

# Press Release

Nr. 03/2014  
20 February 2014

14<sup>th</sup> law amending Book V of the German Social Code

Page 1/2

## **"Trial and error" at the patients' expense!**

### **Contact:**

Berlin (vfa). Today the German Bundestag is implementing a number of pharmaceutical policy changes within the scope of the 14<sup>th</sup> law amending Book V of the German Social Code.

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Birgit Fischer, Director General of vfa, commented as follows on behalf of the research-based pharmaceutical companies: "The law will set an important direction for the German healthcare system. The benefit assessment of the existing market, which is considered by the Joint Federal Committee (G-BA) to be barely feasible will, for example, be abolished. Also, in view of the high surpluses of the health insurers, the mandatory discount of the pharmaceutical industry will be decreased. We welcome both of these decisions, which we also believe are correct."

"However, freezing the prices of medicinal products in Germany with a long-time price moratorium without compensation for inflation will disempower the pharmaceutical companies, leading to a situation which can no longer be deemed a market economy. Cost increases for companies cannot be passed on and refinanced.

This in turn leads to gradual expropriation, giving rise to serious constitutional concerns. Between 2009 and 2013 the financial burden on the industry resulting from the price moratorium alone has amounted to about 2 billion Euro. If the price freeze to the price level of 2009 continues, the yearly financial burden will increase to 1.0 billion Euro in 2014 and 1.2 billion Euro in 2015. A long-standing price moratorium thus at least requires consideration of the general price development. In our opinion, this should be done by adjusting the price level to the rate of inflation and should be restricted to a clearly limited time frame," Fischer commented.

Fischer concluded by saying: "Clearly, not enough time was dedicated to the legislation process, leaving insufficient time to consider the consequences and for discussion. The politicians have not done themselves a favour with this. It has not been

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sufficiently discussed how the fixed-price system and reimbursement system will harmonise with one another in the future without jeopardising the healthcare system. We are risking a trial and error procedure of the healthcare system at the patients' expense!"

*The vfa, the Association of Research-Based Pharmaceutical Companies (vfa), is the trade organization of research-based pharmaceutical companies in Germany. 45 leading research-based pharmaceutical companies are organized in the vfa. Together with their more than 100 subsidiaries and affiliated companies, they employ nearly 90,000 people in Germany. The vfa members represent more than two-thirds of the entire German pharmaceutical market.*