

Healthcare & Life Sciences - Turkey

Alternative reimbursement models for healthcare services

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Introduction

Alternative models for the reimbursement of health services have been a common phenomenon in Europe for many years. Countries have adopted diverse policies in this regard comprising, for instance, paybacks, price-volume agreements and economic evaluations.

With the enactment of Law 6552 in September 2014, alternative reimbursement models have also become a hot topic in the Turkish healthcare industry.

Background

Law 6552 amended Article 73 of the Social Security and General Health Insurance Law and authorised the Social Security Institution to develop alternative reimbursement models. This provision introduced the term 'alternative reimbursement model', but caused a great deal of debate among the healthcare sector as its definition is ambiguous. At several meetings between industry and the Social Security Institution, it was emphasised that secondary legislation would clarify the scope of these alternative models for reimbursement.

While working on the draft legislation, the Social Security Institution examined the reimbursement policies of different European countries and analysed exemplary systems. During bilateral meetings, industry representatives explained how the basic grounds of the alternative model could be established and underlined the principles that should guide the system.

The main expectation of the industry is that these models could help to mitigate the various regulatory problems that it is facing and could ensure quick access for patients to innovative products. The decision to fix the foreign exchange rate at its 2009 value has caused substantial economic losses for industry actors.⁽¹⁾ Further, there are important delays in good manufacturing practice certification and entry to the reimbursement list for pharmaceuticals. Pharmaceutical companies are anxious to be able to sell their products for a more profitable price, with less reference to price cuts, while the state has important budgetary concerns and aims to decrease the current account deficit. It is evident that a balance between the impositions of private and public actors will be considered, while patient access to innovative products is ensured.

The Circular on the Operating Procedures and Principles of the Commission on the Procurement of Alternative Healthcare Services was enacted on April 30 2015 with these expectations. The circular has proven that the proposed system is still premature and will require time and precedent in order to comprehend thoroughly what it signifies. Although a more detailed analysis cannot be conducted at this stage, it is understood that the models will be based on the agreement to be executed between pharmaceutical companies and the Social Security Institution, the terms of which could change according to the specific circumstances of the product in question as well as through negotiations.

One of the biggest questions is how the traditional reimbursement model will coexist with these alternative tailor-made models. Further, it remains to be seen whether the alternative reimbursement models will serve the government's localisation goal in the pharmaceutical industry, as this has been long discussed as a part of the development plan, or whether these models will meet the expectations of pharmaceutical companies and incentivise innovative products with high added value.

Comment

If the system proves to be solid and efficient, it will serve the ultimate purpose of providing faster access for patients to innovative drugs. Faster access to medicine for patients will constitute the common ground to counterbalance public and private interests. Pharmaceutical companies are wondering whether these alternative reimbursement models will resolve their problems related to the pricing and reimbursement of pharmaceuticals, while the main concern of the Social Security

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Institution is whether they will contribute to reducing the healthcare budget as intended.

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Endnote

(1) As of May 11 2015 original products without generics are priced at 31% lower than the lowest list price in Europe.

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