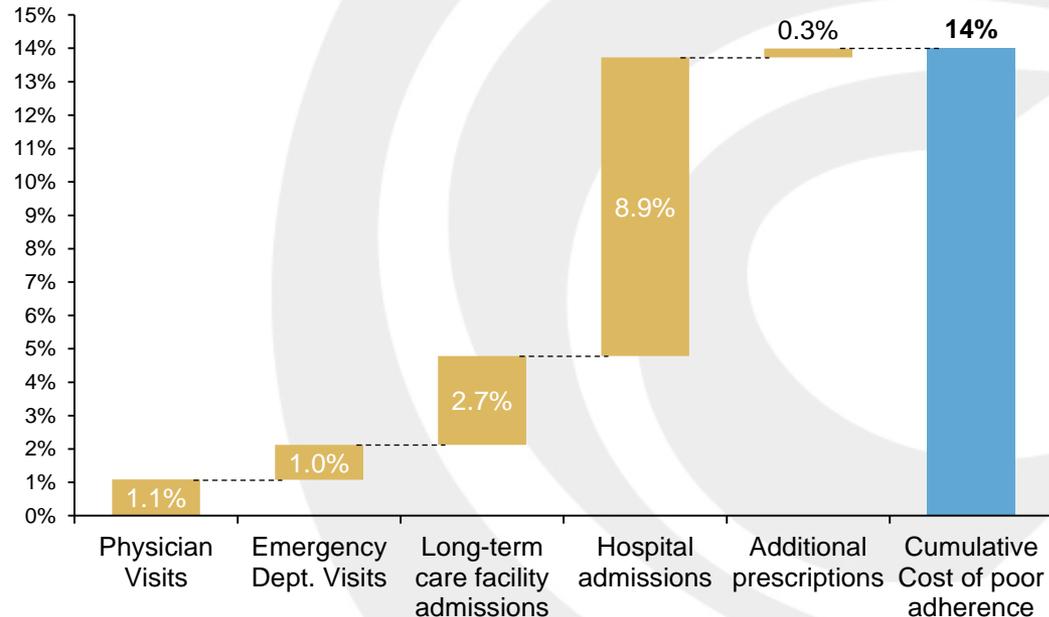
Better adherence will improve health outcomes and lead to a positive economic impact

Lack of adherence is estimated to cost the European governments €125 billion / year



Avoidable cost for the National Healthcare System

Additional cost of poor adherence compared to the total healthcare expenditure



Source: New England Healthcare Institute: A system-wide approach to improving patient medication adherence for chronic disease (2009)

Note: €125bn/year is an A.T. Kearney estimate based on US avoidable cost data

Better adherence will improve health outcomes and lead to a positive economic impact

Appropriate generic medicine policies can improve adherence

Generic medicines positively influence adherence in systems with lower co-payment for generic medicines

The pharmacist's role in ensuring patient understanding and comfort with medication through accurate information and dialogue is crucial to maximize adherence when substituting

Adherence is linked to patient co-payment*

Italian patients receiving generic amlodipine, with lower patient co-payment, were more adherent compared to branded amlodipine**

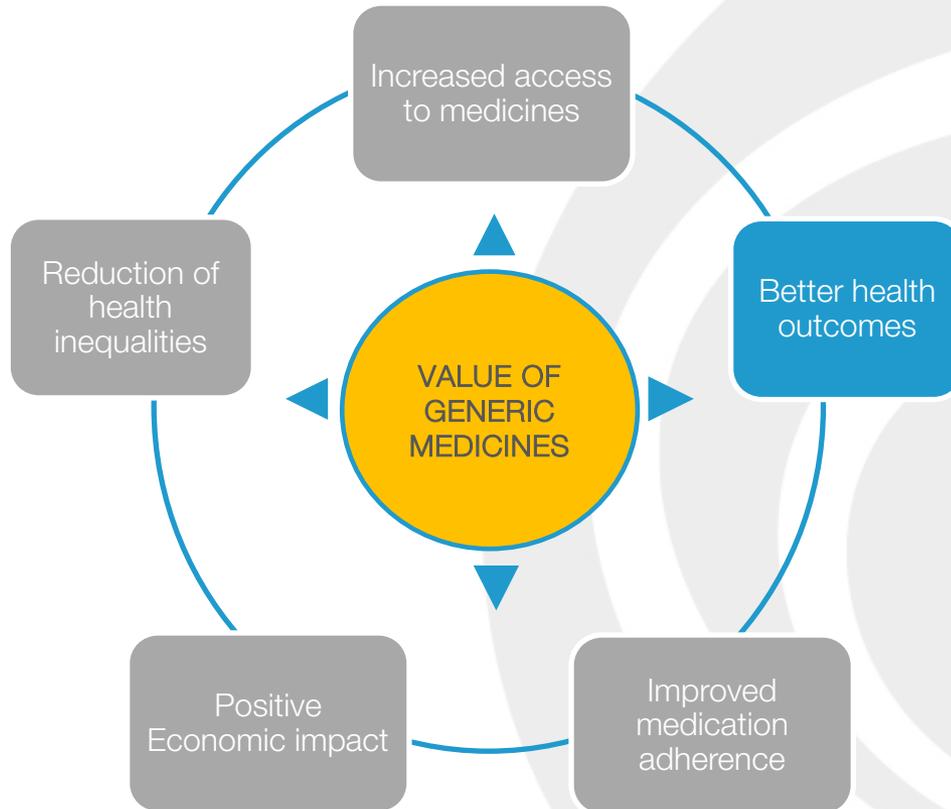
Impact of substitution

Adherence of Dutch patients, which have one designated pharmacy, was not influenced by substituting generic hypertensive medicines for a branded medicine**

*Co-payment exists across Europe, including but not restricted to the following countries: Belgium, Bulgaria, Finland, Hungary, Ireland, Italy (regional), Portugal, Romania, Switzerland. (Source: EGA market review 2015)

**Source: IGES Study, Value of Generic Medicines, 2015

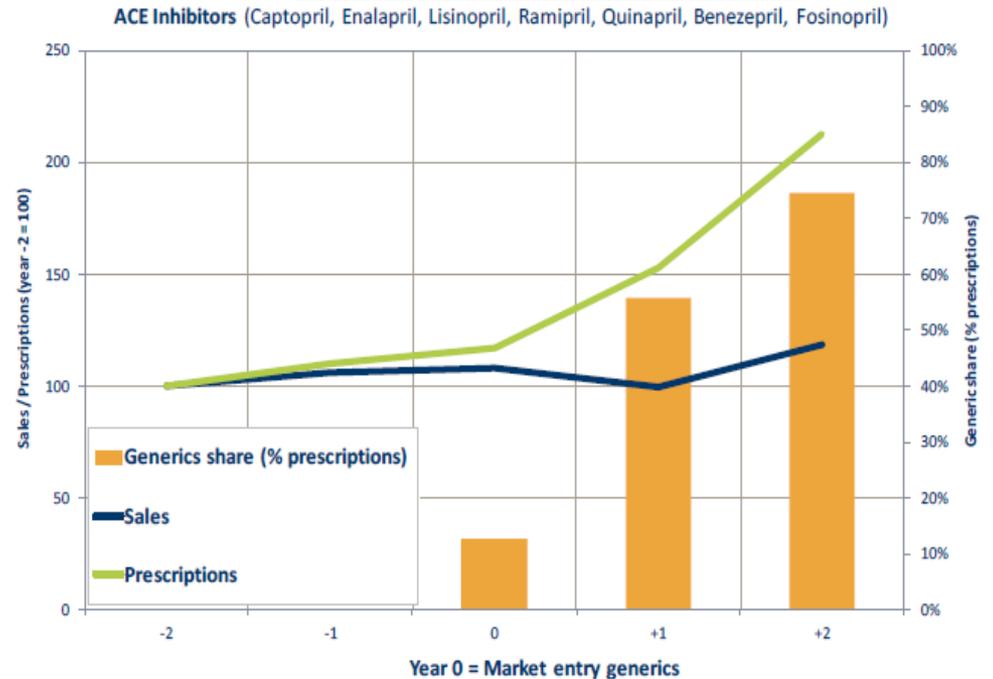
Generic medicines are key to EU healthcare sustainability



Better health outcomes - Hypertension



- Antihypertensive drugs reduce mortality in hypertensive patients
- 50% decrease in hypertension related mortality in DE (1998-2010)
 - Increased access and treatment rates
 - Better medicinal treatment options
 - Smoking reduction
 - Better hypertension control
 - Guideline implementation



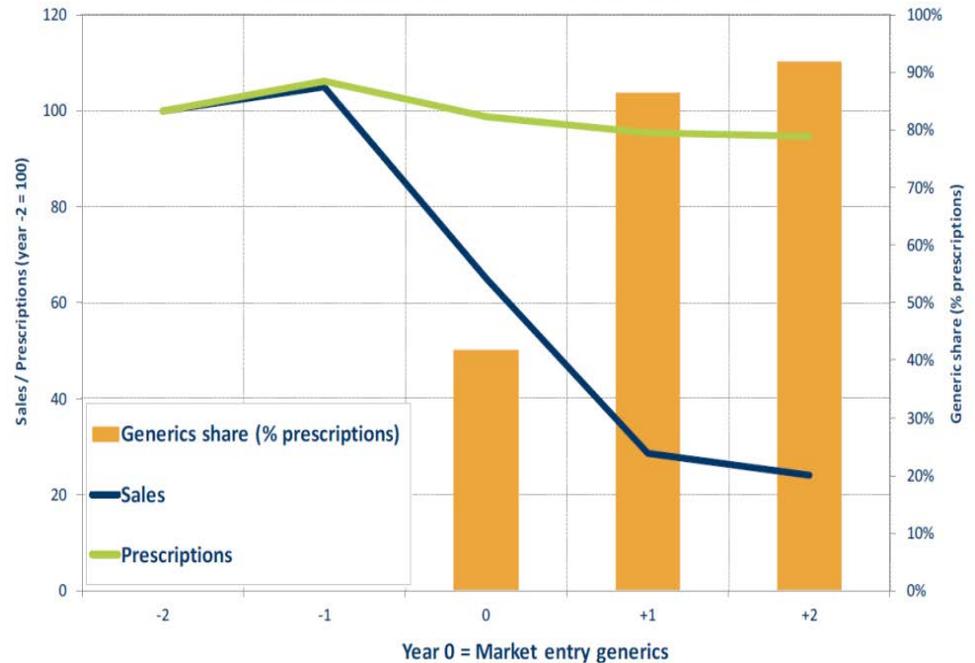
Increased cost-effectiveness

Better health outcomes - Breast cancer



- Adjuvant endocrine therapies: Over 15 years after treatment start, mortality is reduced by 1/3 and recurrence rates by 40%
- Breast cancer related mortality decreased since late 1980s
 - Improved treatment options
 - Increased access
 - Early detection programs

Aromatase Inhibitors (Anastrozole, Exemestan, Letrozole)



Decreased cost/QALY

Source: IGES Study, Value of Generic Medicines, 2015

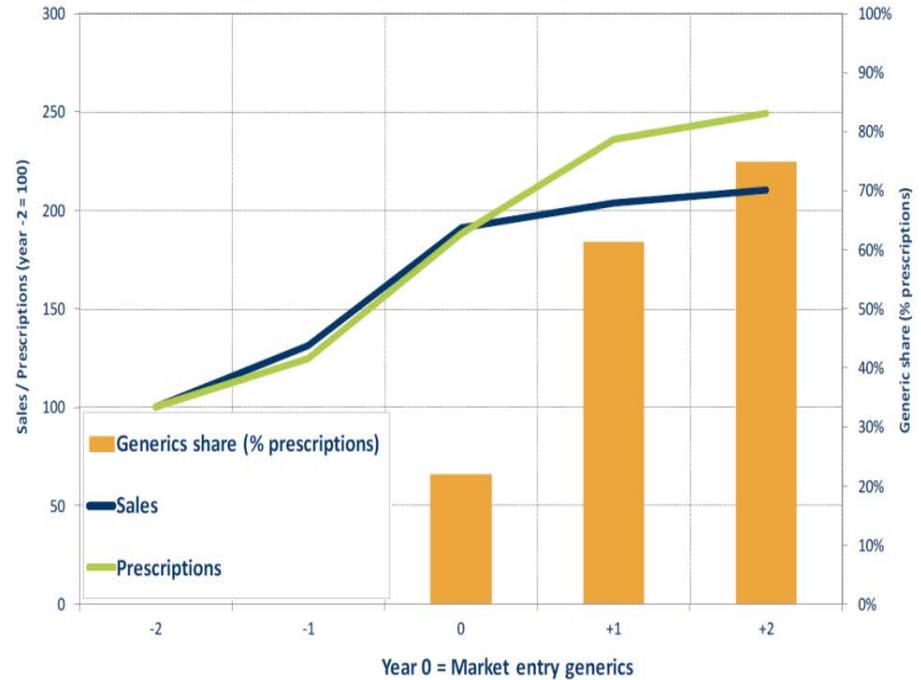
Source: IGES based on data in Schwabe/Paffrath (various years)

Better health outcomes - Depression



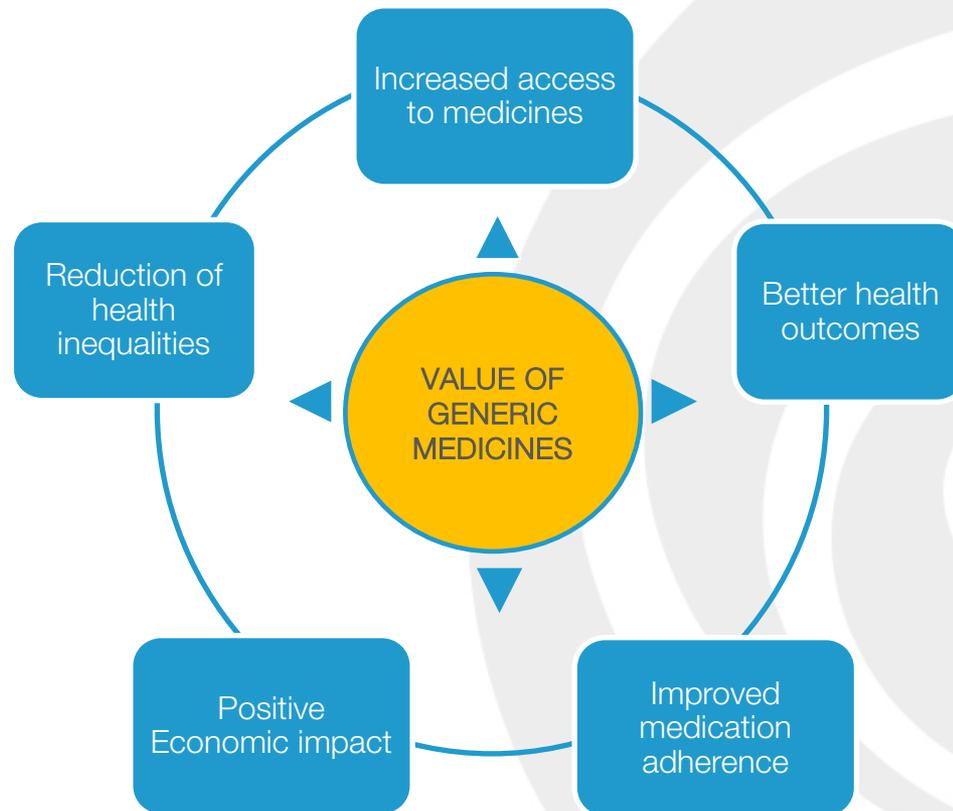
- Anti-depressants: More effective than placebo in treatment of severe depression
- 45% of suicides attributable to depression
- Mortality due to suicide decreased since 1980s
 - Improved treatment options
 - Improved psychotherapy
 - Increased access

SSRI (Fluoxetine, Citalopram, Paroxetine, Sertraline, Fluvoxamine)



Facilitated continued increase of low treatment rates

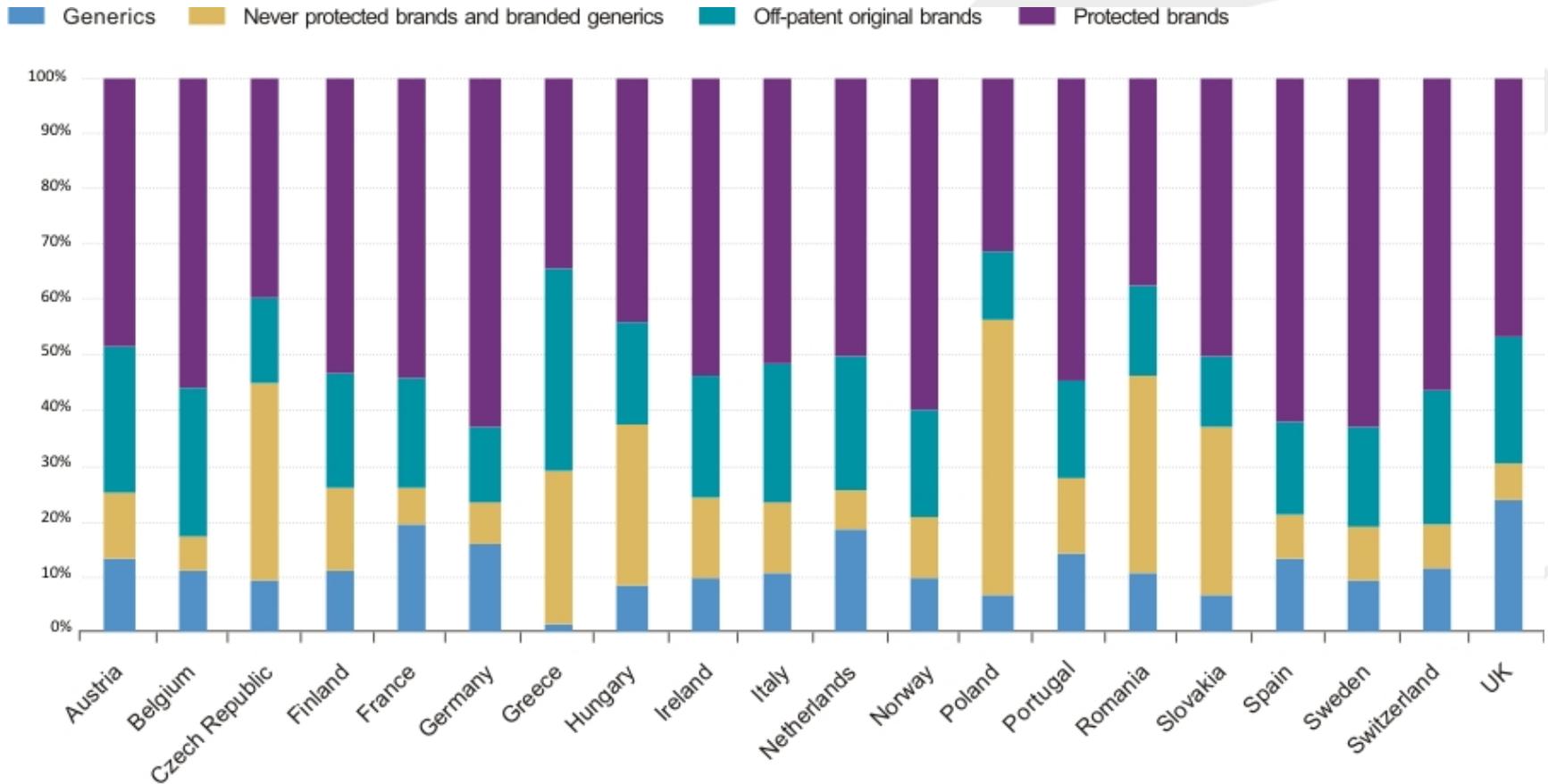
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Back-up

Still considerable opportunities to increase uptake throughout Europe

Protected and off-patent marked share (value) by country, June 2015



Source: IMS Health, MIDAS, Q2 2015, retail and hospital channel

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