products from Canadian on-line pharmacies during a 180-day exclusivity period. A decrease of U.S. generic prices is expected following this period as more products enter the market, and U.S. prices over time typically fall below those of Canadian generic prices. The availability of Canadian drugs to U.S. residents increases the short-run competition to independent and authorized generic companies during exclusivity periods.

PHP5

DOES ENTRY OF GENERIC DRUGS ALWAYS RESULT IN COST-CONTAINMENT? THE HUNGARIAN EVIDENCE

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OBJECTIVES: Patent protection is the key condition of pharmaceutical innovation. After patent expiry utilisation of generic drugs decreases health care expenditure, and alleviates the scarcity of health care budget. Our objective was to measure the ability of generics to reduce the pharmaceutical expenditure in the Hungarian market. **METHODS:** Drug utilisation records of 10 substances with patent expiry between 2001–2006 have been compared 12 months before and after the entry of the first generic product. **RESULTS:** Although entry of generics reduced daily therapeutic costs, the increase in volume sales outbalanced the potential savings in drug budget. Overall generic drugs increased the expenditure of a subtance with no patent protection by 30.1%, the public reimbursement by 25.7%, and unit sales by 21.0%. In 5 cases the originator successfully converted the majority of patients to a non-substitutable formulation. When we limited our analysis to substances with no restrictions in generic substitution, public reimbursement and unit sales were still increased by 21.1%, 17.4% and 18.6% respectively. **CONCLUSION:** The entry of generic drugs in Hungary—as opposed to the international experience—did not reduce pharmaceutical expenditure between 2001–2006, what is more, generics increased the tendency of pharmaceutical spending. The main reason for this failure was the inappropriate generic drug policy. The lack of delisting, the low generic price erosion, the lack of incentives to physicians and pharmacists to switch patients to generic products, the branded promotional campaigns by generic manufacturers, and the conversion of patients to patented formulations by original manufacturers contributed to the inefficiency of the generic programme in Hungary.

PHP6

NETWORKING TOWARDS FUNCTIONAL POLICY-TOOLS: CAN CONDITIONAL REIMBURSEMENT OF DRUGS LEAD TO EFFICIENT AND EFFECTIVE DRUG USE?

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OBJECTIVES: Policymakers increasingly use a policy of "conditional reimbursement" of pharmaceutical care in order to obtain more control over drug prescriptions and increase patient, physician and payer compliance to drug use. Our objective was to resolve which factors determine the efficient functioning of conditional reimbursement as a policy-tool. **METHODS:** Drawing on 65 interviews and two focus-group sessions with representatives of patients, physicians, pharmacists, health insurers, pharmaceutical industry, and policymakers, we studied stakeholders' perspectives on the general functioning of conditional reimbursement as a policy tool, with particular attention being paid to five drugs. The participants' data was completed and validated by way of document analysis. **RESULTS:** Effectiveness of conditional reimbursement depends on how it has been implemented and/or how stringently regulations are enforced. The data revealed controversies concerning the policy-tool's transparency, legitimacy, feasibility and commitment on the part of the stakeholders. These controversies most often were caused by a lack of coordination and cooperation within the network of drug reimbursement. Yet, a good network in which coordination and cooperation are facilitated appeared a necessary, but sometimes not sufficient condition. Case-specific characteristics have the potential to make or break the networks in which the instrument is embedded and often are beyond control of the policymakers. **CONCLUSION:** Problems occur when the conditional reimbursement policy fails to connect to the range of diverse interests of those carrying the instrument to its effect. Conditional reimbursement has the potential to work if a more or less stable network, in which cooperation and coordination are organized, is available or can be created. Moreover, policymakers should take into account whether case-specific characteristics will fit into or frustrate the network. If both prerequisites are available/positive the instrument will more likely be found to be legitimate and transparent, and consequently the compliance by its users will rise.

PHP7

INTERNATIONAL COMPARISON OF GENERIC MEDICINE PRICES

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OBJECTIVES: The introduction of generic price-regulated systems in many European countries, the trend towards international generic medicine companies, and competition from Indian companies emphasise the need to gain insight into international prices of generic medicines. The aim of this study is to compare generic medicine prices in ambulatory care in Belgium with prices in other countries in 2005. The price difference between original and generic medicines in Belgium is also elicited. **METHODS:** Data on ex-manufacturer prices of generic medicines of 15 molecules/strengths were derived from IMS Health. Belgian prices were compared with prices observed in Denmark, France, Germany, India, The Netherlands, Norway, Spain, Sweden and the UK. Comparability of pharmaceutical form was attained by limiting the analysis to medicines in immediate-release, oral, solid dosage forms. For each molecule/strength, the average price per standard unit weighted by volume of sales of all available package sizes and generic manufacturers was calculated. **RESULTS:** India and Scandinavian countries had the lowest ex-manufacturer prices of generic medicines of selected molecules/strengths. The 15 molecules/strengths were, on average, 63% cheaper in India than in Belgium. The average price across generic molecules/strengths in Belgium (0.206 €) was higher than the mean price across all countries (0.190 €). The highest average price levels were observed in France (0.254 €), The Netherlands (0.260 €) and Germany (0.269 €). Ex-manufacturer prices of a specific generic molecule/strength varied between countries by a factor 3–36, depending on the molecule/strength. The price difference between original and generic medicines generally ranged from −12% for simvastatin 20 mg to −62% for enalapril 5 mg in Belgium. **CONCLUSION:** Ex-manufacturer prices of selected generic medicines varied substantially between countries. India has emerged as a low-cost producer of generic medicines. The international price comparison reveals that there may be scope for reducing generic medicine prices in a number of countries.