



PHARMACEUTICALS EXPORT PROMOTION COUNCIL

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Italy aims to cut drug spending without discounts

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Yet another European country has stepped forward with a drug-budgeting strategy--only this time, it doesn't include price cuts. Italy's health minister is promising to save money through broader use of generic meds, rather than by forcing discounts on drugmakers.

To spur generics use, Ferruccio Fazio said he plans to offer incentives to doctors to reduce their prescription volumes and push generic alternatives to more expensive branded meds. "The pharmaceutical industry is not happy and we feel [their prices] are well controlled," Fazio tells the *Financial Times*. "The problem is not discounts [of patented drugs] but volumes. We will consider giving incentives to GPs."

Fazio's cost-cutting plan includes centralized procurement and some other administrative changes. However, as the *FT* reports, he's putting a lot of weight on "rational prescribing," which means persuading doctors to cut scrips for unnecessary meds--particularly antibiotics--and generic switching.

But Italy is considering one kind of price cut--the kind that hits drugs once they go off patent. And it's proposing a 12.5 percent price cut on generics this year. Beginning next year, it will start competitive bidding, with the national health system only allowed to buy meds at the cheapest bid.