

How Do Drug Prices Respond to a Change from External to Internal Reference Pricing? Evidence from a Danish Regulatory Reform

Centre For Health Economics Seminar Series 2016

Presented by: Susan Mendez
University of Melbourne
Date: Wednesday 2nd March, 2016
Time: 12.00 noon to 1.00 pm
Venue: RB Scotton Room



Abstract:

We study the effects of a change in the way patients get medical expenditures reimbursed on the prices for prescription drugs using quasi-experimental data for Denmark which switched from external (where reimbursements are based on prices of similar products in foreign countries) to internal reference pricing (where they are based on the cheapest domestic substitute). We show that the reform led to substantial price decreases for our chronic treatment and to less substantial reductions for our medium duration treatment while it left prices for our acute treatment unaffected. We also find that the reform affected generics prices only and that it did not impact original products or parallel imports.

Presenter:

Susan is a Research Fellow in the Health Economics research program at the Melbourne Institute of Applied Economic and Social Research. Before joining the Institute in 2014, she was a Research Associate at the Chair for Entrepreneurship at the University of Zurich, where she completed her doctoral studies in Management and Economics. Her research interests include empirical industrial organization, health economics, and regulation and competition policy.

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