

Dutch Health Insurers and hospitals agree to jointly purchase expensive pharmaceuticals

Translation of message on the Dutch website nos.nl/¹

Dutch hospitals and health insurers will start with a pilot to collectively buy expensive medicines. Next year, negotiations will start for a group of cancer drugs. "An important step," says Wouter Bos, former leader of the Dutch Labour Party, former deputy prime minister and former minister of Finance and currently chairman of the VUmc, a university hospital in Amsterdam. "This is very much necessary. I hope we are still on time, because the amount of new pharmaceuticals that is coming to the market is huge."

Cooperation must lead to a stronger negotiating position vis-à-vis pharmaceutical companies. "To purchase medical devices, we have already been working together for a long time," says Bos. "But for expensive medicines, there was no good cooperation yet. The urgency has not been felt for a long time, but pressure has been building up. It is now really necessary that we negotiate lower prices."

30 million

The pilot focuses on the negotiation of prices of medicines for patients with leukemia, so-called hematologic drugs. The costs for that group are in The Netherlands around thirty million euros a year. That is a fraction of the total cost of expensive drugs. These overall costs for expensive drugs are still rising and are now around two billion euros a year.

The involved parties call it therefore "a first joint step" to ensure continued accessibility and affordability of expensive drugs. "We agreed for the first time to work together nationally," says Ruben Wenselaar, chairman of health insurance insurer Menzis. "There are a lot of things happening in this field, but we also know that we have as individual insurer too little negotiation power to do something substantial."

It took a while

The Dutch Minister of Health, Edith Schippers has for a long time been calling for cooperation between healthcare insurers and hospitals to purchase expensive medicines. But that was not picked up immediately.

"Five to ten years ago, this collaboration was unthinkable," says Bos. "Doctors would have said: I'm responsible for this, and nobody else. But pressure from society to reduce costs was then much less felt. Now the societal impact is crucial."

¹ <https://nos.nl/artikel/2190780-verzekeraars-en-ziekenhuizen-gaan-samen-dure-medicijnen-inkopen.html>

"Hospital expenditure grows by about one percent annually, but the growth of expensive drug expenditure is about ten percent. Pharmaceutical companies have American shareholders who are to be satisfied with high profits. So it's very urgent that we become tougher in the negotiations."

The parties were initially worried that the Dutch competition authority (ACM) would not approve the cooperation. "There were questions as to whether this kind of cooperation would be allowed within our healthcare system. We've spent a lot of time testing the legal implications of the collaboration" said Bos. The ACM came up with a guideline last year to give the parties more scope for working together.

"We are glad that this step has been taken. We want to show in the first year that this cooperation really makes a difference."

Wouter Bos, CEO VU University Medical Centre Amsterdam

The pilot will deal with pharmaceuticals with multiple suppliers. "We will roll out a European procurement procedure, which leads to the selection of one manufacturer" says Thomas Bakker, spokesman for Health Insurers Netherlands (ZN, member of AIM).

"Medical specialists will continue to decide which product is preferred for which patient. However, in order to minimize costs, it is important to get the lowest possible price for that preferred pharmaceutical."

A lot of discussion

The letter of intent has been signed by the branch organizations of the university medical centers (NFU), the health insurers (ZN) and the hospitals (NVZ). The umbrella organization of hospitals expects that around fifty to sixty hospitals will join the pilot. [The Netherlands has around 100 hospitals] "Hospitals and health insurers have long been discussing who needs to pay those expensive pharmaceuticals," said Wouter van der Horst, spokesperson for the NVZ. "While we really need to look at how to lower costs, this is a beginning to offer a counterbalance to the pharmaceutical companies"