



Rialtas na hÉireann
Government of Ireland

Spending Review 2021 – High-Tech Drug Arrangement

Seán Prior, Robert Scott - Department of Public Expenditure and Reform

Mark Hennessy, Evan Walker – Department of Health

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Spending Review 2021 – Overview, Aims & Objectives



Overview

- The High-Tech Drug arrangement, expected to cost over €900m in 2021, facilitates access to pharmaceutical treatment for tens of thousands of Irish patients with serious and complex health issues each year.
- Expenditure on the arrangement has grown at an average of 11% per year between 2012 and 2021, significantly above general pharmaceutical growth of 4% per year in that timeframe.

Aims and Objectives

- This spending review paper examines expenditure dynamics in the arrangement over the nine years from 2012 to 2021, looking at the level of patient participation, changes in average treatment costs, average patient duration in the arrangement, expenditure by age and gender, expenditure by treatment area, demographic impacts and the cost effect of new drug introductions.
- The paper discusses some of the key policy considerations in the area, such as investment in new drugs, industry agreements, value for money criteria, and sets out potential options for cost containment in the arrangement.

Spending Review 2021 – Key Findings



Key Policy Relevant Findings

- State expenditure on pharmaceuticals has grown from €1.3bn in 2012 to €2.3bn in 2020, an average of 4% or €54m growth each year since 2012.
- At a component-level the primary driver of this growth is the High-Tech Drug arrangement, which has grown at an average of 11% or €63m year-on-year, from €379m in 2012 to €794m in 2020.
- The total number of patients in the HTD expenditure has consistently grown in the years from 2012 to 2019, from a base of fifty-seven thousand patients in 2012 to eighty-nine thousand in 2019, an average year-on-year growth of 6.9%.
- Recent years have seen increases in the number of extremely high-cost treatments (>€100,000 per annum), however for most of these the expenditure impact is significantly mitigated by small patient volumes.
- As the unit prices of drugs cannot increase due to agreement with industry the primary expenditure driver in the HTD expenditure is the introduction of new higher cost medicines, and growth in patient volume. This growth is partially offset by agreed price reductions and by the introduction of cost reducing treatments, which are most often generic or biosimilar options.

Spending Review 2021 – Key Findings



Key Policy Relevant Findings (continued)

- The dominant treatment areas in terms of expenditure are Rheumatoid Arthritis and cancer, both of which are associated with large patient volumes and above median annual treatment costs (approximately €12,700 and €13,500 per patient per annum respectively). While the average annual cost of treating Rheumatoid Arthritis has begun to fall due to the adoption of non-originator drugs, the cost of treating cancer continues to rise exponentially.
- The PCRS campaign to promote biosimilar alternatives in the Rheumatoid Arthritis space have yielded significant savings.
- There is a notable trend towards increasingly complex pharmaceutical pricing arrangements between governments and the pharmaceutical industry subject to non-disclosure agreements that compromise the ability to perform an accurate cross-country comparison of pharmaceutical prices. This is advantageous from the perspective of the pharmaceutical industry, as it reduces States' ability to evaluate comparative value for money across other jurisdictions.