

A1



ARUBA
one
healthy
island


Cuido pa nos tur!

Pharmaceutical Management Aruba

Coverage, Distribution, Pricing, Claimsprocessing and Cost-control

October 9, 2018



12th CARIBBEAN CONFERENCE ON NATIONAL HEALTH FINANCING INITIATIVES

Presenter: Anco R.O. Ringeling

Slide 1

A1

Autor; 08/10/2018

Agenda

- 1 NHI and Pharmaceutical Coverage**
 - 2 Distribution Chain**
 - 3 Claims-processing and Auditing**
 - 4 Cost-control & Quality Monitoring**
-

Agenda

1 **NHI and Pharmaceutical Coverage**

2 **Distribution Chain**

3 **Claims-processing and Auditing**

4 **Cost-control & Quality Monitoring**

1. NHI and Pharmaceutical Coverage

National Health Insurance: basic characteristics

- Fully implemented in 2001
- Mandatory for all (legal) residents registered at the Civil Registry
- Comprehensive benefit package
- No co-payments and no deductibles
- Operated by an independent Executing Body

1. NHI and Pharmaceutical Coverage

National Health Insurance: basic characteristics

- Financed by payroll premium (60%), earmarked sales-tax (33%) and fiscal contribution (7%)
- Financial KPI's:
 - ✓ Total yearly expenditures (2017): 227 million USD
 - ✓ Per capita: 2,102 USD per year
 - ✓ Total expenditures 2017: 8,4% of GDP
 - ✓ Average annual growth of expenditures (2010-2017): 2,5%

1. NHI and Pharmaceutical Coverage

Pharmaceutical Coverage

- **Insureds have to be registered at a pharmacy of their choice**
- **Coverage is based on a Positive List of active substances (National Decree)**
 - ✓ about 700 substances; about 1500 items (different dosages and different ways of administering the same substance)
 - ✓ To be covered a prescription is mandatory
- **Advisory Committee for the Positive List**
 - ✓ consists of representatives of family physicians, medical specialists and pharmacists

1. NHI and Pharmaceutical Coverage

Pharmaceutical Coverage

- Limited number of OTC's
- 'Me-Too' drugs are rejected
- Pre-authorization for drugs not on the List
- Reference: Dutch Pharmacotherapy Compass (Zorginstituut)
(<https://www.farmacotherapeutischkompas.nl>)

Agenda

- 1 **NHI and Pharmaceutical Coverage**
 -  2 **Distribution Chain**
 - 3 **Claims-processing and Auditing**
 - 4 **Cost-control & Quality Monitoring**
-

2. Distribution Chain



- **With the exception of 'out of stock' situations, parallel import from wholesalers abroad is not allowed**
- **Importers of brandnames: agency monopoly issued by principals**
- **Most public pharmacies not owned by licensed pharmacists, but by regular business-persons**
- **Hospital has its own procurement activities, exempt from customs duty**
- **No central procurement because of high operational cost, lack of specific expertise, limited bargaining power because of low volumes**

Agenda

- 1 **NHI and Pharmaceutical Coverage**
 - 2 **Distribution Chain**
 - 3** **Claims-processing and Auditing**
 - 4 **Cost-control & Quality Monitoring**
-

3. Claims-processing and Auditing

Adequate IT-systems are an essential requirement for:

- i. Cost-control and Quality Monitoring
 - ✓ better accessibility and analyses of data
- ii. Completeness and accuracy of registered and covered medicines
 - ✓ all covered medicines are registered in our database
 - ✓ ATC-coded by importer, dosage, administration route, etc.

3. Claims-processing and Auditing

Adequate IT-systems are an essential requirement for :

- iii. Efficient claims-processing & auditing
 - ✓ claims are being submitted electronically by providers through the webportal
 - ✓ claims are being processed electronically through Oracle Health Information (OHI), based on programmed business-rules
 - ✓ claims are being checked for compliance with our drugs database
 - ✓ (statistical) sample of claims is checked for compliance to underlying prescription
 - ✓ (statistical) sample of claims is evaluated for effectiveness of the prescription, based on indications in the medical files and records of the prescriber

Agenda

- 1 **NHI and Pharmaceutical Coverage**
 - 2 **Distribution Chain**
 - 3 **Claims-processing and Auditing**
 -  4 **Cost-control & Quality Monitoring**
-

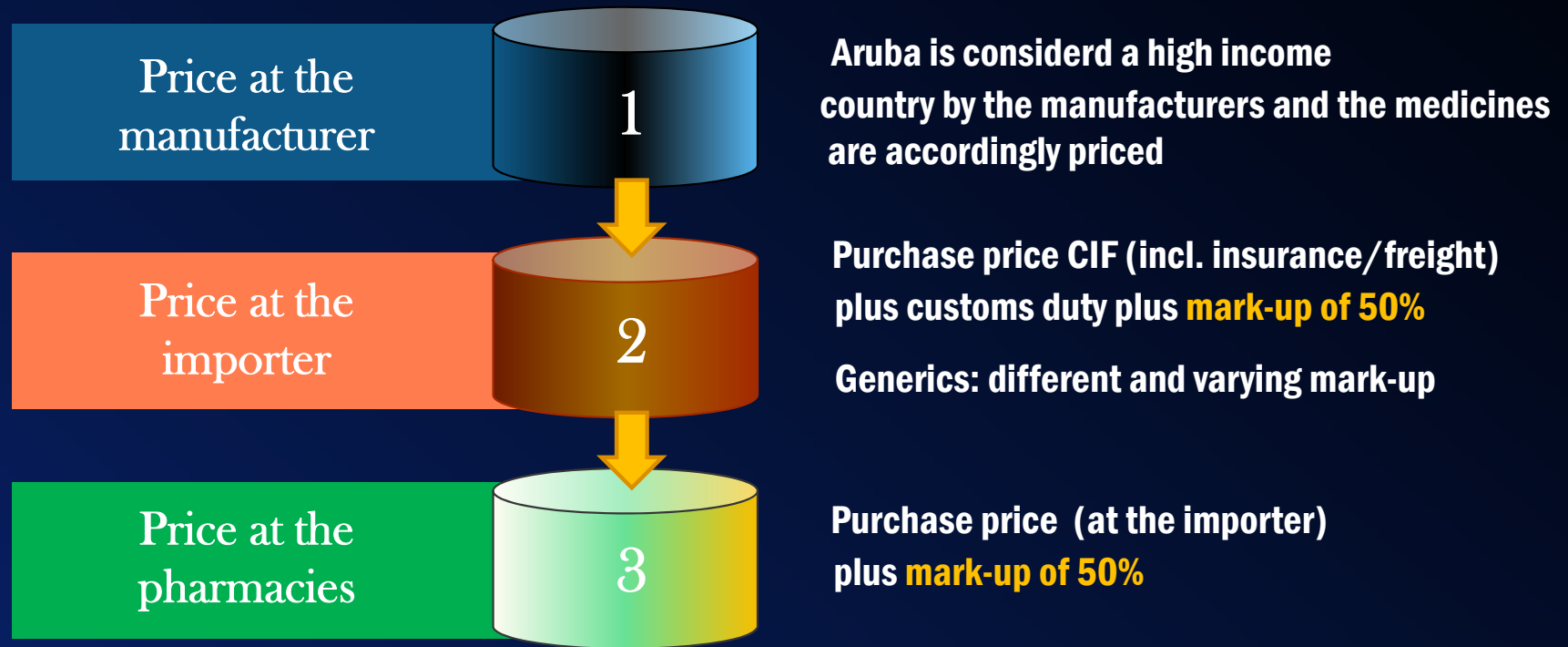
4. Cost control and Quality monitoring

a. Pricing

- Before and After the NHI

4. Cost control and Quality monitoring

- Pricing before NHI -



4. Cost control and Quality monitoring

- Pricing after NHI -

- **Pharmacies**
 - ✓ Purchase price plus fixed dispensing fee per prescription
 - ✓ Fixed dispensing fee per prescription is to cover operational costs
 - ✓ Operational costs must be reasonable based on analyses of financial statements
- **Importers**
 - ✓ Yearly price reduction for brandnames of 1% for 4 consecutive years
 - ✓ Not a regulatory price control; but based on a MoU between Government and Importers
 - ✓ After the 4 years the prices of these brandnames were frozen

4. Cost control and Quality monitoring

b. Influencing prescribing practices

- ✓ Pharmaco-therapeutic consultations between family physicians and pharmacists
 - 4 times per year: mandatory for family physicians and pharmacists
- ✓ Co-financing and mandatory use by family physicians of the application **Pro Medico**
 - Pro Medico supports electronic medical records and effective prescribing based on the diagnosis
 - Via Pro Medico the prescription can be sent electronically to the pharmacy (less waiting time for patients)

4. Cost control and Quality monitoring

b. Influencing prescribing practices

- ✓ Periodically benchmarking family physicians by comparing the individual prescription practice with that of their peers (“mirroring information”)
- ✓ Co-financing and mandatory use by pharmacies of the application **Rx Pro**
 - Rx Pro supports Pharmacovigilance or medication monitoring to prevent adverse effects and interactions for patients

4. Cost control and Quality monitoring

c. Stimulating the prescription and acceptance of generics

- ✓ Best Aruban Price (BAP) : list of generics as substitutes for brandnames
 - Only the price of the generic is covered; patients who desire the more expensive brandname must pay the difference
 - Not statutory regulated, but backed by a court-decision
- ✓ Educating the general public about generics: “cheaper doesn’t mean lower quality”

4. Cost control and Quality monitoring

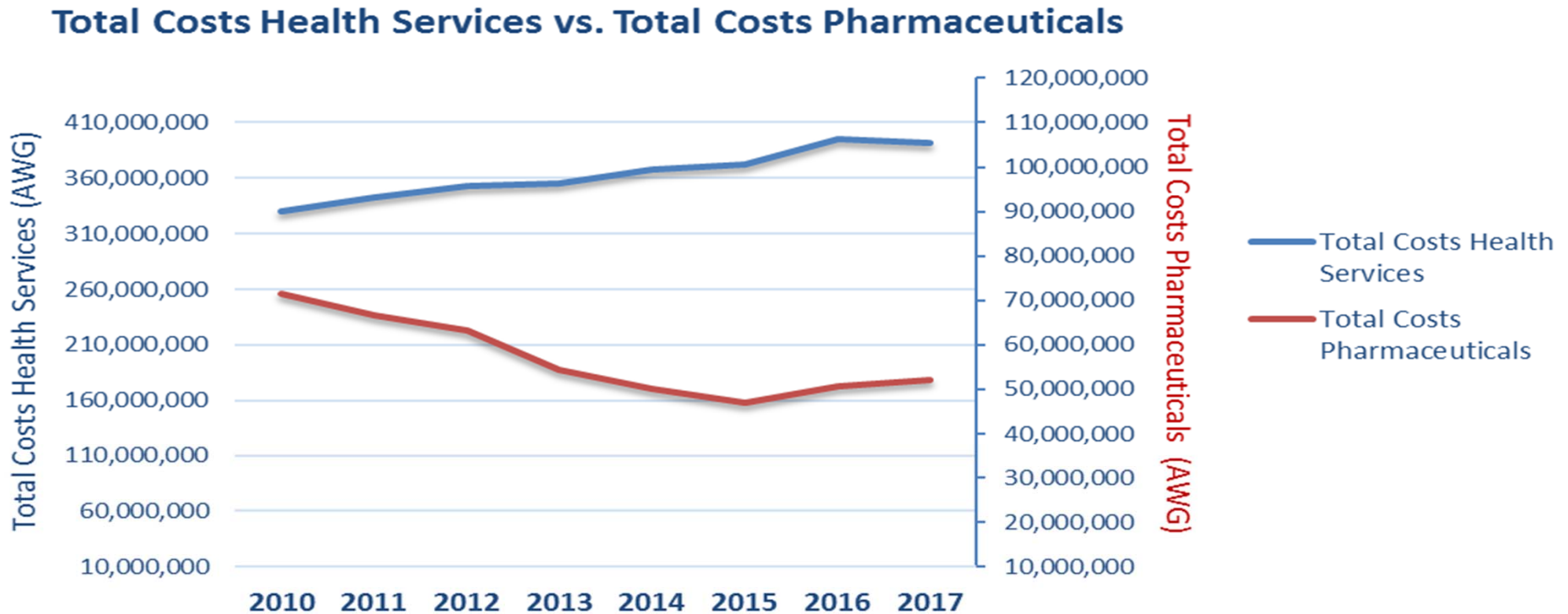
d. Shifting procurement and dispensing of expensive drugs to the hospital

- ✓ e.g. biotherapeutic medicines and orphan drugs
- ✓ hospital does not pay custom duties and has a lower mark-up

Pharmaceutical Management

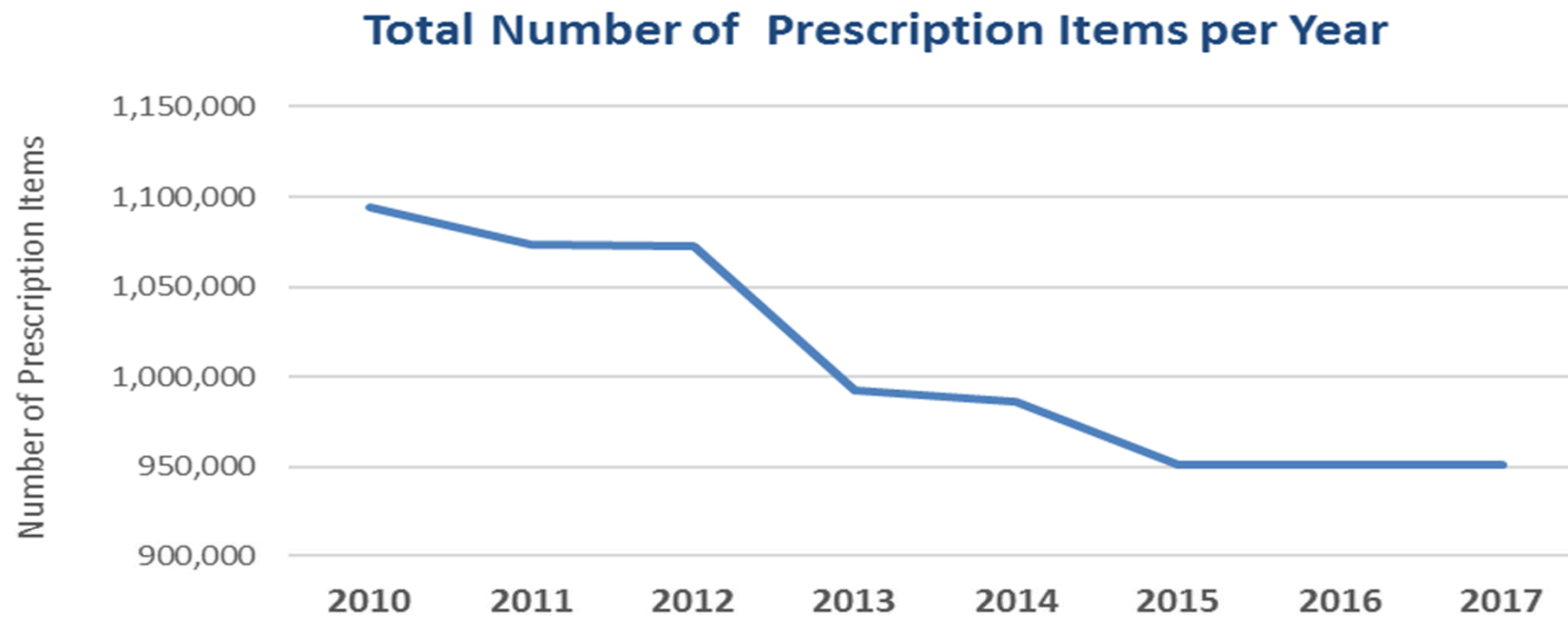
- Results and Trends -

- Rising total costs but decreasing pharmaceutical costs -



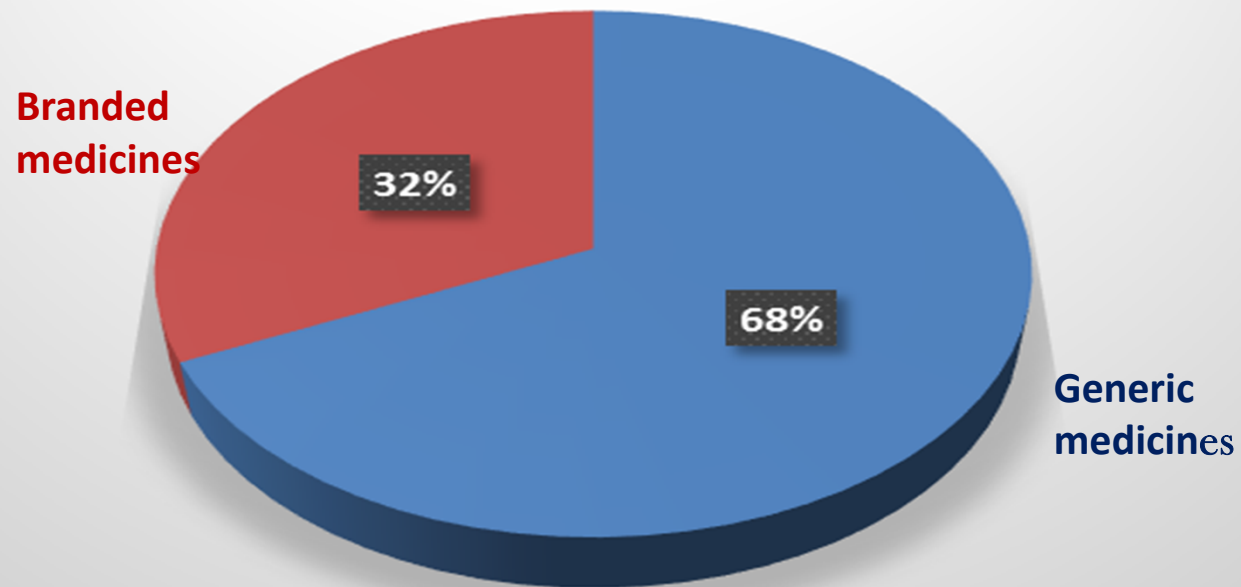
2010 2011 2012 2013 2014 2015 2016 2017

- Declining number of yearly prescriptions -



- Share of generic prescriptions is increasing -

Relative distribution of prescriptions: generic medicines vs. branded medicines



Thank you for listening

Contact: anco.ringeling@uoazv.aw

