

# Interview: Yadigar Gökalp İlhan - President, SGK

## - Turkey

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*The president of Turkey's social security institution, the SGK, discusses the evolution of healthcare spending over the past three years, and the underpinning principles guiding their drug reimbursement policy decisions.*

### **Since 2012, medical expenses have been increasing; can you please analyze the situation?**

Since 2006, the 'Sosyal Güvenlik Kurumu' (SGK), or Social Security Institution, has been the institution responsible for reimbursing organization for the health care expenditures. It was founded through the integration of three different social security institutions in 2006, and by 2008 the SGK had established a new health insurance system that covered nearly all citizens. At the end of 2014, 98 percent of Turkey's population was covered by the SGK.

In 2009, public expenditures on pharmaceuticals accounted for 1.7 percent of gross national product, and began to rise further. In order to maintain financial stability, some precautions were taken between 2010 and 2012 including the passing of a global budget, increasing public medical discounts and taking consideration of demand-side practices. These policies were successful, and by 2012 public expenditures for medicines regressed back to the level of 2009.

Although this rate did not change in 2013 and in 2014, nominal expenditures did increase. Between 2012 and 2014, health expenditures increased nominally 21 percent, roughly 10 percent annually.

Over the same period, expenses for biotech drugs – which are expensive and innovative – increased about 60 percent, or 27 percent annually. Each year, health insurance is extended to cover more medicines, and patient access to these medications increased overall, which drove this spending growth. Biotech drugs accounted for 13 percent of the total medicines expense in 2012, and by 2014 this share had increased to 17.4 percent; oncology drugs and insulin took up the largest share of this expense.

### **How will the pricing of pharmaceutical products be affected by the expiration of the current Drug Acquisition Protocol in July 2015?**

The current agreement between the SGK and TEB (Turkish Pharmacists' Association) for procurement from pharmacies will expire on July 2015, but will remain valid until a new protocol is signed; official negotiations for the new protocol will begin in June. Preparations for this negotiation have already begun, as we have started consultations with provincial organizations. Primarily, the protocol will define the procedure for procurement from private pharmacies, establish mutual rights and responsibilities, and other operational issues, including some financial matters.

### **What role does the SGK play in encouraging preventative healthcare?**

SGK is the only government institution that reimburses healthcare costs in Turkey. Our aim is not only provide financial support but also offer a high-class, sustainable, safe and controllable health system to our citizens. In compliance with our policy, our goal is to help maintain and protect the health of healthy individuals as well as to treat those that become sick.

Of course, preventing an illness is far cheaper than treating it, so preventive healthcare services are considered priority than treating and rehabilitation.

Also, preventive healthcare services for individuals without considering they are sick or not and in order to prevent citizens from the substance abuse are taken into account of healthcare services which are financed by the Institution in the Law Number 5510 of Social Insurance and Universal Healthcare Insurance.

Within this context, in June 2013, we founded a new unit that is in charge of conducting preventive healthcare services. And under the roof of our Institution, the Ministry of Health, Public Health Agency of Turkey, and universities are working together to provide preventative healthcare.

Also legislative arrangements were made for reimbursement of the practices that satisfy the needs of the “Supreme Board of the Fight Against Drugs” which is coordinated by the Prime Ministry. And other studies on this subject are still continuing with other ministries.

We also run public education programs to improve awareness and diagnosis of diseases such as diabetes, and organized an 'International Diabetes Leadership Forum' that was hosted in Istanbul on 15<sup>th</sup> - 16<sup>th</sup> November 2013. As a part of the World Diabetes Day, we run different events including 'Diabetes Parliament'. Both organizations brought attention to the importance of preventing and treating diabetes with the participation of related stakeholders. Similarly, we organized 'Calorie for Life, Run for Health' to raise awareness of malnutrition.

To ensure the health of younger generations, and to prevent disease, the SGK will continue to study public health issues, and encourage Turks to live healthy lifestyles.

### **Does the pricing commission prioritize patient access to innovative medicines into account when determining pricing policies?**

The directive about working principals and procedures of the payment commission that has a major role in defining the medical policy, became valid on 3<sup>rd</sup> July 2014, and shapes the SGK's future policies. With this new directive, we have several targets including: improving patients' access to medicines, supporting the repayment of the products made in Turkey, renovating payment commissions, prioritizing preventative healthcare, and creating alternative payment policies.

As of March 2015, the SGK will reimburse the costs of 7934 different medicines. To access the repayment list, firms have to apply for their medicines, and the decision is made after analyzing and evaluating of the applications. With this procedure, analyzing and evaluating of the applications is easy and much more medicines can access the repayment list. On the other hand, some drugs cannot be found in the market or eventually some of them become inactive on the list of the Ministry of Health and removed from the repayment list.

Creating policies which contribute to financial sustainability, easy access to medicine, rational drug use, and prioritize the use of domestically produced products, is the SGK's aim when determine drug reimbursement policy.

### **What are the current policy priorities of the SGK?**

We encourage companies to produce medications in Turkey instead of importing by providing an easier payment system to encourage molecular medicine. With respect to incentivizing local manufacturing, some arrangements were made for adding locally produced products to the SGK's reimbursement list, and these products will have the privilege of getting reimbursement first.

Medical technologies have progressed greatly in recent years, and so the share of reimbursement going to biotechnology products has increased. As such, our 10<sup>th</sup> development plan has the goal of

improving our industry's ability to export, and supporting high standard of technology with R&D studies. We are encouraging pharmaceutical manufacturers to take the necessary steps for development in molecular medicine in the long run, and are trying to transform the industry into one that produces medicines with high added value, including biotechnical and biosimilar products.

In this context, Ministry of Science, Industry and Technology prepared a 'Strategy Plan for Pharmaceutical Industry'. According to this plan, it is necessary to carry out reforms to provide more predictability about the national market access conditions. Plan has also aim to prepare legislation on orphan drugs to ensure prevention and diagnosis of rare disease in accordance with international standards. For the new drugs, which are the results of the R&D studies, easy repayment procedure will be provided. Finally, producing alternative repayment models have been targeted. In that respect, the Social Security Institution is supporting these types of measures to improve the repayment system.

SGK's first aim is to provide necessary healthcare services on time and in a correct way. In terms of the access to drugs, the SGK is protecting the public's rights of reaching the correct drugs, and other alternatives are always being produced. Certain drugs can not be found on the market Turkey but it is inevitable that they will be needed to cure some diseases or treat some illnesses, so the Turkish Pharmacists' Organization (TEB) authorized to import them from other countries when necessary, and our institution reimburses them.

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