

## **DRUG REIMBURSEMENT IN IRELAND**

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The number of eligible persons under the Community Drugs Schemes was in excess of 1.3 million (or 36% of the population) by the year-end 1998. More than 88% of eligible GMS persons availed of the services under the scheme and over 25 million prescription items were paid for by the General Medical Services Payments Board that year, representing an increase of 1.5 million items on 1997 [1]. The state expenditure on medicines has increased at an annual rate in excess of 10% in recent years and reached IR£302.5 million in 1998 (Fig 1)[2]. The recent changes in the community drugs schemes will be of interest to medical practitioners, pharmacists and the many patients who avail of the service. In this article we review the drug reimbursement system in Ireland and the implications of the recent changes to the Community Drugs Schemes.

### **Figure 1.**

#### **Drug reimbursement:**

The supply terms, conditions and prices of medicines supplied to the health service i.e. Community Drugs Schemes, Health Boards and Hospitals are outlined in the current agreement between the Irish Pharmaceutical Healthcare Association (IPHA) and the Department of Health and Children. This agreement commenced on 1<sup>st</sup> August 1997 and remains in place until 31<sup>st</sup> July 2001. Medications reimbursed prior to the agreement remain so and any new medication granted a product authorisation by the Irish Medicines Board will be reimbursed for the duration of the agreement. Ireland is the only EC member state which links its drug prices by formula to those of five other member states. The price to the wholesaler of any medication introduced during the time period of the agreement will not exceed the lesser of the currency adjusted wholesale price in the UK or the average of wholesale prices in Denmark, France, Germany, Netherlands and the UK. As all of these countries with the exception of France are recognised 'high price' member states the price control formula for Ireland establishes a 'Northern European' price which is above the community norm.[3]. For medicines reimbursed prior to 1997 a price freeze exists, however should the currency adjusted average price in the five member states mentioned exceed 10% (increase or decrease) a review may take place. In the interest of an uninterrupted supply of medicines for which there is no alternative available on the market, manufacturers, importers or their agents are required to provide at least twelve months notice to the Department of Health of their intention to withdraw the product from the market.

#### **Community Drugs Schemes:**

The current reimbursement system puts into practice the principle of 'solidarity in healthcare with cost containment' whereby reimbursement is selectively applied to patients according to their financial and medical status. Those who are unable without undue hardship to arrange general practitioner medical and surgical services for themselves and their dependants are eligible to receive a free general practitioner

service under the General Medical Service (GMS) Scheme and are issued with medical cards. The issuing of medical cards is means tested and dependent upon factors such as age, marital status, living alone or with family and allowances e.g. for child under sixteen years. The guidelines for the issue of medical cards have been revised with effect from 1<sup>st</sup> January 2000 resulting in a threshold weekly rate ranging from IR£93.50 for a single person living alone to IR£212.00 for a married couple aged 80 years and over. The number of eligible persons under the GMS scheme at the end of year 1998 was 1,183,554 approximately 32% of the population. The cost of medicines under the GMS scheme in 1998 was IR£203.2 million. The major cost areas according to therapeutic classification included cardiovascular drugs IR£42.76 million (21% of total GMS cost), nervous system IR£38.67 million (19%), alimentary tract and metabolism £31.34 (15.4%) and respiratory drugs IR£23.39 (11.5%)[4]. The long term illness scheme (LTI) entitles patients suffering from any one of fifteen specified chronic conditions to full drug reimbursement irrespective of income (Table 1). For the year ending 1998 there were 71,440 persons (1.93% of the population) eligible under the LTI scheme [4]. As would be expected the major cost areas under the scheme differed from the GMS and included diagnostic products, clinical nutritional products, needles, syringes, lancets, ostomy/urinary devices and nutritional devices IR£8.14 million (35% of LTI scheme), alimentary tract and metabolism IR£8.05 million (34.6 %) and nervous system drugs IR£3.85 million (16.6%) Fig 2. It is seen that approximately 1/3 of the population of Ireland are eligible to receive free medications under the GMS and LTI schemes.

The remaining 2/3 of the population, whose drug consumption amounts to 1/3 of the drugs bill, will have to pay towards the cost of their medication. Prior to July 1999 any person without a medical card regardless of income, whose expenditure on prescribed drugs exceeded IR£90 during any calendar quarter was entitled to claim a refund on the excess expenditure from the health service under the Drug Refund Scheme. There were certain difficulties with this scheme from the patients viewpoint e.g. if a patient paid IR£90 in March and IR£90 in April there would not be a refund entitlement as the excess over IR£90 did not occur in the same calendar quarter. It is appreciated that the payments under the Drug Refund Scheme could be considerable. Many patients who might experience financial difficulties under the Drugs Refund Scheme could avail of the Drug Cost Subsidisation Scheme (DCSS). Under the DCSS patients who were not covered by the GMS or LTI schemes and were certified by a medical practitioner as having regular and on-going requirement for prescribed medicines costing in excess of IR£32 per calendar month could apply to the health board for reimbursement on expenditure in excess of the IR£32.

## **Figure 2.**

### **Drugs Payment Scheme:**

From the 1<sup>st</sup> July 1999 the DCSS and Drugs Refund Scheme were replaced by the new Drugs Payments Scheme (DPS) which will apply to persons who are resident in Ireland and do not have a medical card. Under the DPS no individual or family will be required to pay more than IR£42 in any calendar month for approved prescribed

medicines for use by that person or his/her family in that month, provided that all the prescribed medication is dispensed in the same pharmacy in that month. If a second pharmacy is used there will be a liability for a further charge of up to IR£42. Family expenditure covers the nominated adult, his/her spouse and children under 18 years - persons over 18 years and under 23 years who are in full time education may be included as dependants. A dependant with a physical disability, mental handicap or illness who cannot maintain himself/herself fully, who is ordinarily resident in the family home and who does not hold a medical card is also eligible. Where the cost of medication is less than £42 only the actual cost of the medication will be paid by the eligible person. Those eligible are issued with a DPS card demonstrating their name, a family identification number (i.e. RSI number), gender code and date of birth.

The other change relates to the introduction of a common medicines list for all schemes which is essentially the current list of items reimbursable under the GMS thereby ensuring equity between the schemes. The common medicines list will not remove any essential medicines from the schemes however a range of over the counter preparations that do not need a prescription and are readily available from retail outlets are removed and include panadol, disprin, solpadine, neurofen, vitamin supplements (rubex, vivioptal, seven seas, royal jelly) and regaine.

#### **Pharmacoeconomic aspects of the DPS:**

The fact that the Drugs Payment Scheme will operate on a monthly basis has advantages over the current Drugs Refund Scheme as demonstrated above. As suggested by the Minister for Health "The new Drugs Payments Scheme is for everyone. To qualify under the old DCSS Scheme patients had to be certified by their doctor as suffering from a condition requiring ongoing expenditure on medicines in excess of £32 per month. There are no qualifying criteria for the new scheme. In effect, where expenditure by a family exceeds IR£42 per month, the balance will be met by the state". From the pharmacoeconomic aspect the new scheme is of great interest. It certainly addresses the anomalies of the old system and should facilitate access to patients. It does however increase patient co-payment for medications from IR£32 to IR£42 per month. It is notable that there has been no increase in this threshold since 1991 although estimates in the early 1990's suggested that Ireland was third (after Denmark and Belgium) in the European co-payment league. The economic consequences of the new scheme are not easily predicted. In 1997 more than 111,000 claims under the Drugs Refund Scheme were for claims in excess of IR£150 per quarter. Of these approximately 33,000 were for claims of IR£300 or more per quarter. Based on these figures and employing the new threshold it may be predicted that the new scheme could save in excess of IR£4 million per annum however this may well be offset by the continued increase in the prescribing of newer more expensive medicines coupled with the likely increased uptake of the new Drugs Payments Scheme.

#### **EEA and High Tech Medicines Schemes:**

These two schemes which contributed just 0.6% of the prescribed items under the Community Drugs Schemes in 1998 have not been affected by the recent changes. The EEA (European Economic Area) scheme provides visitors from other member

states with established eligibility emergency general practitioner services while on a temporary visit. Individuals are entitled to receive a GMS prescription for necessary medication. In 1998 there were 74,869 items dispensed at a cost of IR£865,399.

The High Tech Medicines scheme introduced in November 1996 facilitated the supply of certain medicines e.g. those used in conjunction with chemotherapy, which had previously been supplied, primarily in the hospital setting. A list of the medicines which are dispensed under the High Tech scheme are shown in Table 2. Despite the fact that medicines dispensed under the scheme only accounted for less than 0.03% of all items dispensed under the Community Drugs schemes in 1998 the associated cost was 8.8% of total drug costs at IR£26.5 million.

## **Table 2**

### **Conclusion:**

Following the recent changes to the Community Drugs Schemes approximately one third of the population will continue to receive their medications free of charge under the GMS and LTI schemes. The remainder of the population will not have to pay more than IR£42 per month under the new Drugs Payments Scheme following the merging of the DCSS and the Drug Refund Scheme. The new changes will improve the cash flow situation for families incurring expenditure on medications and whether the potential savings from increased patient co-payment will balance the likely increased uptake of this 'patient friendly' scheme remains to be seen. What is clear is that Ireland can be considered well in advance of general European Community practice in emphasising the obligation of those who can afford to pay for medications whilst at the same time maintaining the solidarity of the health system. In the face of increasing expenditure on pharmaceuticals throughout the European Community other member states may well consider whether certain aspects of Irelands drug reimbursement system could be utilised.

## References:

1. General Medical Services Payments Board.  
Report for the year ending 31<sup>st</sup> December 1998.
2. Bowers F.  
Major increase in GMS drug costs.  
Irish Medical Times 1999;16 (22):1
3. Redwood H.  
Ireland towards a 'European' price.  
In: The dynamics of drug pricing and reimbursement in the European Community.  
Oldwicks Press Limited, Suffolk, UK 1992;145 - 152.
4. General Medical Services Payments Board.  
Financial and Statistical Analysis of claims and payments 1998.

**Table 1.**

Medicines and certain approved appliances are prescribed free of charge under the Long Term Illness (LTI) scheme for patients with the following medical conditions.

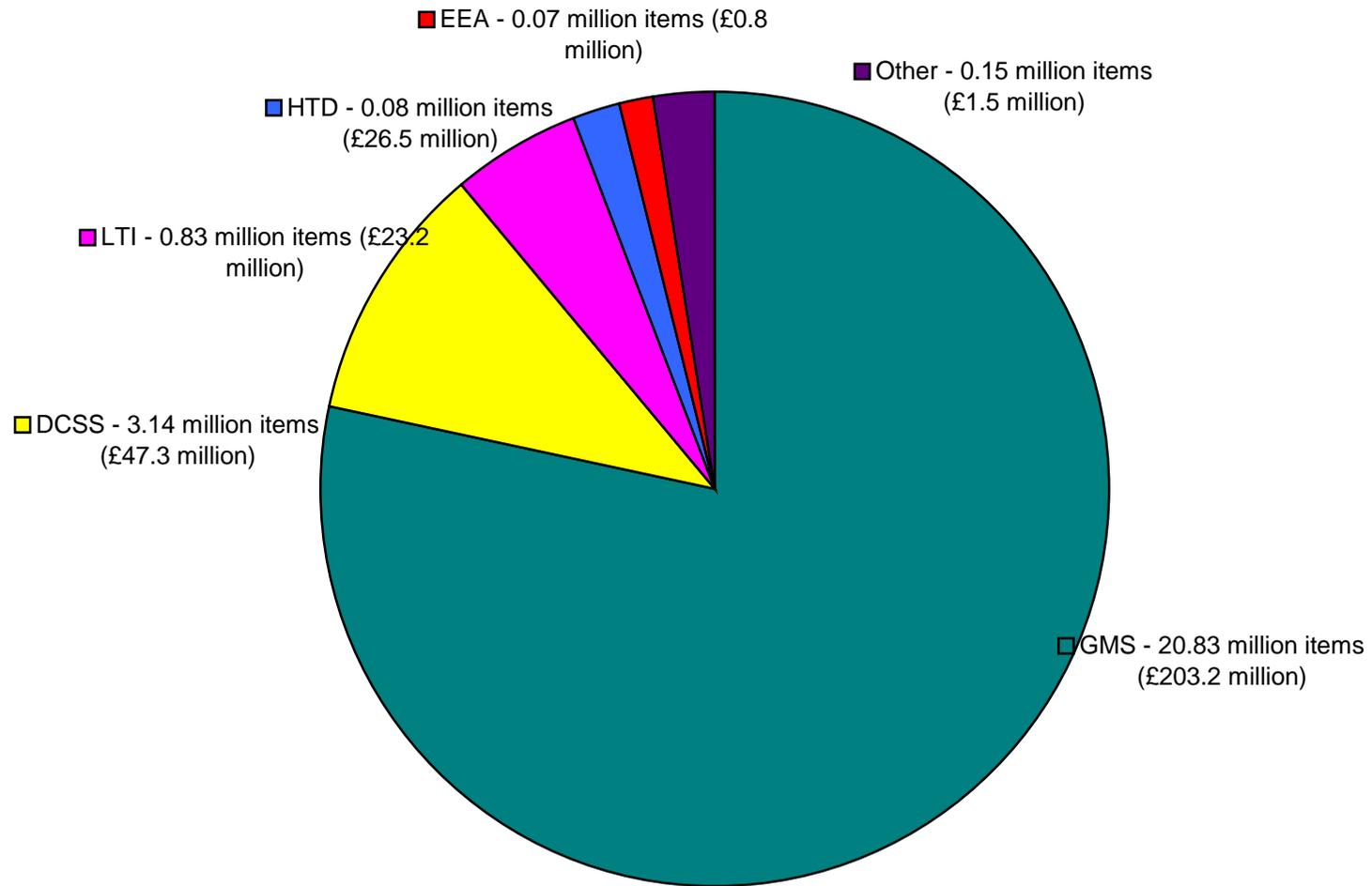
Mental Illness (persons <16 yrs)	Cystic Fibrosis	Cerebral Palsy	Multiple Sclerosis
Mental Handicap	Spina Bifida	Epilepsy	Acute Leukaemia
Phenylketonuria	Hydrocephalus	Diabetes Mellitus	Parkinsonism
	Haemophilia	Diabetes Insipidus	Muscular Dystrophies

**Table 2.**

Medicines available under the High Tech Drug scheme  
(effective at January 1<sup>st</sup> 2000)

Becaplemin	Erythropoietin	Interferon Beta	Naferelin
Betaferon	Estramustine	Interleukin	Octreotide
Bicalutamide	Etoposide	Lamivudine	Riluzole
Buserelin	Filgrastim	Lanreotide	Ribavirin
Calcitonin	Flutamide	Lenograstim	Somatropin
Clodronic Acid	Goserelin	Leuprorelin	Tacrolimus
Cyclosporin	Idarubicin	Molgramostim	Triptorelin
Dornase Alpha	Interferon Alfa	Mycophenolate	Vancomycin

**Figure 1: Items prescribed (in millions) and associated expenditure (IR£ millions) under the Community Drug Schemes in 1998**



**Figure 2: Major cost areas according to therapeutic classification expressed as a % of total cost in the GMS, DCSS and LTI schemes in 1998**

