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Generics – The Dutch Experience

Today, in the extramural market generics fetch 57% of prescriptions and 12% of expenditure. The Dutch generics market developed rather early and was already well developed in the early eighties. An important incentive was that pharmacists were given the right to substitute generics for branded products and were allowed to keep 1/3 of the price difference. To facilitate this, prescribers were required to write prescriptions using INN names. The 1/3 rule was later rescinded. The pharmacist's union wanted a higher tariff in return. The Health Ministry refused but allowed the pharmacists to negotiate their own rebates with the generics producers. Since generics were reimbursed by insurers to pharmacists based on a fixed (and nearly always obtained) maximum irrespective of the purchasing price, this meant a gold age for the pharmacies. The end came when lots of small health insurers fused into larger entities and the difference between private and social insurance was abolished in a 2006 healthcare reform law. This gave insurers more discretionary powers. They used these to introduce preferential policies, severing the link to the listed prices. Insurers now plan to extend this sort of policies to off-patent biologics, but this will require more effort.