

AN OVERVIEW OF HOSPITAL PHARMACEUTICAL EXPENDITURE IN GREECE OVER THE LAST TWO YEARS

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Background

Given the burden of the economic crisis in Greece, a series of cost containment measures for hospitals' operating costs has been implemented, with the emphasis put on limiting money spent on medicine purchasing.

Purpose

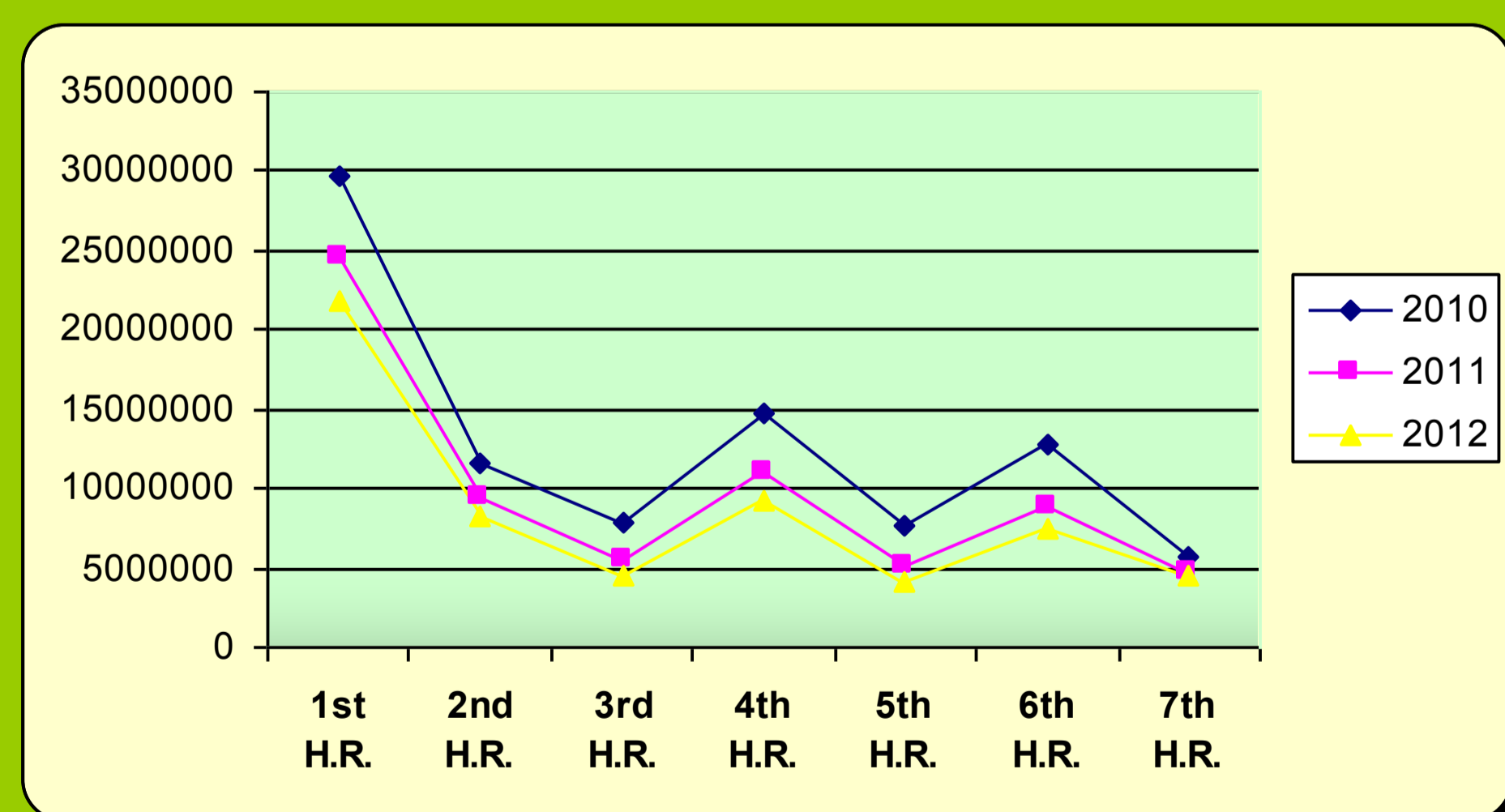
To review the extent to which the target of reducing hospital pharmaceutical expenses has been achieved along with reporting the changes, as far as the 'in hospital' use of generic medicines is concerned.

Materials and Methods

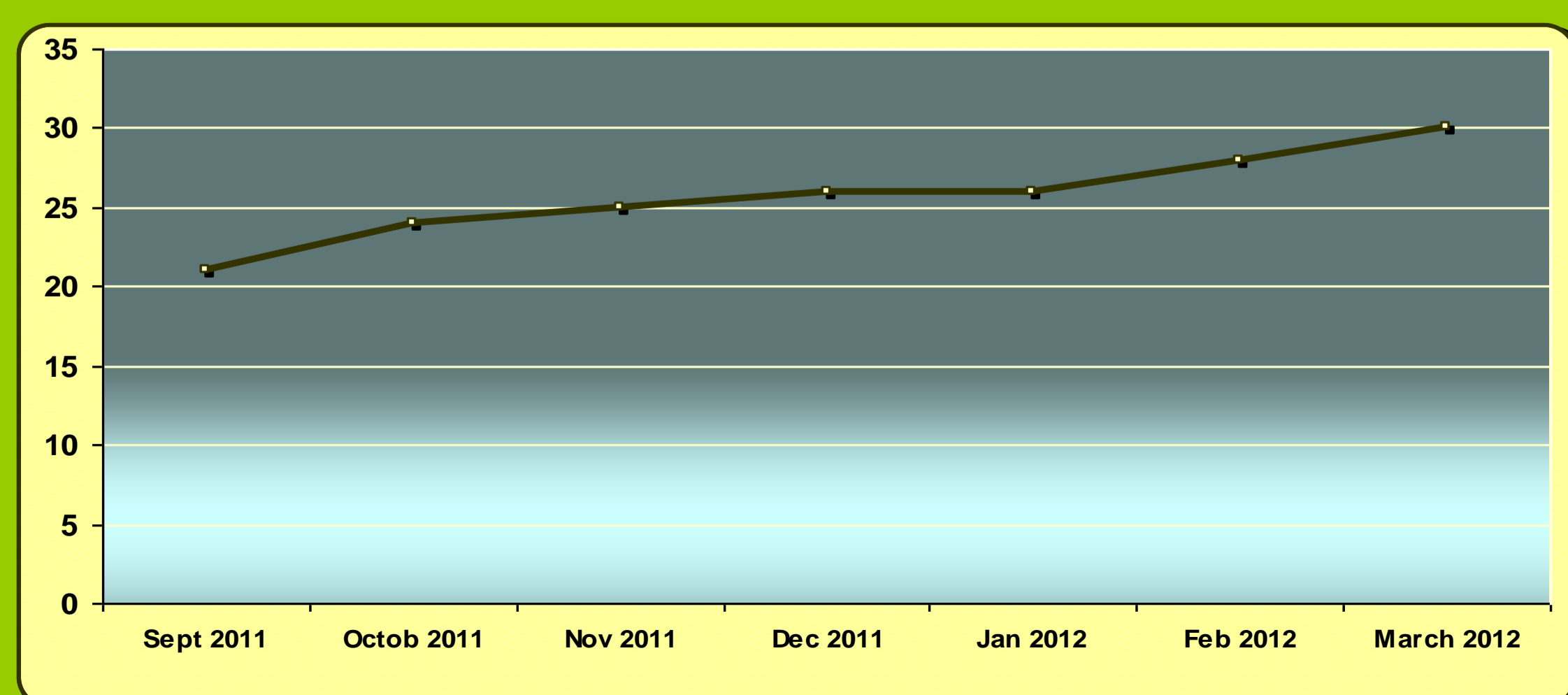
Financial data from 136 Greek public hospitals, as officially reported in the *ESY.net* e-database, has been collected and compared for the time period 2010-2012. The financial data was selected with respect to medicine and non-pharmaceutical material purchasing costs, while other operational costs were omitted.

Results

The cost of purchasing medicines accounts for a high percentage of a hospital's budget for supplies on a constant base (51%, 53% and 56% for 2010, 2011 and 2012 respectively). An overall decrease of pharmaceutical expenditures was achieved (23% reduction in 2011, along with a further reduction of 17% in 2012). Although rates of implementing generic drugs differ among different hospitals, an increase in the use of generics' is observed (26% in 2011 and 30% in 2012). Psychiatric hospitals seem to score higher than the pediatrics and the oncology departments of general practice hospitals.



Pharmaceutical Expenditure per Health Regional Sector



Overall % 'in hospital' generics' use

Discussion

More than two thirds of the drugs available in the Greek market have undergone a price drop between 2011 and 2012, which is noted for generics as well as on-patent drugs. Moreover, pharmaceuticals intended for the hospital sector have undergone the greatest price loss, given that incentives for additional price reductions through negotiating procedures, have been established. All the above, combined with the greater adoption of generics have led to a decrease of the money spent in medicine supplies in public hospitals. Nevertheless, the lower rates of usage of generics' observed in pediatric hospitals are consistent with the minor possibility for substitution in these cases.

Conclusion

The score of the 'in hospital' use of generic drugs is significantly higher compared to that of 18% which reflects the use of generic drugs in the Greek market in general. However, generic substitution and additional price reductions (beyond those imposed by the price regulated system) should not be the only measures taken.

Given that drug expenditures are a meaningful portion of the entire hospital operating budget and that cost management strategies that fall completely under the pharmacy department's control are easier to implement, these should be pursued first.

Further Suggestions for Medication Cost Management Strategies for Hospital Pharmacies

- Annual financial planning (i.e. budgeting) is the most common planning approach
- Budget Development for high-priority agents
- A relatively small number of drugs 50-60 typically account for 80% of most hospital drug budgets
- Establishment of drug cost containment plan
- Identification of drugs going off-patent, identification of relevant new drugs/build new agent budget
- Supervising the budgeting process throughout the year
- Constant vigilance and monitoring of drug use
- Therapeutic interchange/ Use of protocols and guidelines
- With the support of clinical pharmacists
- Well coordinated cost management efforts
- Clearly defined and manageable list of cost containment targets

When selecting and implementing drug-cost-management strategies, hospital pharmacists should have in mind that cost management incentives must never compromise the pharmacy department's ability to provide the best possible care.

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