

## **Comparative Approaches to Pharmaceutical Price Regulation in the European Union**

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**Aim.** To review pharmaceutical price regulation methods in countries of the European Union (EU), in terms of the anticipated impact of regulation on pharmaceutical expenditures and evidence of actual outcomes.

**Methods.** An extensive search was performed of medical and economic studies on regulatory interventions specifically targeting pharmaceutical prices in EU countries, published between January 1990 and April 2002. Both peer-reviewed and “gray” literature were systematically reviewed.

**Results.** Four principle approaches to pharmaceutical price regulation with some methodological differences were identified in EU countries, as follows: fixed pricing, cost-effectiveness pricing, profit controls, and reference pricing. Actual evidence of the impact of price regulation was limited in many of these countries. Cross-country comparisons suggested that limiting the rise of pharmaceutical prices did not equate to controlling the rise of pharmaceutical expenditures because of the volume effect of utilization.

**Conclusions.** Supply-side regulation without the simultaneous use of demand-side incentives and volume controls does little to control the rise in pharmaceutical expenditures. The types of needed demand-side controls depend on the context of the individual country, on political priorities, and on the type of supply-side regulation in place.

**Key words:** cost control; drug costs; drug industry; European Union; health policy