Financial burden of medicines for patients

Katri Aaltonen, PhD (Pharm), Docent
Academy Research Fellow, INVEST Research Flagship Centre, University of Turku

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Conflicts of interest

- Secondary employments
  - The Social Insurance Institution of Finland (Kela)
  - Wellbeing Services County of Southwest Finland (Varha)
- Grants: Research Council of Finland, Ministry of Social Affairs and Health

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Financial burden of medicines links with the concept of financial protection in healthcare

- Health systems provide adequate financial protection when payments for healthcare do not expose people to financial hardship
- A lack of financial protection can reduce access to healthcare, undermine health status, deepen poverty, and exacerbate health and socio-economic inequalities
- Financial protection is weakened by a health system's reliance on out-of-pocket (OOP) payments for healthcare
- OOP payments are expenditures borne directly by a patient where neither public nor private insurance cover the full cost of the health good or service. They include cost-sharing and other expenditure paid directly by private households, including informal payments

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OECD (2023), Health at a Glance 2023: OECD Indicators, OECD Publishing, Paris, https://doi.org/10.1787/7a7afb35-en .

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SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING

TARGET 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

- No progress since 2019 due to COVID-19, decreasing official development assistance funding, climate change and conflicts.
- Globally 4.5 billion people lack access to essential healthcare services and 2 billion people face financial hardship due to healthcare costs.

Willy Palm, WHO representation office to the EU, on the progress at WHO European Region seminar, 26.5.2025 (Recording available): https://www.youtube.com/watch?v=flBedUnw-Es
See also: https://www.who.int/news-room/fact-sheets/detail/universal-health-coverage-(uhc)

Figure: https://www.un.org/sustainabledevelopment
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The price of insulin is killing Americans

- In 2017, a 22-year-old woman from Ohio, USA died from diabetic ketoacidosis, a preventable complication of type 1 diabetes.
- She had started rationing insulin after aging out of a juvenile medical assistance program. She could not afford to pay $1,200-1,300 dollars per 90-days supply, despite working two jobs.

https://www.france24.com/en/20190402-focus-united-states-price-insulin-killing-americans-diabetics-us-health-medicine-pharma

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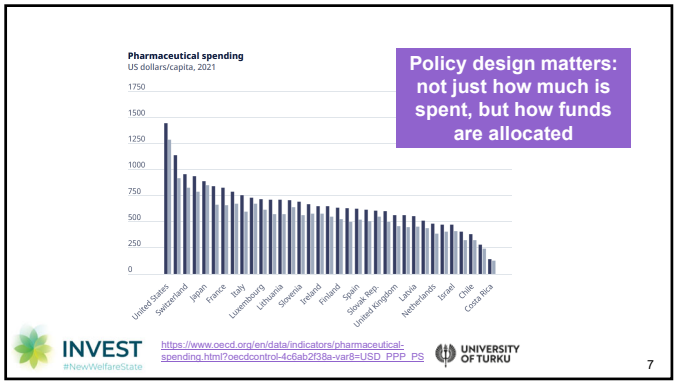
Pharmaceutical spending
US dollars/capita, 2021
1750
1500
1250
1000
750
500
250
0
United States
Switzerland
Japan
France
Italy
Luxembourg
Lithuania
Slovenia
Ireland
Finland
Spain
Slovak Rep.
United Kingdom
Latvia
Netherlands
Israel
Chile
Costa Rica
Policy design matters: not just how much is spent, but how funds are allocated
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https://www.oecd.org/en/data/indicators/pharmaceutical-spending.html?oecdcontrol-4c6ab2f38a-var8=USD_PPP_PS
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What about Europe?
Has universal health coverage been achieved?
Illustration generated using Microsoft Copilot, an AI-powered tool based on the GPT-4 architecture.
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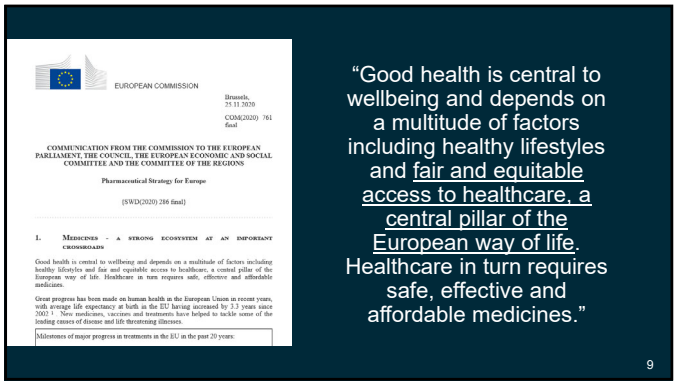
EUROPEAN COMMISSION
Brussels, 25.11.2020
COM(2020) 761 final
COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS
Pharmaceutical Strategy for Europe
{SWD(2020) 286 final}
1. MEDICINES - A STRONG ECOSYSTEM AT AN IMPORTANT CROSSROADS
Good health is central to wellbeing and depends on a multitude of factors including healthy lifestyles and fair and equitable access to healthcare, a central pillar of the European way of life. Healthcare in turn requires safe, effective and affordable medicines.
Great progress has been made on human health at the European Union in recent years, with average life expectancy at birth in the EU having increased by 3.3 years since 2003 [1]. New medicines, vaccines and treatments have helped to tackle some of the leading causes of disease and life threatening illnesses.
Milestones of major progress in treatments in the EU in the past 20 years:
"Good health is central to wellbeing and depends on a multitude of factors including healthy lifestyles and fair and equitable access to healthcare, a central pillar of the European way of life. Healthcare in turn requires safe, effective and affordable medicines."
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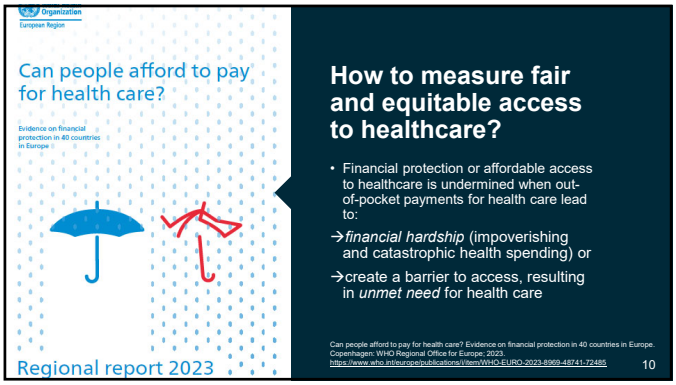
Organization
European Region
Can people afford to pay for health care?
Evidence on financial protection in 40 countries in Europe
Regional report 2023
How to measure fair and equitable access to healthcare?
• Financial protection or affordable access to healthcare is undermined when out-of-pocket payments for health care lead to:
→financial hardship (impoverishing and catastrophic health spending) or
→create a barrier to access, resulting in unmet need for health care
Can people afford to pay for health care? Evidence on financial protection in 40 countries in Europe. Copenhagen: WHO Regional Office for Europe; 2023. https://www.who.int/europe/publications/i/item/WHO-EURO-2023-8969-48741-72485
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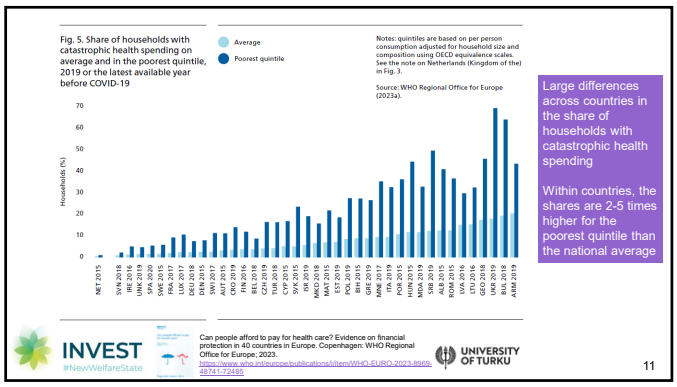
Fig. 5. Share of households with catastrophic health spending on average and in the poorest quintile, 2019 or the latest available year before COVID-19
Average
Poorest quintile
Notes: quintiles are based on per person consumption adjusted for household size and composition using OECD equivalence scales. See the note on Netherlands (Kingdom of the) in Fig. 3.
Source: WHO Regional Office for Europe (2023a).
Households (%)
70
60
50
40
30
20
10
0
NET 2015
SVN 2018
ISR 2016
UKR 2019
SPA 2020
SWE 2015
SVK 2015
UKR 2017
DEU 2018
DEN 2015
SPA 2015
AUT 2015
CRO 2019
FIN 2016
BEL 2018
CZA 2019
TUR 2018
CYP 2015
SVN 2015
ISR 2019
MKD 2018
MAT 2015
LUX 2018
POL 2019
BIH 2015
GRE 2019
MNE 2019
ITA 2019
POR 2015
HUN 2015
MAR 2019
SRB 2019
ALB 2015
ROM 2015
SVK 2019
LTU 2016
GEO 2018
UKR 2019
BEL 2018
ARM 2019
Large differences across countries in the share of households with catastrophic health spending
Within countries, the shares are 2-5 times higher for the poorest quintile than the national average
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Can people afford to pay for health care? Evidence on financial protection in 40 countries in Europe. Copenhagen: WHO Regional Office for Europe; 2023. https://www.who.int/europe/publications/i/item/WHO-EURO-2023-8969-48741-72485
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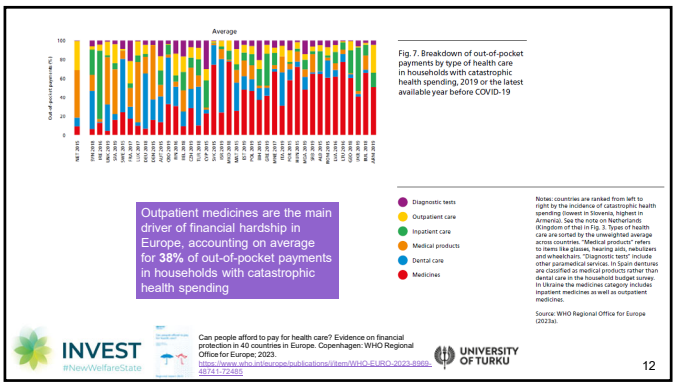
Average
Out-of-pocket payments (%)
100
80
60
40
20
0
Fig. 7. Breakdown of out-of-pocket payments by type of health care in households with catastrophic health spending, 2019 or the latest available year before COVID-19
Outpatient medicines are the main driver of financial hardship in Europe, accounting on average for 38% of out-of-pocket payments in households with catastrophic health spending
Diagnostic tests
Outpatient care
Inpatient care
Medical products
Dental care
Medicines
Notes: countries are ranked from left to right by the incidence of catastrophic health spending (lowest in Slovenia, highest in Armenia). See the note on Netherlands (Kingdom of the) in Fig. 3. Types of health care are sorted by the unweighted average across countries. "Medical products" refers to items like glasses, hearing aids, nebulizers and wheelchairs. "Diagnostic tests" include other paramedical services. In Spain dentures are classified as medical products rather than dental care in the household budget survey. In Ukraine the medicines category includes inpatient medicines as well as outpatient medicines.
Source: WHO Regional Office for Europe (2023a).
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Can people afford to pay for health care? Evidence on financial protection in 40 countries in Europe. Copenhagen: WHO Regional Office for Europe; 2023. https://www.who.int/europe/publications/i/item/WHO-EURO-2023-8969-48741-72485
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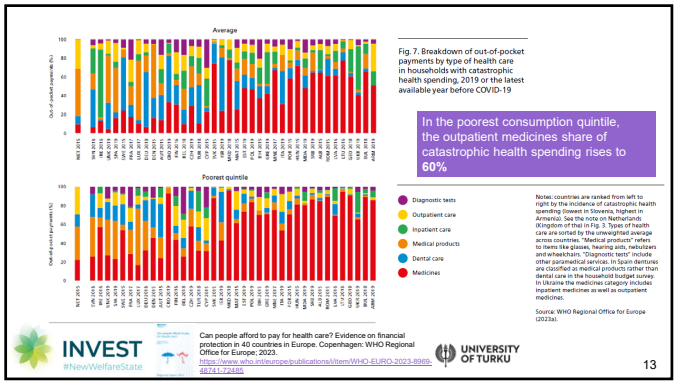

Fig. 7. Breakdown of out-of-pocket payments by type of health care in households with catastrophic health spending, 2019 or the latest available year before COVID-19

In the poorest consumption quintile, the outpatient medicines share of catastrophic health spending rises to **60%**

Notes: countries are ranked from left to right by the incidence of catastrophic health spending (lowest in Slovenia, highest in Armenia). See the note on Netherlands (Kingdom of the) in Fig. 3. Types of health care are sorted by the unweighted average across countries. "Medical products" refers to items like glasses, hearing aids, nebulizers and wheelchairs. "Diagnostic tests" include other paramedical services. In Spain dentures are classified as medical products rather than dental care in the household budget survey. In Ukraine the medicines category includes inpatient medicines as well as outpatient medicines.

Source: WHO Regional Office for Europe (2023a).

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Can people afford to pay for health care? Evidence on financial protection in 40 countries in Europe. Copenhagen: WHO Regional Office for Europe; 2023. https://www.who.int/europe/publications/i/item/WHO-EURO-2023-8969-48741-72485

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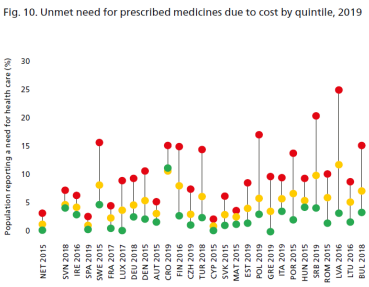

Fig. 10. Unmet need for prescribed medicines due to cost by quintile, 2019

Notes: quintiles are based on income. Countries are ranked from left to right by the incidence of catastrophic health spending (lowest in Slovenia, highest in Bulgaria). The denominator for EHIS is people aged over 15 reporting a need for health care. Data are not available for all countries. See the note on Netherlands (Kingdom of the) in Fig. 3.

Source: authors, using EHIS data from Eurostat (2023d).

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Can people afford to pay for health care? Evidence on financial protection in 40 countries in Europe. Copenhagen: WHO Regional Office for Europe; 2023. https://www.who.int/europe/publications/i/item/WHO-EURO-2023-8969-48741-72485

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Essential vs. non-essential healthcare?

- Do we know if medicines that cause financial hardship or are never aqcuired because of costs are necessary or discretionary? – No
- However, faced with user charges, people seem to reduce the use of essential and nonessential care in equal measure
- Moreover, financial hardship can arise from the purchase of any health good or service, including those that are not needed, not effective or not cost-effective, and health systems should take responsibility for inappropriate use of health care

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Recent initiatives suggest that the European Commission's pharmaceutical policy focus has moved toward health security, promoting innovation, ensuring availability, and strengthening Europe's competitiveness and strategic autonomy

Willy Palm, WHO representation office to the EU, on the progress at WHO European Region seminar, 26.5.2025 (Recording available): https://www.youtube.com/watch?v=fiBedUnw-Es

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Will fair and equitable access goals be forgotten?

- Coverage policies are national matters in Europe
- Solving access through expanding healthcare budgets is unlikely given shifting political priorities
- Coverage restrictions are a common cost-saving tool (Vogler et al. 2016; Thomson et al. 2015)
- Monitoring system performance and evaluating reforms is more critical than ever

Vogler et al. Health Policy. 2016 Dec 1;120(12):1363-77.
Thomson, S. et al., 2015. Economic Crisis, Health Systems and Health in Europe. Impact and Implications for Policy. Copenhagen: WHO/European Observatory on Health Systems and Policies

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Case: Diabetes medicine copayment increase in Finland

- In 2017, the Finnish health system increased co-payments for diabetes medicines except insulin, changing them from a fixed co-payment of €4.50 per item to a percentage co-payment of 35% of the retail price
- What at first glance may seem like a relatively modest change in co-payment design led to a substantial increase in out of pocket payments for diabetes medicines.

The impact of increasing user charges for diabetes medicines: lessons from Finland. Copenhagen: WHO Regional Office for Europe; 2025 https://www.who.int/europe/publications/i/item/9789289089791

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Studies monitoring the impact of the Finnish diabetes medicine co-payment increase found:

- a decrease in the consumption of non-insulin diabetes medicines
- an increase in the glycated haemoglobin (HbA1c) level of people with type 2 diabetes (study in one region)
- an increase in the use of social assistance to cover co-payments for medicines
- an increase in the share of people finding it difficult to pay for diabetes medicines
- a decrease in satisfaction with diabetes care among patients
- an increase in scepticism about the fairness of the reimbursement system

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The impact of increasing user charges for diabetes medicines: lessons from Finland. Copenhagen: WHO Regional Office for Europe; 2025 https://www.who.int/europe/publications/i/item/9789289061971 & original research articles (listed in the report)

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World Health Organization European Region

The impact of increasing user charges for diabetes medicines

Lessons from Finland

Improving affordable

The impact of increasing user charges for diabetes medicines: lessons from Finland. Copenhagen: WHO Regional Office for Europe; 2025 https://www.who.int/europe/publications/i/item/9789289061971

Lessons learned

- Even small design changes can significantly affect patients
- Percentage co-payments shifted risk to patients and exposed them to the price of more expensive medicines.
- Protection mechanisms are essential but did not prevent people with diabetes from experiencing financial difficulty.
- Monitoring and data are critical for responsive policy

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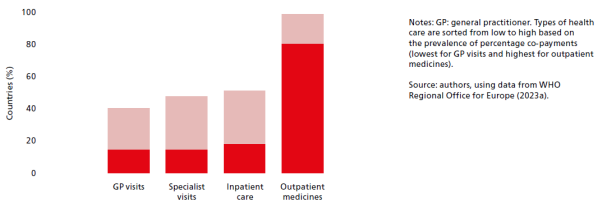
Fig. 24. Use of fixed and percentage co-payments by type of health care, 40 countries in Europe, 2023



Notes: GP: general practitioner. Types of health care are sorted from low to high based on the prevalence of percentage co-payments (lowest for GP visits and highest for outpatient medicines).

Source: authors, using data from WHO Regional Office for Europe (2023a).

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Can people afford to pay for health care? Evidence on financial protection in 40 countries in Europe. Copenhagen: WHO Regional Office for Europe; 2023. https://www.who.int/europe/publications/i/item/WHO-EURO-2023-8969-4874-72486

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In summary

- Medicines are a significant driver of healthcare-related financial hardship in Europe
- All countries need to make decisions about resource allocation → Shifting costs to patients risk placing the greatest burden on the most vulnerable
- Policy matters: wise use of existing resources is needed to avoid undermining the right to health

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TURUN YLIOPISTO

katri.m.aaltonen@utu.fi

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