



► **Opening Keynote Speech by J.F. Hoogervorst**
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Check against delivery!

Two weeks ago, the conference table at the ministry was groaning under the weight of an enormous cake. Now this is not a regular occurrence. This was a celebration.

We celebrated that I had been able to sign an agreement with pharmaceutical manufacturers, health insurers and pharmacists under which the prices for a wide range of prescription drugs would be cut by an average of forty per cent. Such opportunities do not present themselves every day – not even during supermarket-wars.

I considered it extremely important to enter into this new agreement.

We in the Netherlands tend to take fewer prescription drugs than people in other European nations. Nevertheless, my predecessors had seen costs rise by an average of ten per cent per annum over the past few years.

A greater number of drugs have come onto the market, the research and development costs of which are often very high, and consumption is also showing a marked increase. This situation could not be allowed to go unchecked – at least not from a budgetary point of view.

Let me say straight away that I do not regard prescription drugs in terms of costs alone. Antibiotics to fight infections, beta-blockers to reduce hypertension and thus prevent strokes and heart attacks, antidepressants to help the patient deal with psychological setbacks: most drugs are a blessing for the patient, curing or controlling a wide range of ailments.

▶ And for those people who do think in terms of costs, what about the drugs which obviate the need for expensive surgery? They can actually save us considerable sums of money.

However, prescription drugs are just like every other aspect of healthcare in that they must be used effectively, efficiently, and with due regard to cost if the system is to be sustainable and truly 'future-proof'. That is why I considered the recent agreement deserved a small celebration. The first effects of the agreement have already become apparent, with expenditure on prescription drugs in the Netherlands falling for the first time in sixty years. Perhaps the most remarkable aspect of the agreement is that the manufacturers of patented, brand-name drugs were willing to follow the example of their colleagues, the generics manufacturers, in reducing their prices.

I would now like to say a few words about the balance between these two parties: the manufacturers of generic drugs and those of 'innovative' medicines.

The ideal situation is clear. The innovative sector is responsible for the breakthroughs which cure diseases for which there was previously no effective treatment and for special drugs for specific groups, such as the very young and the very old.

The research and development process for such drugs is often extremely lengthy and expensive, and the industry is therefore protected by measures such as patents. The price can then be kept at a certain level for a set number of years, giving the manufacturer the opportunity to recoup the significant investments made. In this sense, patents also act as an incentive to develop drugs which are indeed 'new' and 'innovative'.

But once the period of protection has elapsed, the manufacturers of generic drugs will take over production. The drug no longer has a brand name, but is known by type or the name of the main active ingredient. Suddenly, the costs are very much lower.

▶ **Toespraak**

- ▶ One example is the well known antidepressant Prozac, which is now available as 'fluoxetine' at one third of the original price. As soon as the generic version becomes available, doctors should start prescribing only fluoxetine, and those patients who had been using Prozac can switch to the less expensive version without any problem. The savings that this system produces will also benefit the research by innovative producers, who by now are already developing yet newer drugs.

As I say, this is the ideal situation: this is how things *ought* to work. In practice, this is not always the case.

The innovative sector, which after all wishes to make a lot of profit, will often devise ways in which to retain a patent for as long as possible: the process known as 'evergreening': developing products which appear to be new but are in fact very closely based on an existing product.

Moreover, doctors do not always prescribe generic alternatives even when available, while the patients themselves seem unwilling to abandon the familiar name, packaging or colour of their pills – and they do not have any price-incentive to do so.

The health insurers thus save less money than they could, and the patient has to pay higher premiums than necessary. This is why all European countries are seeking ways in which to do things more cost-effectively.

You, the manufacturers of generic drugs, are our allies in this quest. It is therefore very important that you play your part, and that you fulfil your role as effectively as possible. This will only be possible if certain other parties in the field cooperate.

Of course, it all begins with the doctors. I really cannot understand how some doctors allow themselves to be tempted by a small gift – a bottle of wine or a luminous computer mouse – to prescribe a new drug, the added value of which remains unproven. This practice must end.

▶ Toespraak



- ▶ Patient associations can also do their bit. I realize that there are some patients who, for one reason or another, seem to respond better to the expensive brand name drug than to its generic equivalent. And I accept that the patient associations exist to promote the interests of the patients. But a conscientious and impartial patient association will be able to spot when a new drug is not really an improvement at all – and should inform its members about it. They will not be outsmarted by manufacturers into thinking otherwise.

Last but not least, there is the government. What can we do? The Dutch government is now hard at work in revising the legislation which stands in the way of free competition on the generic drugs market. The difference in price between the brand name drugs and the generics will then be even greater, whereupon there will be pressure to reduce the prices of all drugs which are no longer under patent.

The health insurers are to be given a greater say with regard to what will be covered by their policies and what will not. The basic rule of thumb will be, 'Low price if possible, expensive if necessary.' Patients who wish to take a drug other than that which the health insurer covers as standard will have to pay the costs themselves, unless there is a clear medical indication.

Again, the prices of the drugs which are not part of the standard insurance packages will come under pressure, and we may expect greater competition. That is what the Dutch government is doing, but Europe itself also has a part to play. In fact, the European context provides excellent opportunities for progress. The 'G10' report includes some very important recommendations in this regard:

- Fewer restrictive measures so that drugs can be brought onto the market more quickly.
- Greater transparency and more coordination between member states with regard to the way in which they determine prices.
- Greater opportunity for market forces to take effect when introducing new generic drugs.

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- It is in the European context that we can encourage the innovative manufacturers to develop 'priority medicines' rather than the 'me too' variety. The Dutch presidency has organized a conference on this very topic, to be held in two weeks' time. We have committed ourselves to providing a strong impulse to the development of priority drugs.

It is in the European context that we can offer the generics manufacturers the chance to introduce their products onto the market as soon as possible after the original patent has expired. In this regard, a very important decision has recently been made at European level, with significant input from the Netherlands. In future, the generics manufacturer will be able to commence the registration procedure even while the 'closed dossier period' is in effect.

And it is in the European context that we can ensure that we continue to have access to safe, effective and affordable pharmaceuticals for everyone. This may be regarded as a challenge. However, "Meeting the challenge" is the title of your conference.

I wish you an enjoyable and fruitful meeting. Thank you for your attention.

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