

<http://www.timetv.gr/index.php/news/item/169-elpentrifon>



Monday, September 8, 2014

## In 2 years we will have no Greek drugs if the government continues to yield to the Troika reasoning



### INTERVIEW TO TIMETV

Ferocious against the government's choices in the pharmaceuticals policy, a key spokesperson of the Greek pharmaceutical industry is interviewed on online channel TimeTV. In his revelatory interview, Mr. Theodore Tryfon, Vice Chair of PEF and Vice Chair and co-Managing Director of ELPEN, stresses that Greek drugs are threatened by extinction in the next couple of years if government choices continue to apply the reasoning of the Troika and to harm the domestic industry to the avail of foreign multinational interests. According to Mr. Tryfon, the government's obsession with setting the lowest price as the only criterion in implementing its policy on pharmaceutical expenditure, the impediments in getting Greek drugs approved, and the lack of support for quality generics create impossible challenges for Greek drugs in the market.

But let's watch Mr. Tryfon, who among other things notes that, amidst the crisis Greek pharmaceutical firms have invested considerable capital to build new production facilities and in many cases raise employment, and yet they have not been graced with due attention by the State.

**Mr. Tryfon, bringing public pharmaceutical expenditure down from €6.5 billion to €2 billion, where has it led our country relative to other European countries?**

The expenditure of Greece compared to the average in European countries is 30% lower in the health and pharmaceutical sector. Currently Greece, by means of the Ministries of Economy and Health, and the Troika have agreed to a €2 billion pharmaceutical expenditure for drugs of the National Organization for Healthcare (EOPYY), for better or worse – for worse, in our opinion. This amount is 30% below the European average.

**At a time when the crisis has been creating further health problems, one would expect public expenditure for health to exceed the European average...**

In a country faced with financial problems and subject to a memorandum, like Greece, we appreciate that there should be cutbacks in expenditure; however, these should not be at the expense of sufferers and the elementary healthcare services they should enjoy. In our view, considering the fact that Greece is in recession, it should be at least €2.2 billion. This €200 million will be missing from the health system, which will cause problems in the sufferers' access to drugs. On the other hand, pharmaceutical companies will be called to pay huge clawbacks and rebates.

**During the crisis and despite the difficulties in the economy, Greek companies have continued to invest and to carry out new investment plans, both in manufacture and in research. We would like you to give us a picture of this activity.**

The first thing I have to say is that Greek pharmaceutical companies operate to a long-term horizon. This means that we are obliged to have a plan so that we can persevere in extremely difficult situations and periods like the current one. This, of course, is not done by magic. It is the result of sound financial management, new product designs, plans to expand abroad and, by all means, keen awareness of the market.

Those 6-7 Greek pharmaceutical companies that persevere in Greece and develop abroad have exactly this blend, that is to say, they have sound financial management and a long-term horizon. One hears of family enterprises operating for 30, 40, 50 years in this industry. You know, we have lived through tough times before, which has led us to the decision to implement an action plan both in Greece and abroad. This has kept us going. However, I must stress this: [we] Greek companies have – both before and now – around 17-18% of the market.

This is something which, in a much smaller – compared to the past – domestic market of drugs, shrinks turnover considerably; as a result [we] companies have fewer options, less cashflow and less capital for investments, development and research. The setting becomes increasingly adverse every year, because quite a lot of money is taken away from each company. This money should be channeled, not necessarily to Greek companies, but to Greek quality drugs that the Greek industry manufactures.

**Why not, though, to Greek manufacturing companies, which stimulate employment anyway?**

That's something I cannot answer. What I'm saying though, and I say it crystal clearly, is that we have no support in our own country. Quite the reverse – a couple of incidents in recent years prove that the Greek pharmaceutical industry is not protected; to the contrary, it is under fire! Regrettably, in Greece there is an establishment that protects expensive drugs and favors imported generics...

**So imported [drugs] are subsidized?**

All imported [drugs]. And I am being very specific here, with facts and figures. I'm saying that, in a country that is in crisis and in depression and which seeks to balance the finances of its funds, there cannot possibly be price cuts by an average of 50-60% on cheap drugs in the last 4 years and 15-20% on expensive ones! In the latest pricelist, let me tell you, cheap drugs and generics in January 2014 went down by a weighted average of 10% and expensive drugs by 2%. This is an immense... paradox – for want of other words. Quite obviously, it doesn't help to cut down fund expenditure; it is not consistent with applying a national policy; it just contributes to allocating shares within the market in another way.

Second example: There is a licensing system which, indirectly – unintentionally, of course – subsidizes imported generic drugs at the expense of respective Greek drugs. When we submit to the National Organization for Medicines (EOF) an application to market a new drug – following the national procedure – licensing takes about 2-3 years – and this in the best case scenario, even if the file is complete. By contrast, the imported generic is licensed in 8-9 months...

**Has this issue been put to political authorities? How did they respond?**

It's being put constantly in the last 10 years. We are stuck at that there can be no hirings at EOF, but evaluations many times still, and no incentives can be offered to the current understaffed human resources that often work in heroic conditions to cope with an excessive workload. It is true that EOF has a considerably increased workload, having undertaken many issues to do with drug pricing, drug lists and secondary committees. At the same time Greece is forced to take part in certain approval systems abroad, according to which a country is required to respond to various issues, such as pharmacovigilance, etc. All this multiplies EOF's current workload by 3-4 compared to what it was 6-7 years earlier and relying on one-third of its earlier staff too.

And, you know what, it is also unacceptable that [we] companies are paying fiscal stamps – that is, we are financing EOF on our own – and instead of going to EOF as compensation, this money goes to public funds, i.e. for country and glory. So this is a huge issue that is not to do with the financial recession in Greece, but rather it is a typical structural measure that has to be solved, so that Greece can have cheaper drugs by Greek companies in the market.

**There is an inconsistency though: while Greek drugs have only 17% of the market, their share is much higher in terms of employment and investments.**

We account for about 55% of jobs. We account for around 1% of new investments in manufacture and research, simply because multinational pharmaceutical companies have certain central production plants, mainly in Asia, and have essentially taken all production away from Greece.

**The pharmaceutical sector is the 2nd strongest industry in exports.**

Unquestionably and unfortunately, the state has had a huge resource drain from its funds. And this is inconsistent with the fact that we are in a crisis. The Greek government, particularly in the last 12 months, has repeatedly stressed that the pharmaceutical industry is one of the nine sectors of development in the next 10-15 years. Those sectors that will help the country exit the crisis.

**In terms of immediate structural measures that you consider necessary for the government to pass and the new political chief in the sector of health, which take top priority?**

Listen, we have opened up this framework for discussion with the Minister of Health, Mr. Vouridis: We said that if the pharmaceutical expenditure of EOPYY is too low, then structural measures and changes in the sector of drugs need to accelerate at once. So far savings from the heights of 2009 to date, according to the latest study by IMS, derive by 83% from price cuts and by 17% from interventions in other matters of supply and demand.

**So the power of drug price cuts is depleted?**

Not only is the power of price cuts depleted, but it has started to produce huge side effects. There is no doubt that it is a wrong measure. It is one thing to go 50-50%, that is 50% price cuts and 50% structural intervention, as is the case across Europe; it is quite another to be guided to a reasoning where 83% of total expenditure cutbacks come from drug price cuts. This decision is perverse, for it favors some drugs, because they are cut down far less than others. Secondly, some drugs whose prices have been cut, are pulled off the market and are replaced by other, more expensive drugs. And thirdly, it creates two-tier drugs. So other measures need to be implemented, besides price cuts.

**Such as?**

Such as treatment protocols, prescribing and prescription controls, controls over new expensive treatments, registries for expensive drugs, and patient ID cards. It is very important to have a financial assessment of what Greece, a bankrupt economy, is currently called to pay – in terms of compensation claims – for new expensive drugs, as is the case throughout Europe. Take, for example, what is happening in Germany and in France, where they are extremely strict in their assessment of

new expensive drugs. By contrast, here in Greece these are automatically included in certain list systems. It is also very important to apply a comprehensive policy on generic drugs, so that they can reach, if not 60%, then 40% of the market, always at low prices. These are some of the structural measures that will result in concrete benefits both for the [social insurance] funds and for the Greek industry that, in turn, will generate benefits for the Greek economy respectively.

**Listening to the statements of government officials one can notice a gradual distancing from what is referred to as Troika and memorandum perception. Similarly, on air you hear more often references to development. In the pharmaceutical sector have these statements been translated to specific measures that will turn words into reality?**

Alas, I have not seen external influences change... What we see is indeed strange. The government should say, "We accept the €2 billion budget, since we are indeed subject to a memorandum and since you are our lenders; we agree, although it is too low, to pay €2 billion for drugs. What we will do with this €2 billion though and which policy we are going to implement for this €2 billion is our matter. It is our national matter." Such a statement and principally such a practice on the part of the government is supported by the European legislation, as it clearly states that each member-state has a different pharmaceutical policy.

This is why in 27 countries we have 27 different pricing and claims systems. You will not find today – and I have told Mr. Vouridis this – two countries with the same system. Hence, we find it strange that the Troika and others that want to have a say should intervene so specifically in how this €2 billion market is to be split and into which drug categories, what rebates and clawbacks some companies should pay at the expense of others, rather than how to eventually achieve the goal.

This is the first paradox. The second thing that I have to say is that at the moment there is clearly an effort coming from the office of the Prime Minister, the government, the Ministry of Finance and the Ministry of Health, to take certain action in development sectors. The pharmaceutical industry is one of these. So they invited us and we are trying to formulate together certain proposals to put in place measures and specific incentives about how to claim some European programs. Moreover, how to claim a large share in foreign markets through synergies and partnerships between private sector entities, universities and the State. We will submit our proposals by the end of December.

**Isn't this an acknowledgement of the role of the pharmaceutical industry in the future development of the country?**

It is an acknowledgement and we will do it. I think that we have all understood that with unemployment at 27% Greece is not going anywhere. To do this though one has to prepare a very concrete plan in 10-15 sectors of the economy. To say: industry, tourism, mining etc. To make a specific plan on how much revenue each sector might generate, how many jobs, investments, exports. We have done this and now we are making certain proposals more concrete for clustering in research to create some offices that will represent us abroad in partnerships with universities and industries, and we are putting them forward.

A fundamental requirement for all this is that we too can have "oxygen". It's unacceptable that at this moment, when everyone recognizes the role of the Greek pharmaceutical industry in the future development of the country, they settle with the fact that it has only 17% share in the domestic market. Instead of finding ways to make it 30-40% at low prices and have the entire health system win, we bring it down to 0%. Well, I keep saying this and I will say it again today – and thank you for the opportunity you're giving me to send a very specific message to the Greek administration and the decision-makers – if the uncontrollable price cuts on cheap drugs do not cease this very moment and if there is no policy on generic drugs eradicating the active [ingredient] and incentivizing pharmacists and doctors to give good reliable generics, in two years time we will have no Greek drugs in the market. I promise you that and afterwards each one should be held accountable.

**Thank you very much for this very interesting conversation.**

I thank you.