

**Seventh United Nations Conference to review the  
UN Set on Competition Policy**

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Roundtable on:  
***Role of Competition in the  
Pharmaceutical Sector and its Benefits  
for Consumers***

**Contribution  
By**

**Netherlands**

## **THE PHARMACEUTICAL MARKET UNDER THE MICROSCOPE**

*Opportunities for entry of generic drugs  
and options for patients*

## **Executive summary**

Controlling the cost of prescription drugs has been a topic of public debate in the Netherlands for several years now. The Dutch Ministry of Health, Welfare and Sport, health insurers, and others have already launched several initiatives aimed at cost control. However, designing a system that provides enough incentives for drug manufacturers to introduce new drugs, while ensuring affordability has proven difficult. In addition, the market is very dynamic. The focus on the high costs of chemical-based drugs such as heart burn drugs, cholesterol-lowering drugs or anti-coagulants has given way to a new focus on the costs of biological drugs such as for certain cancer drugs.

Over the past few years, the Netherlands Authority for Consumers and Markets (ACM) has paid a lot of attention to the pharmaceutical industry. ACM primarily focused on the behavior of drug manufacturers with regard to the development and selling of chemical-based drugs. ACM has established that manufacturers of chemical-based brand-name drugs have impeded the market entry and use of cheaper, so-called generic drugs. This has been done by maintaining and extending market exclusivity of brand-name drugs, and by increasing sales through marketing efforts and influencing prescribers of drugs. Such practices are undesirable because they lead to unnecessarily high health care costs. This is harmful to consumers.

There can of course be practices, and ACM describes these in this paper, which can constitute violations of competition law, and regulators can penalize and combat them. Examples include abuses of dominant positions by drug manufacturers, and mutual arrangements between brand-name drug manufacturers and generic-drug manufacturers. However, other practices described in this contribution fall outside the scope of competition law.

When it comes to preventing such practices, ACM also looks at solutions that are closely associated with the way in which drug costs are funded and reimbursed in the Netherlands. First, ACM sees opportunities to reduce the incentives for brand-name drug manufacturers to use the strategies identified above. In addition, there are possibilities for changing the prescription behavior of physicians. ACM believes that the problem could be greatly reduced if physicians were to take (more so than now) the cost aspects of the drugs they prescribe into consideration.