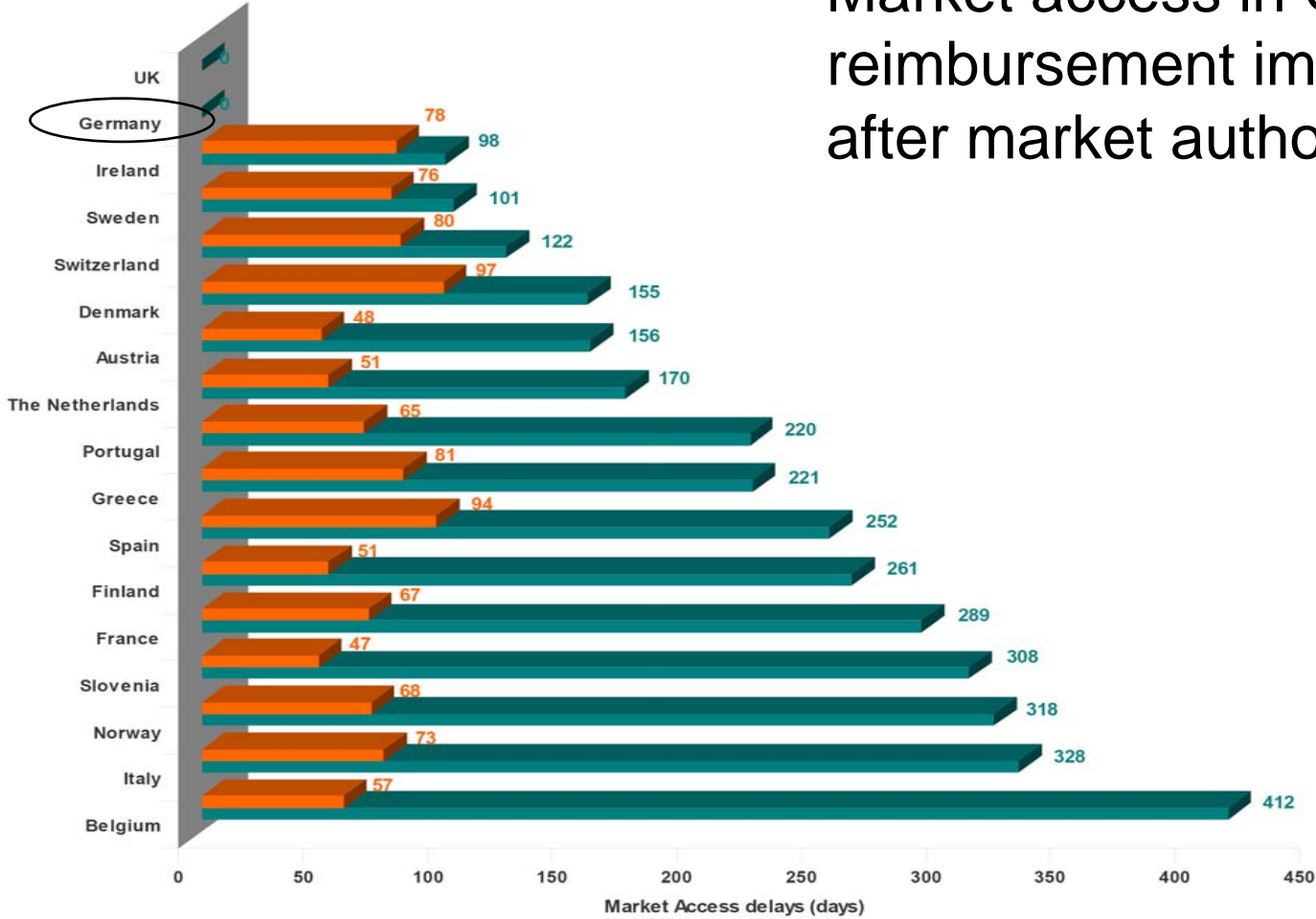

Perspectives on Previous and Future Reform,
View of the German Pharmaceutical Industry
Minneapolis April 28th, 2009

Kimberly Lei
General Manager Lilly Deutschland GmbH

The Lilly logo is written in a red, cursive script font.

Antworten, auf die es ankommt.

Market access in Germany: reimbursement immediately after market authorization

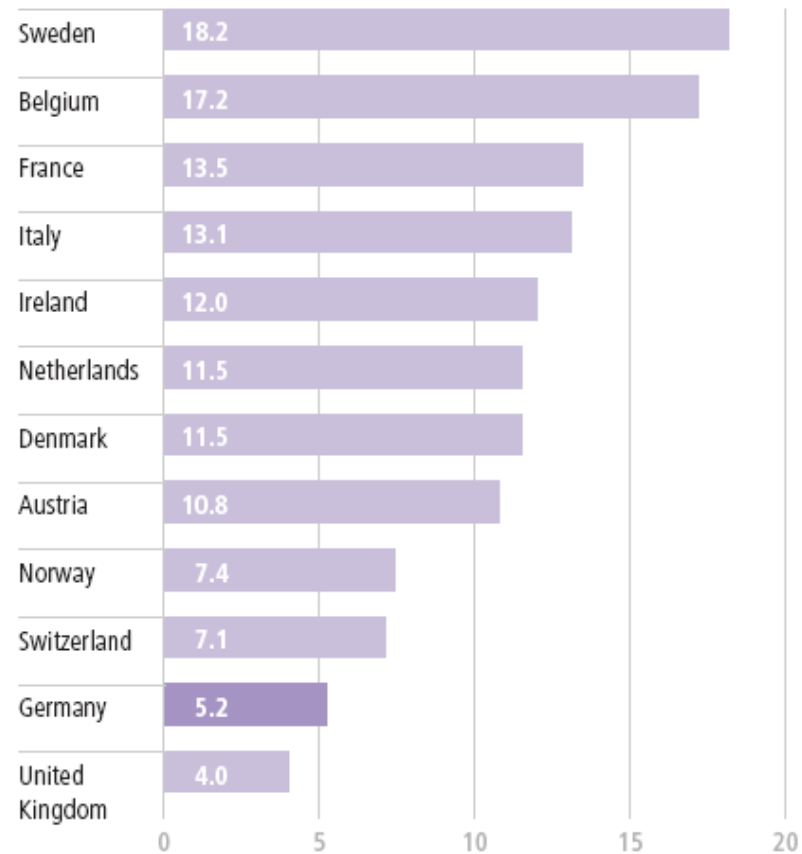


Based on IMS data



Market penetration of new drugs in Germany

Market Share of new molecular entities launched during the last 5 years in percent (2006 Pharm. Assoc. European Countries, VfA)



Health Care Reform: GKV – WSG 2007

Changes for the pharmaceutical industry

Selective contracting

enforcement of individual sick funds – manufacturer contracts on the pharmacy level
selective contracting between sick funds and physicians = provider networks with specific drug lists

Cost benefit assessment / reimbursement ceiling

in addition to benefit assessment a cost benefit assessment can be performed with subsequent determination of a reimbursement ceiling

Selective Contracting

More than 60% of the generic market under selective contracts (Jan 2009, IMS), patented sector under 3%

Majority are rebate contracts, few volume or outcome risk sharing, comprehensive outcome focused integrated programs under development

Issues

no incentive for payers to focus on quality programs, frictions between collective and selective contracting cause irritation among providers and inhibit implementation,
no fair competition legal framework

Cost Benefit Assessment Reimbursement Ceiling

Ongoing method discussions, no cost benefit assessment performed yet and no reimbursement ceiling set

„International standards“ vs. „local requirements“

Lack of constructive dialog

Outlook

Federal elections in Germany in September 2009

Next health care legislation expected in 2010 / 11

Positions of the pharmaceutical industry

Maintain free access and fair pricing

Support more market and deregulation

Fair and balanced cost benefit assessment