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