Abstract

The co-responsibility levy system introduced for pharmaceutical firms as part of the healthcare expenditure control

In its audit about the co-responsibility levy system for pharmaceutical firms, the Court highlighted weaknesses with respect to the calculation of the co-responsibility levy, the enforcement of the regulations as well as the structure of the control recovery process. It recommended a complete overhaul of this system.

The co-responsibility levy system introduced for pharmaceutical firms as part of the healthcare expenditure control is exemplified by a contribution these firms are to pay in case of budget overspend on proprietary medicinal products (medicines). This contribution is calculated on the basis of the firm's turnover.

The Court audited the correct implementation of the regulations, examined the measures taken by INAMI (the National Health Insurance Institute) to check the accuracy of the data used to calculate this levy and assessed the quality of the recovery process.

The Court noted that, in order to calculate the levy, the amount of the budget overspend on proprietary medicinal products should be set each year on the basis of data that are sufficiently precise and homogeneous. Similarly, the data used to measure the degree of implementation of the savings measures decided by the Government, taken into account for fixing the levy amount, should be kept as up-to-date as possible. Lastly, more pragmatism should be exercised when implementing these measures, in particular when it goes to determine the date of their enactment, in view of the unfavourable impact delays in implementation have on the fixing of the levy amount.

It also ascertained that levies could be collected more efficiently if payments input was made more quickly, if an adequate reminder and follow-up policy was put in place and if financial statements were regularly used.

The Court noticed that INAMI did not systematically check the pharmaceutical firms' turnover statements which are used to calculate the co-responsibility levies. Furthermore, the study of these statements brought to light weaknesses resulting from the non-exhaustiveness of the proprietary medicinal products involved and of their reported quantities. These weaknesses led to an underestimation of the turnover with direct impact on the rate of the levies, but also all the other contributions collected from the pharmaceutical industry.

The Court issued recommendations to remedy these control deficiencies. It considered that the methods to fix the levies payable by the pharmaceutical firms and the tools used to check their collection required a reflection in-depth. To this end, the Court suggested replacing the current system based on the turnovers reported by the firms by a system introducing a mechanism to calculate levies on the basis of the statistical data held with INAMI relating to the sale and reimbursement of medicines. Such an approach would also have the advantage of settling the issue whether exported reimbursable medicines are to be considered.

The minister for Social Affairs and Public Health agreed to all Court's recommendations and, more specifically, to the proposal of fixing the levy on the basis of the data available with INAMI. In addition, he pledged to take action in order to ensure that the new administration contract, expected to be concluded shortly between the Federal Authority and INAMI for the period 2006-2008, should take into account the Court’s suggestions for optimizing the commitments regarding the management, the collection and the recovery of the co-responsibility levies.

The Court stressed the need to take concrete action to address the reform of the way in which levies payable by pharmaceutical firms are set.