

The Healthcare System: A Background

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Abstract

On average, European countries spend 9.9% of their GDP for healthcare. While northern-European countries are generally considered the most munificent, France and Germany top the ranking for the EU proper, followed closely by Sweden, Austria, and the Netherlands. Across the continent, but outside the Union, Switzerland is the most generous spender at 12% of GDP, a world class figure second only to the US, followed closely by Norway. While the percentages are likely not to change too wildly, the GDP of most European countries will contract over the next year or two. As a result, due in part to the constraints established by the Stability Pact, national healthcare budgets will likely shrink. It is too early to say if Covid 19's impact will be more devastating in the countries with a more fragile health care system, but it's rare to see costcutting leading to better public health outcomes.

Keywords: Healthcare System; Fragile health care; Covid 19

EDITORIAL NOTE

The aftermath: the post covid 19 in globalpharma

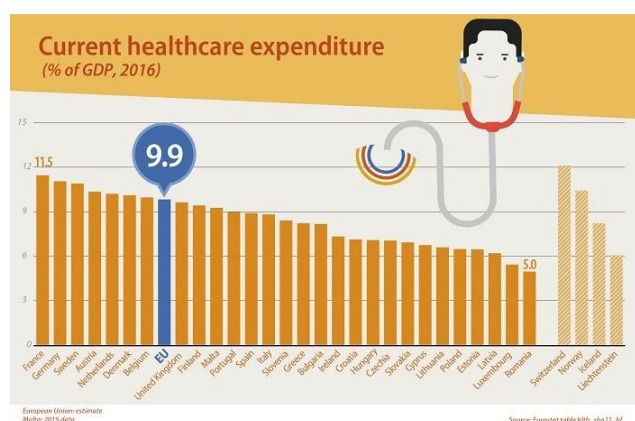


Figure1: healthcare expenditure in percentage of GDP (EU countries, plus Switzerland, Norway, Iceland, Liechtenstein).

EU countries ordered by number of cases as of May 15th, 2020, and their global ranking (Johns Hopkins University) (Figure 1).

At the very least, we can safely expect a modicum of delay in the launch of new products in traditional therapeutic areas,

compared to the years leading up to the pandemic. Branded products will likely need to extend their lifecycle, as health ministries will prioritize testing and approval for Covid 19 treatments and prevention. As a result, we can likely anticipate their lower profitability.

At the same time, generics and biosimilars, while they will show a volume increase, will experience pricing pressures. The drastic reduction of GDP will focus the attention of health authorities on controlling reimbursed products' consumer prices.

On the other hand, the orphan drug segment will continue its positive trend, due to the lower investment required in light of their faster development and approval processes, compared to innovative branded products.

The extended lockdown is also causing a visible increase in the demand of personal care and wellbeing products, as food supplements and cosmetic brands can attest.

Overall, we can expect a generalized profit reduction for the pharmaceutical industry and, as it often happens when earnings dwindle, an increase in the mergers acquisitions, also crossborder.

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