guidelines, health prevention / monitoring strategies, involving coordinated actions between primary care and pharmacies, are valuable resources to consider.

PCV150
A REVIEW OF THE APPLICATION OF INTERNATIONAL REFERENCE PRICING IN UKRAINE'S PILOT HYPERTENSION REIMBURSEMENT SCHEME
Bajanyak E, Izmirilieva M, Ando G
IMS, London, UK
OBJECTIVES: The Ukrainian government has been considering ways to improve the population’s access to medicines by offering limited reimbursement access. For this purpose, the government has expressed its interest in implementing International Reference Pricing (IRP). The pilot hypertension programme, which introduced a system of IRP for certain hypertension drugs, was introduced in mid-2012. The government is currently looking to revise the pricing and reimbursement mechanism and to expand the list of drugs eligible for reimbursement under the scheme. This study examines the implementation of the new programme (IRP) (as a component of achieving its objectives so far).

METHODOLOGY: Secondary research focused on analysing the current pharmaceutical market and health care situation in Ukraine, with a specific focus on the hypertension market. The study then assessed the pricing and reimbursement mechanisms and their corresponding health outcomes.

RESULTS: Hypertension was chosen for the pilot programme due to the high prevalence of the condition in the country. While, for the full year 2012, the weighted average cost per package in the antihypertensive drug segment decreased by 1.4% compared to the previous year, the volume of retail sales increased 16.8%. Furthermore, as of January 2013, the prices of these drugs had been falling every month. As of December 2012 (end of the first year of the programme), the government is hoping to lower drug prices compared to the corresponding months of 2011.

Conclusion: Although the programme is successful in lowering drug prices, the opportunity for product differentiation has led to some limitations. The price adjustments are not clinically driven and are dependent on volume and value of the antihypertensives market.

PCV151
HOW COMPLEX IS THE COMPETITION IN REGULATED PHARMACEUTICAL MARKETS?
Colak B, Timut A
1University of South Florida, Tampa, FL, USA, 2Hodges University, Johnson School of Business, Naples, FL, USA
OBJECTIVES: This paper constitutes an attempt at investigating processes of dynamic competition in pharmaceuticals, with reference to the nature and intensity of price competition in relation to patent expiry and different regulatory regimes. The paper develops a panel data model on a selection of on-patent (generic) and off-patent (branded-name) pharmaceuticals in IMS from the five largest European pharmaceutical markets - UK, Germany, France, Italy, Spain - to analyze the impact that pricing and reimbursement regulation and product differentiation have on market structure, diffusion and prices.

METHODOLOGY: The paper develops a panel data model to explain the determinants of brand-name prices and generic prices both before and after patent expiry, the impact of generic entry and generic penetration on market share and prices of brand-name drugs, the competition patterns in their off-patent sector, the determinants of generic diffusion in the presence of generic competition, and the relationship between originator branded and generic prices under different regulatory regimes. The structure of the data allows these questions to be explored at molecule level and at product level. At all levels the originator and generic markets are observable. This paper looks at the proliferation of generic policies in many countries, prices in the off-patent sector do not decline as in the on-patent sector, the determinants of generic diffusion in the presence of generic competition, and the relationship between originator branded and generic prices under different regulatory regimes. The structure of the data allows these questions to be explored at molecule level and at product level. At all levels the originator and generic markets are observable.

RESULTS: Despite the proliferation of generic policies in many countries, prices in the off-patent sector do not decline as fast as in the on-patent sector. Entry into the generic market is positively influenced by regulation through reference pricing and opportunities for product differentiation. Elements of product differentiation within generics promote diffusion, but do not reduce prices. And, health insurance does not capitalize fully on the cost advantage of generics.

CONCLUSIONS: The results suggest that the relationship between the dynamics of original drug prices, patent expiry, and generic competition is complex and differs across countries. The level of generic penetration remains low in some of them and a sharp contrast exists between countries.