but not acquainted on principles of STG. We conclude that MPs need repetitive in-service training programs to ensure the adherence to STG and MSs are in need of skill development programme to pertain STG in clinical practice.

**PHP135 EVALUATION OF COST CONTAINMENT INTERVENTIONS INTRODUCED ON THE COMMUNITY DRUG SQUEMES IN IRELAND USING A NATIONAL PRESCRIPTION CLAIMS DATABASE**

Usher CL, Wilson L, Bennett K\(^1\), Barry M\(^1\)

\(^1\)National Centre for Pharmacoeconomics, Dublin, Ireland, \(^2\)Trinity Centre for Health Sciences, Dublin, Ireland

**OBJECTIVES:** The aim of this paper was to examine trends in expenditure of pharmaceuticals on the community drug schemes from 2005 to 2010, during which time a range of cost-containment interventions were introduced which affected the pricing mechanism for pharmaceuticals in Ireland.

**METHODS:** Data were analysed using a national prescription claims database according to drug class, i.e. generic, patented, second international launch, and the two largest international generic manufacturers.

**RESULTS:** During this period, expenditure on pharmaceuticals was noted to increase upwards due to measurement errors of conventional accounting measures.

**CONCLUSIONS:** The literature review should be transparent and reproducible. The RC analysis should only include direct health care costs from the perspective of the health care payer, the governmental payer and the patient. The study question should specify the target population(s) for the intervention. The confidence interval evaluation is the only way it will be replaced by the new treatment. Cost-effectiveness and cost-utility analyses are accepted as reference case techniques, under specific conditions. Outcomes in FE in terms of final endpoints instead of intermediary outcomes should be used in the increase in cost-effectiveness (ICE). For the calculation of QALYs, a generic quality-of-life measure should be used. Lifetime horizon in principle FE should be applied, shorter time horizons requires appropriate justification. Uncertainty around the ICE should always be assessed. Costs and outcomes should be discounted at 3% and 1.5%, respectively.

**CONCLUSIONS:** First Serbian national clinical guidelines were developed as results of changes in Serbian health system, and the need for better and more complete economic information by decision makers. By providing standards for conducting and reporting of economic evaluations, guidelines can address current needs and requests of Serbian health care system.

**Health Care Use & Policy Studies – Regulation Of Health Care Sector**

**PHP138 INTANGIBLE CAPITAL AND RETURN ON ASSETS IN THE PHARMACEUTICAL INDUSTRY**

Krgujevac, Kragujevac, Serbia and Montenegro

**OBJECTIVES:** Price regulation for drugs is often justified by allegedly high profits of the pharmaceutical industry. While other explanations emphasize the importance of market-entry barriers and monopoly power, we argue that high profits are mainly due to measurement errors that arise from the treatment of research and development (R&D) investments and intangible capital by conventional accounting methods. The objective was to compare the corrected returns with that of 3296 firms of 34 other industries.

**RESULTS:** We show that corrected profit rates of the pharmaceutical industry drop by three (average) to five (median) percentage points when assets are calculated to include intangible R&D capital. While the uncorrected profitability of the pharmaceutical industry is indeed among the highest of all industries (only outperformed by the oil and gas industry), the pharmaceutical industry ranks only eleventh when intangible assets are taken into account.

**CONCLUSIONS:** Our analysis shows that pharmaceutical profits are biased upwards due to measurement errors of conventional accounting measures. Again this backgound is questionable if further price cuts of pharmaceuticals are a good measure of regaining in the exploding health bill.

**PHP139 EVOLVING P&R COMPLEXITIES ARE AFFECTING LAUNCH SEQUENCING AND TIME TO MARKET IN 18 DEVELOPED AND EMERGING MARKETS**

Marioni G\(^1\), Bharath A\(^2\), Gennero B\(^3\), Honiee AC\(^4\), Melis BC\(^5\), Rodrigues Y\(^6\), IHS, Calleja A\(^1\), Izmirliova M\(^1\), Calabria G\(^1\), Krishnan A\(^1\), Ando C\(^7\), IHS, London, UK, IHS, Zurich, Switzerland

**OBJECTIVES:** The aim of this study was to evaluate how national pricing and reimbursement processes are affecting medicines’ time-to-market (defined as the delay in days between regulatory approval and market launch) and how their evolution over the last 10 years has influenced launch sequences across a sample of 18 developed and emerging markets.

**RESULTS:** For each market discussed, national pricing and reimbursement processes were studied through primary and secondary-care perspectives. In each market, these processes were considered from a public versus private sector perspective and from a primary versus secondary-care segment perspective. Meanwhile, to assess evolving launch sequencing trends, time-to-market data were collected in each of the discussed markets for 16 medicines approved for commercialisation between 2000 and 2010.

**CONCLUSIONS:** While other explanations emphasize the importance of market-entry barriers and monopoly power, we argue that high profits are mainly due to measurement errors that arise from the treatment of research and development (R&D) investments and intangible capital by conventional accounting methods. The objective was to compare the corrected returns with that of 3296 firms of 34 other industries.

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**METHODS:** Relying on financial data of 66 publicly listed pharmaceutical firms between 1985 and 2004, we treated R&D expenditures as an investment which has to be activated in the balance sheet. The assumed depreciation rate was 10%. We then calculated the return on assets (i.e. profits after depreciation of intangibles/total assets excluding intangible capital) as the compared the corrected returns with that of 3296 firms of 34 other industries.

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