

PRESS RELEASE
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Proposing the need to make progress in coordination between Public Administrations to improve equity

AIRef PROPOSES EFFICIENCY IMPROVEMENTS IN HOSPITAL PHARMACY SPENDING AND TECHNOLOGY INVESTMENT PLAN THAT WILL ALLOW US TO CONVERGE WITH THE AVERAGE FOR OECD COUNTRIES.

- The Independent Authority for Fiscal Responsibility believes that Healthcare is a basic pillar of the Welfare State that requires continuous and comprehensive evaluation.
- It notes that the COVID crisis19 has identified shortcomings and areas for improvement in various aspects of healthcare policy
- In the field of hospital pharmacy spending, AIRef's analysis reveals extensive room for improvement in terms of efficiency, particularly in setting medicine prices, coordination between the different public administrations and the rational use of medicines
- In high-tech capital goods, the institution proposes carrying out appropriate strategic planning that will allow the existing technological equipment to be renewed and expanded.
- AIRef suggests designing strategies for coordinating and integrating information that will lead to greater equity within the NHS and reduce the wide gaps identified between the regions and between hospitals within the same region.

The Independent Authority for Fiscal Responsibility (AIRef) today presented the study of the second phase of the Spending Review "Hospital spending of the National Health System: drugs and investment in capital goods", in which it analyses, reviews and evaluates hospital pharmaceutical spending and the spending and investment in high-tech capital goods in Spanish hospitals of the National Health System between 2002 and 2018. In its evaluation, AIRef proposes efficiency improvements in hospital pharmaceutical spending, more planning and increased investment in high-tech equipment, together with advances in coordination of the public administrations to improve equity.

During the presentation of the Study, AIRef President Cristina Herrero stated, as the main conclusion, that "healthcare policy is of particular importance not only because of

its weight in public spending and the extent of the challenges it faces, such as an ageing population, but also because it is a basic pillar of the Welfare State and one of the policies with greatest redistributive power. This demonstrates the need for ongoing evaluation".

The AIReF President also highlighted that the current COVID19 crisis has revealed shortcomings and areas for improvement in various aspects of healthcare policy, including the need to improve efficiency in hospital pharmaceutical spending, greater planning to renew and extend hospitals' current technological equipment, and the need to move forward in greater coordination between public administrations and information systems in order to improve the system's equity.

The importance of Healthcare Spending

Healthcare spending accounts for 6.4% of GDP and 15% of public expenditure, over €71bn. AIReF has already evaluated 17.5 billion of this expenditure in the framework of the first two phases of the Spending Review. In the first phase, it analysed spending on medicines dispensed in pharmacies, an item that totalled over €10.5bn in 2017. In the second phase, AIReF continues this analysis by evaluating spending on medicines in the hospital sector and spending on high-tech capital goods, two items that accounted for close to €7bn in 2018.

AIReF has conducted an economic evaluation based on evidence and data analysis in the search for improvements in terms of effectiveness and efficiency. The institution has analysed the decision-making, planning and procurement procedures to identify levers to improve strategies and foster a culture of rational use of medicines and capital goods that will optimise public spending. In order to carry out the Study, AIReF has made use of multiple sources of information, such as databases, questionnaires for health services and hospitals, a review of all the literature, sessions with stakeholders and sessions with expert groups. It has also visited 41 hospitals spread over all the regions, where it carried out 7-8 hour interviews with the management and administrative staff.

Hospital pharmacy

In 2018, €6,613m was allocated to hospital pharmacy expenditure. This item, which accounts for about 17% of total hospital expenditure, has grown steadily over recent years. In 2013, it amounted to around €2.3bn and it is expected to continue growing over the coming years, mainly as a result of the introduction of innovative medicines in the fields of oncology, new antidiabetic medication, drugs developed using synthetic biology, cell and genetic therapies and the expected growth in orphan drugs.

AIReF has evaluated the financing and policy decisions for setting and revising the prices of medicines, the rational use of medicines, public procurement and medicine purchasing processes and the corresponding logistics and dispensing of such medicines. In general terms, AIReF has identified extensive room for improvement in all the areas analysed.

Specifically, the institution notes the limited decision-making capacity of the regions in the Interministerial Commission on Medicine and Healthcare Product Prices and proposes reviewing the Commission's structure to give more weight to the regions, which currently have a low level of decision-making power, with only 3 of the 11 possible votes, even though they bear the pharmaceutical expenditure through their budgets.

AIReF also detects the lack of an overview of the price of medicines used in a specific pathology, which leads to significant differences in the price of medicines with similar therapeutic value for the same condition and limits potential competition between these medicines. In this regard, it recommends intensifying the systematic review of prices and financing conditions, adapting the current Reference Price System and incorporating cost-effectiveness criteria in pricing.

In the Study, AIReF also highlights the lack of coordination between the Pharmacy and Therapeutics Commissions and proposes the creation of a collaboration network between the Pharmacy and Therapeutics Commissions, coordinated by the Ministry of Health. AIReF suggests an independent body, with its own budget, to make binding recommendations for certain drugs with a high economic and/or health impact. This Network would enhance the flow of information, strengthen the joint evaluation of medicines, the preparation of clinical guides and the exchange of high-value information on therapeutic uses.

In order to improve the efficiency and sustainability of the National Health System, AIReF proposes encouraging the switching to biosimilars and the use of it since the beginning of the treatment, after noting that, in comparative terms, the penetration of biosimilars in Spain is below the European average in three of the six active ingredients for which data are available. Furthermore, the level of penetration of biosimilars varies widely between regions, hospitals and clinical services and different strategies for encouraging their use are applied.

AIReF also notes a low level of application of the contract awarding procedures of the Public Sector Procurement Act and a lack of transparency in purchasing. AIReF also highlights the lack of a medicine logistics integration strategy and the absence of a specific regulatory framework for outpatients and of protocols for shortages. In this regard, the institution proposes using formulas and procedures to speed up the processing of procedures. This is necessary to promote procurement subject to the provisions of the Public Sector Procurement Act and consolidate electronic procurement platforms. It also suggests automating the storage and dispensing of medicines for inpatients and outpatients, establishing a procedural and operational regulatory framework for the provision of pharmaceuticals to outpatients and improving the humanisation of care and medicine dispensing.

Capital goods

Investment in high-tech capital goods amounted to €320m in 2018. Although it is a less important market than the pharmaceutical market in budget terms, it is essential for providing quality care, which has an impact in terms of acquisition costs, but also potential savings in other items and in improving health outcomes.

AIReF notes that Spain's high-tech equipment is still below the OECD average. It is also uneven and there are significant differences between the regions. The average level of obsolescence is now higher than 10 years ago and 44% of the equipment is over 10 years old. Furthermore, a significant proportion of the installed high-tech equipment has greater potential for use.



In this context, AIReF proposes developing a plan for investment in high-tech equipment that will allow Spain to converge towards the European average in terms of levels of equipment and obsolescence, taking into account the intensity of use. AIReF also considers it important to prioritise investments with decision-making models based on objective criteria and to implement models to systematise, objectify and prioritise decision-making for the acquisition and renewal of equipment.

Finally, AIReF has also analysed cross-cutting aspects, such as management tools, training and ICT uses. In this regard, it concludes that the efforts in terms of investment vary among the regions and there has been no generalised increase in resources in recent years. The institution proposes the development of integrated and interoperable information systems that will facilitate networking and the exchange of information.