OBJECTIVES: The purpose of this analysis was to explore—from a theoretical welfare economics perspective—how whether drugs are substitutes or complements affects the design of optimal coinsurance. METHODS: A theoretical economics model of a duopoly market for two medicines was constructed. In the model, there are consumers who first purchase insurance and then consume drugs if they become sick. Drug producers present their own versions of the drugs in the model. The results from the model are then used to inform how benefits should be designed differently whether drugs are complements or substitutes. Specific real-world examples are interpreted in light of these predictions, and special attention is given to the implications for value-based insurance design.

CONCLUSIONS: The results from the model can be used to inform the design of pharmaceutical benefits to make the consumer as well as it possible. When drugs are complements, a lower burden of payment should be implemented for the consumer. Examples of this would be HIV/AIDS drugs, malaria drugs or bone loss prevention (Calcium/ Vitamin D). When drugs are substitutes, a higher burden of payment should be implemented. Examples would include statins, for example, when one treatment is pursued to improve the economic profile of pharmaceuticals which were granted marketing authorization for national drug lists and insurance reimbursement lists. Iranian Drug Selection Committee is responsible body for granting marketing authorization for marketing pharmaceuticals, which has made some efforts, however fragmented, to consider economic evidence in its decisions. This paper aimed at evaluating the role of economic evidence in the Iranian Food and Drug Organization’s current marketing authorization policy. The purpose of this analysis was to explore—from a theoretical welfare economics perspective—how whether drugs are substitutes or complements affects the design of optimal coinsurance.

Health Care Use & Policy Studies – Health Care Costs & Management

THE ANNUAL HEALTH CARE EXPENDITURES PER CAPITA IN BRAZIL: A COMPARISON BETWEEN THE PUBLIC AND THE PRIVATE HEALTH CARE SYSTEMS

Singer TG, Johnson J, Johnson Jr, São Paulo, SP, Brazil

OBJECTIVES: In Brazil a hybrid health care system that comprises a public and a private system is in place. The objective of this exploratory analysis is to better understand the distribution of resources in terms of annual health care expenditures per capita in Brazil in both systems. METHODS: A review of public databases was conducted to raise data on both financial expenditures and the population assigned in each system. Sources were: Instituto Brasileiro de Geografia e Estatística—IBGE (Brazilian Institute for Statistics), Ministério da Saúde (Brazilian Ministry of Health), Agência Nacional de Saúde Suplementar—ANS (Brazilian agency which regulates the private health care sector) and available studies in Portuguese. RESULTS: The total annual health care expenditure (added value) in Brazil is R$ 137.9 billion and it represented 8.4% over the GDP in 2007 (IBGE, 2009). Eighty billion Reais were spent by the public health care system (80% of the population) and 57.7 billion by the private health care system (21% of the population). On the public side, 50.6% of the expenditures are from the federal government, 24.2% from the states governments and the remaining 24.9% are funded by the municipalities (Uga, 2005). Also, 192 million people live in Brazil, 78% of whom are funded by public health care system and 21% by private health care system (IBGE, 2009 and ANS, 2009). As a result, a significant difference can be observed in the annual health care expenditure per capita in the private sector when compared to the one found in the public sector, R$ 2,015 vs. R$ 583, respectively (US$ 1 = R$ 1,714 Dec 10, 2009). CONCLUSIONS: The annual health care expenditure per capita in Brazil in the private sector is 3.3 fold the one found in the public sector. Further research is recommended to comprehend whether such a difference might impact on the clinical outcomes of each system.