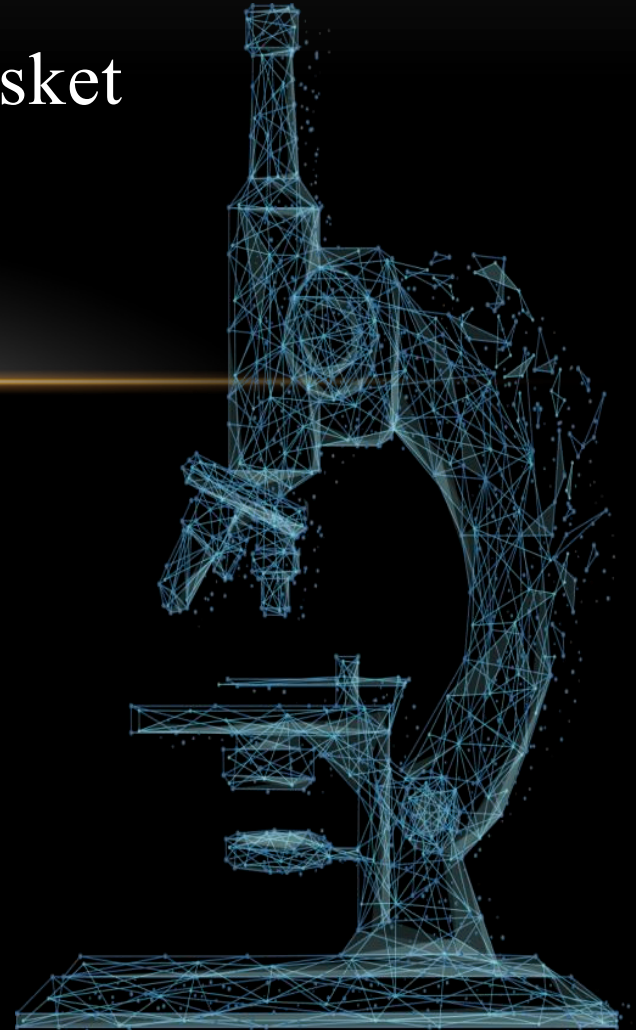




Expansion of the Medical Health Basket Services

10 Year Analysis, 2010-2019

February 2019



Methodology

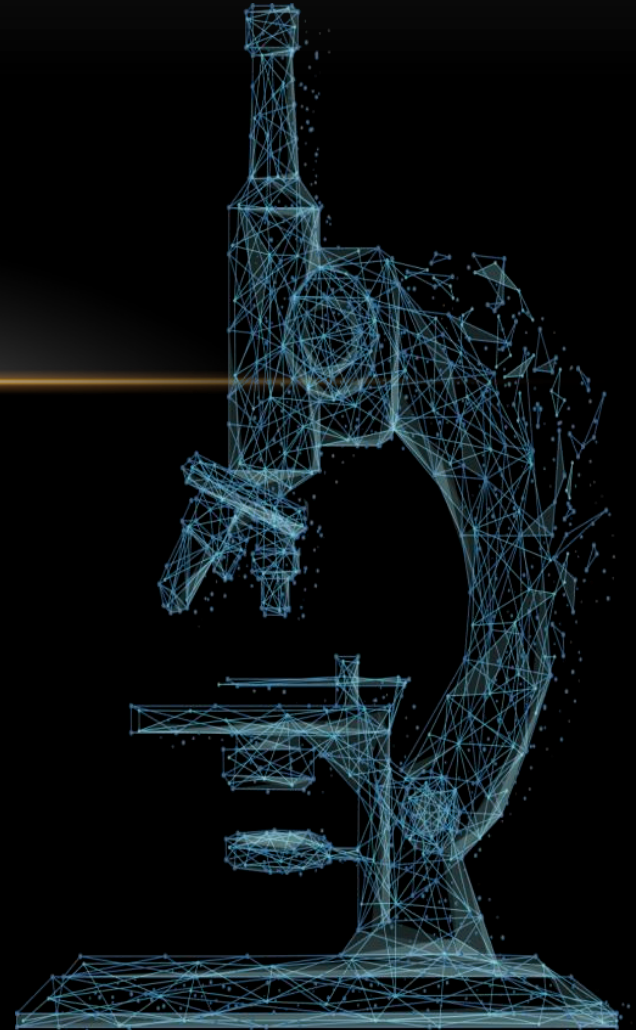
- Israel's National Health Insurance Law 1994 defines the health services that should be provided to Israeli residents ("Health Basket"). The 2nd addition to the law includes a list of the medical services the Israeli HMOs must provide. The budget for these services is allocated to the HMOs by the government via the Health Basket budget.
- The Committee for the Expansion of the Medical Health Basket Services (the "Basket Committee") is a public committee which convenes annually in order to evaluate and prioritize new technologies which may enter the Health Basket.
- This presentation provides an in-depth analysis of the budget for new technologies allocated by the government over the past 10 years.

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4. [Expansion of the Medical Health Basket Services: 10 Year Analysis, 2010-2019](#)

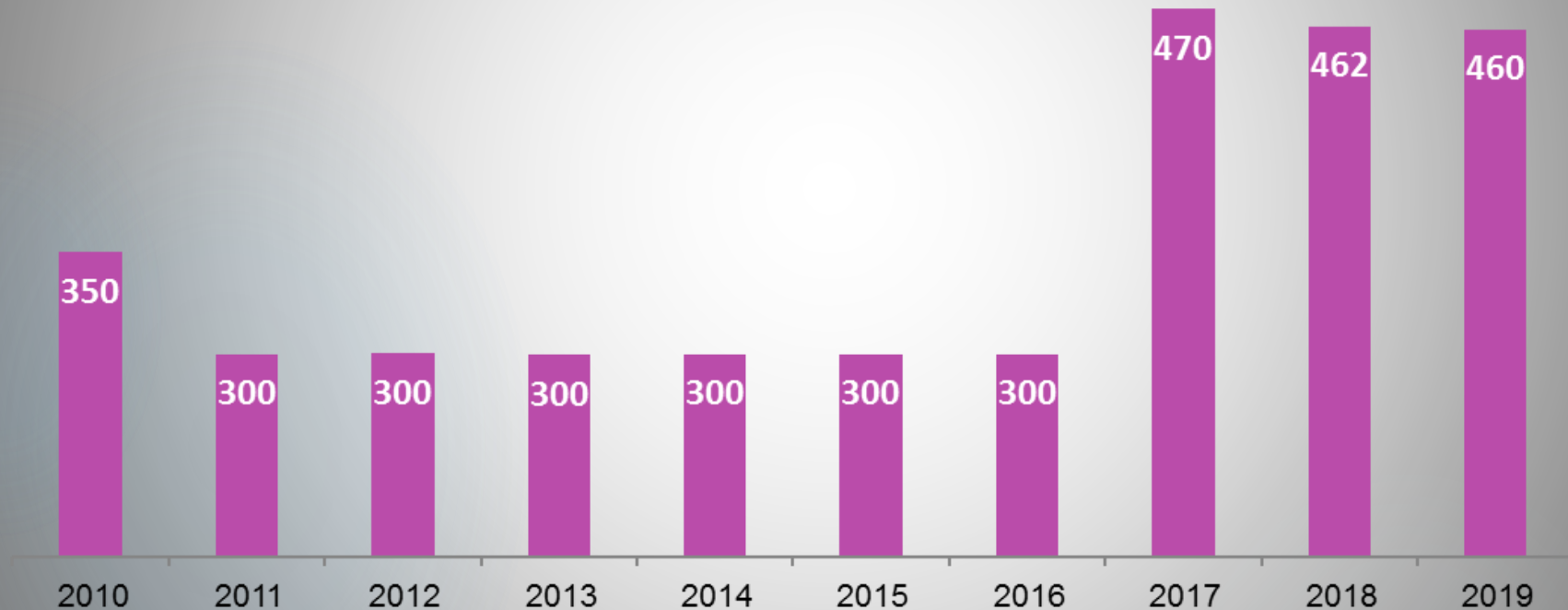


General Overview



Expansion of the Medical Health Basket Services: **Budget for Reimbursement**

Total budget in millions of NIS: 3.54 billion NIS* over 10 years

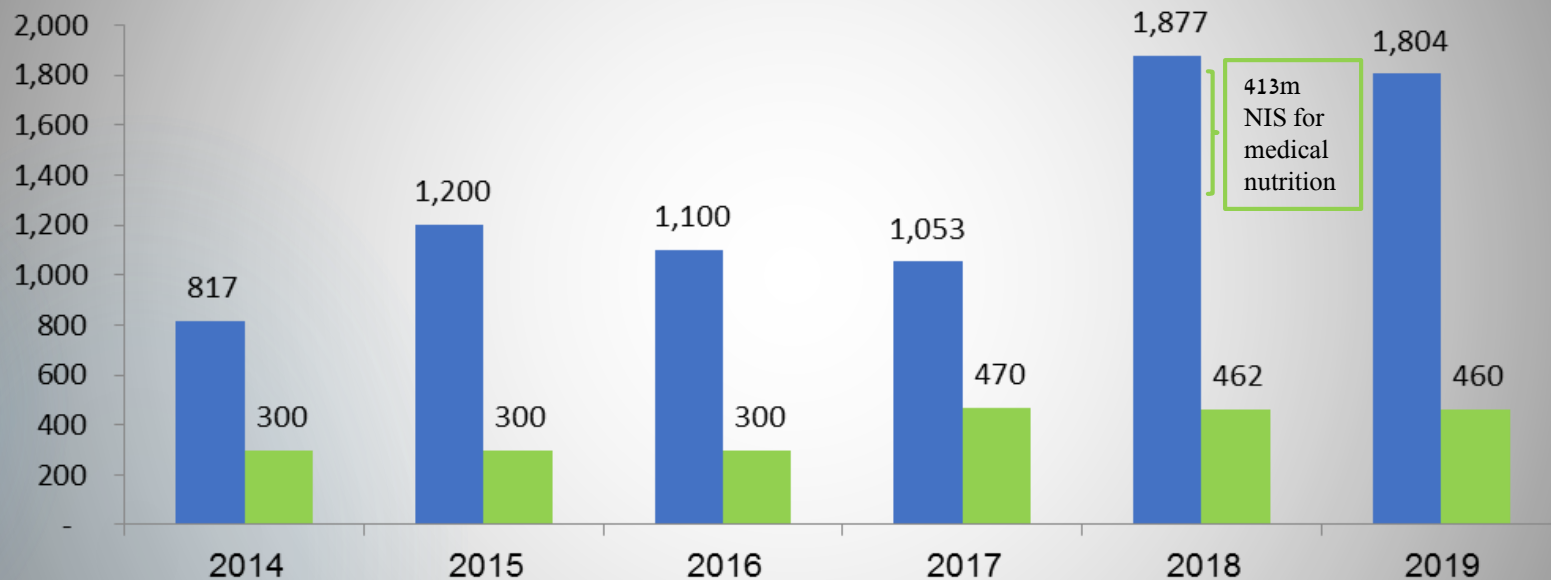


Source: The Committee for the Expansion of the Medical Health Basket Services; Pharma Israel analysis

*Excluding technologies without additional budgetary costs.

* Data in graph excludes additional 24m NIS in 2015 (total 2015 - 324m NIS), additional 15m NIS in 2009 (total 2009 - 416m NIS). Data also excludes budget allocated to dental care for children and elderly.

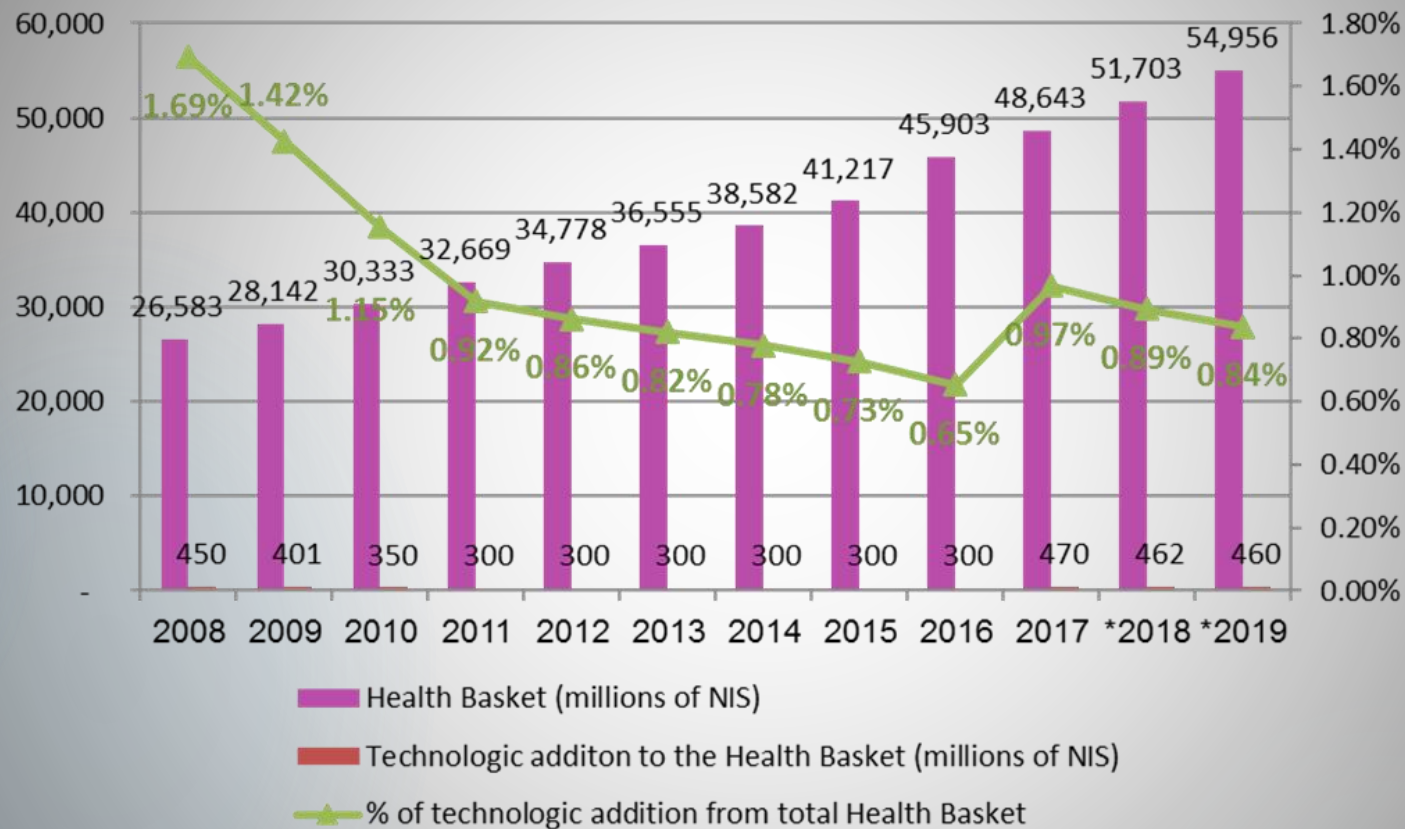
The Scarcity Problem: Technologies Rated Essential vs. Budget for the Technologic Addition to the Health Basket (in millions of NIS)



■ Technologies rated by the Committee as essential - rated A8-9 & A9

■ Technologies included in the technologic addition to the Health Basket (budget for reimbursement)

Technologic addition to the health basket out of total health basket

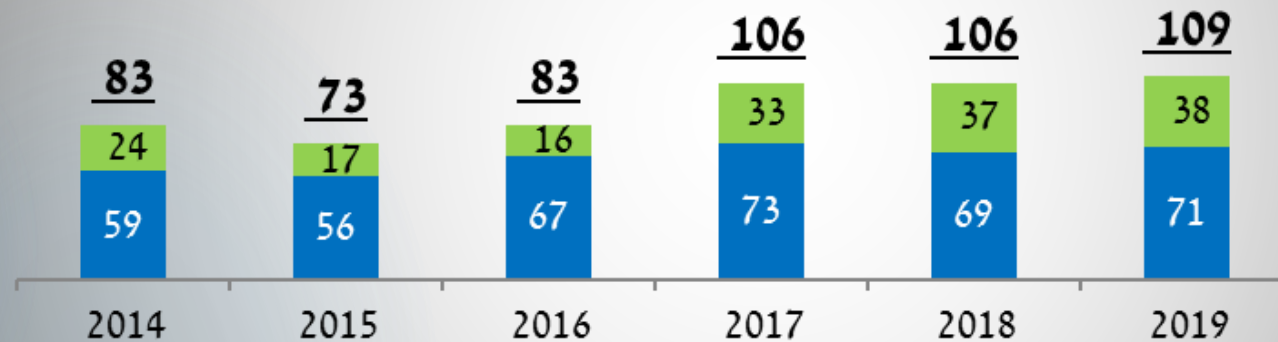


Source: Ministry of Health data; Pharma Israel analysis. Data in graph is based on the Basket Committee available data, and excludes additional 24m NIS in 2015 (total 2015 - 324m NIS), additional 15m NIS in 2009 (total 2009 - 416m NIS), additional 60m NIS due to third addition to the health basket (total 2008 - 510m NIS). Data also excludes budget allocated to dental care for children and elderly.

*Data for 2018-2019: an estimation based on the health basket's average (CAGR) growth rate throughout 2004-2017 (6.291%).

Technologies without Additional Budgetary Costs

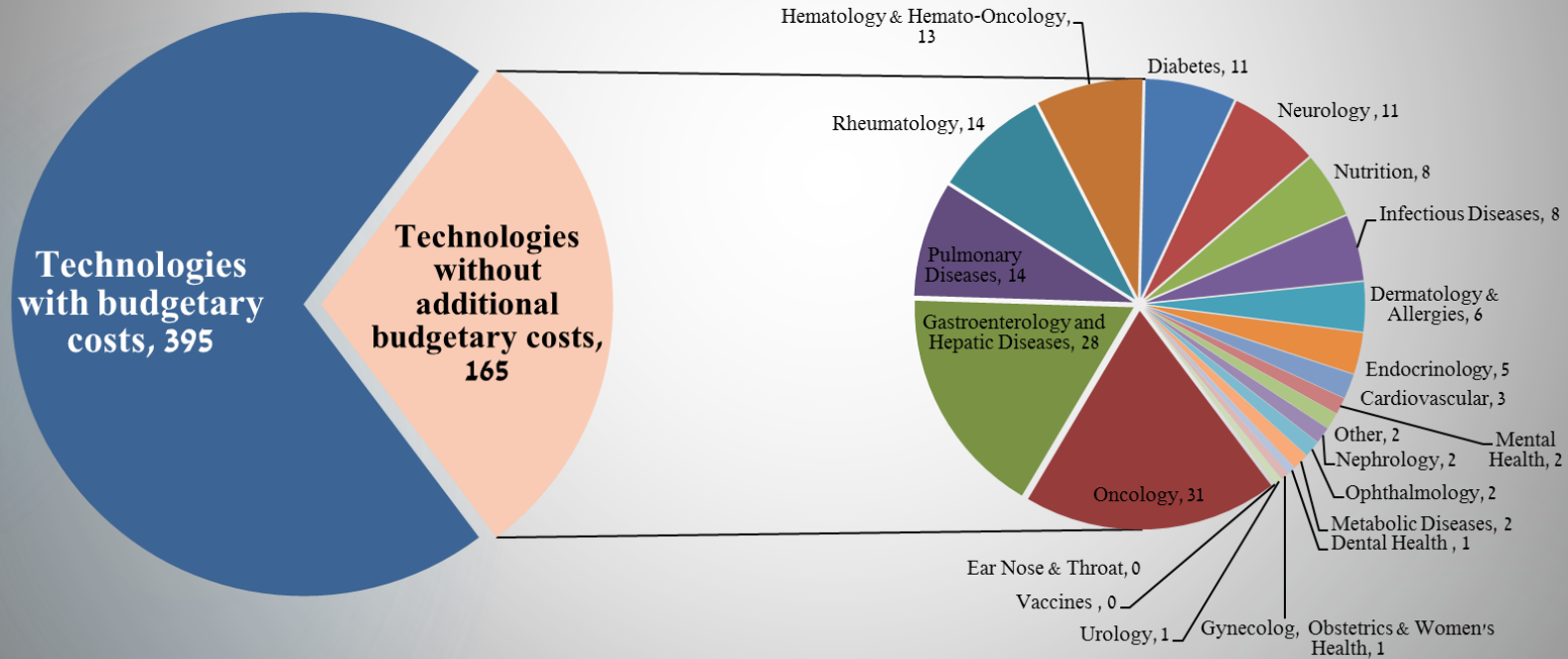
**New technologies in the health basket:
29.5% are technologies without additional budgetary costs**



- Technologies without additional budgetary costs
- Technologies with budgetary costs

Technologies without Additional Budgetary Costs

Number of new technologies in the health basket, 2014-2019



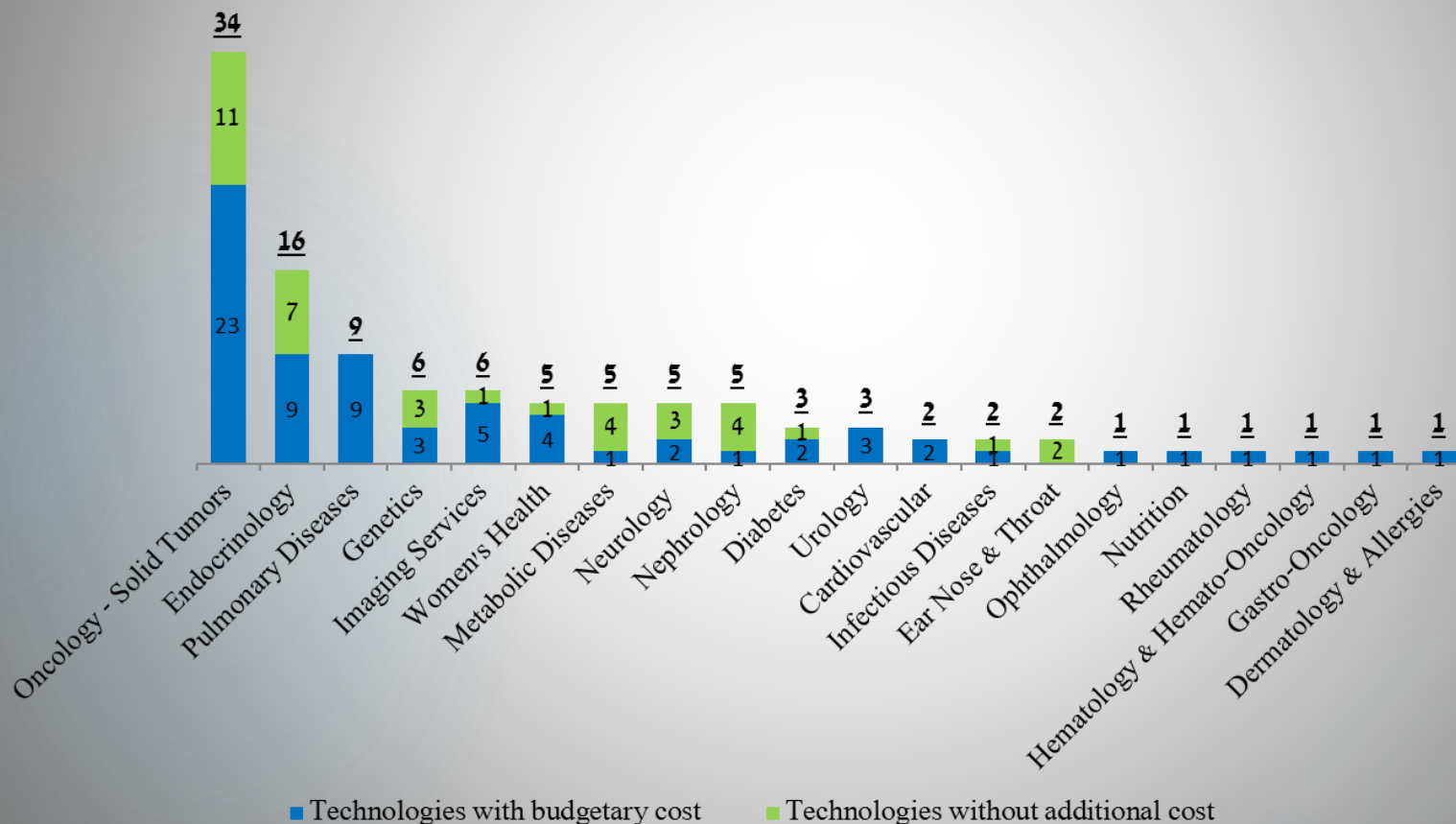


2019 Expansion of the Medical Health Basket Services



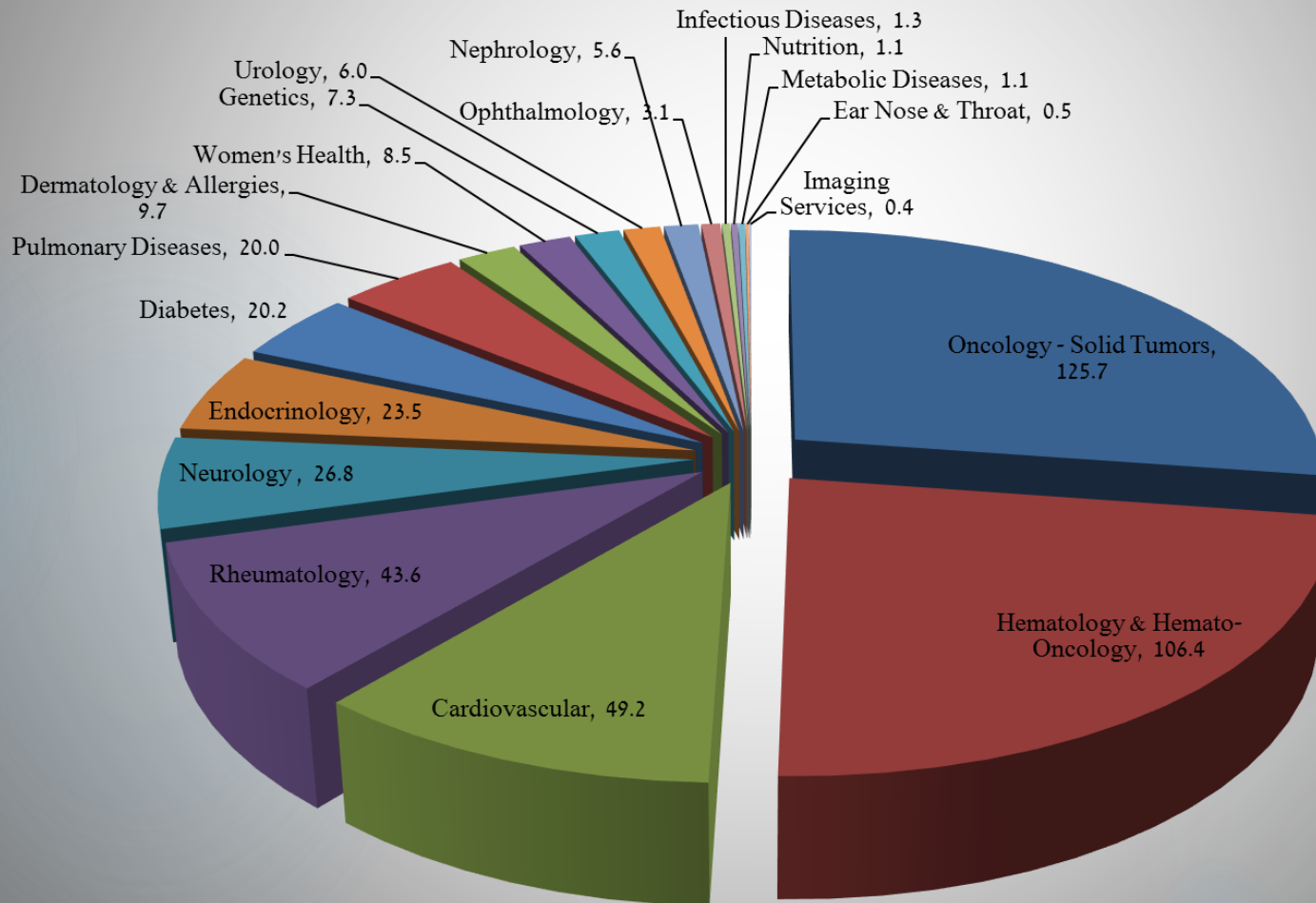
2019 Expansion of the Medical Health Basket Services

109 new technologies (including indications), out of which 38 are without additional budgetary cost (35%)



2019 Expansion of the Medical Health Basket Services

Total budget in millions of NIS: 459.99m NIS*

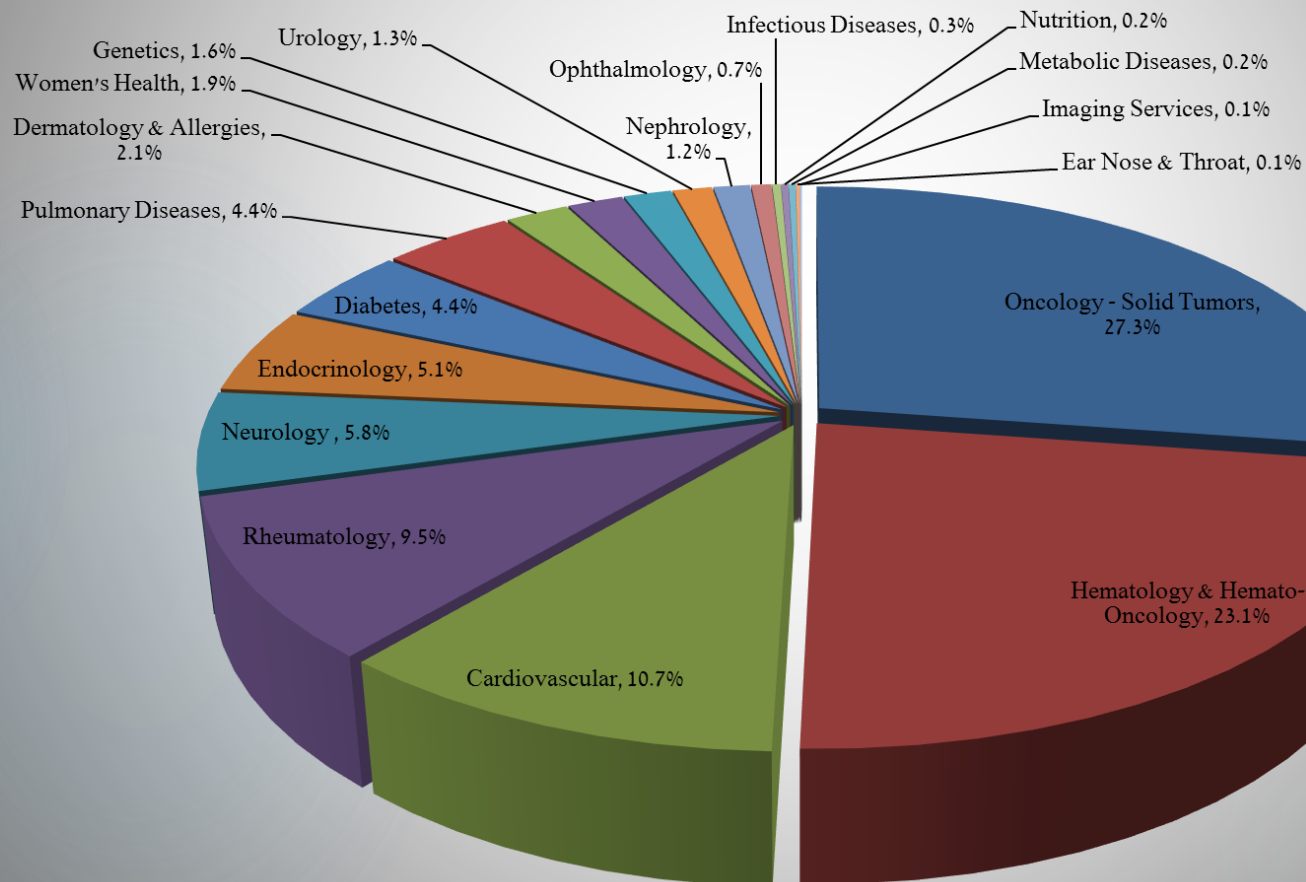


Source: The Committee for the Expansion of the Medical Health Basket Services; Pharma Israel analysis

*Excluding technologies without additional budgetary costs

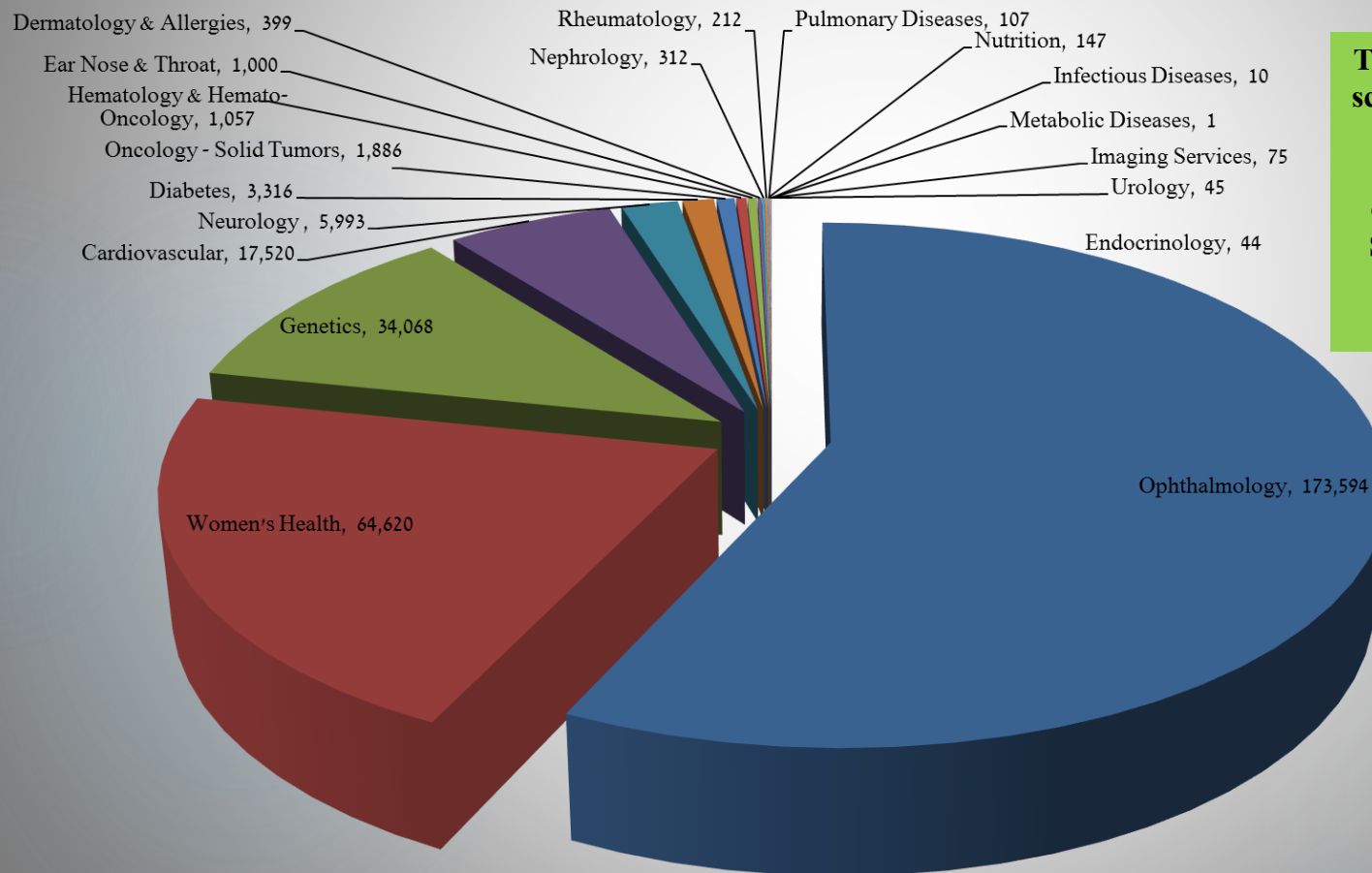
2019 Expansion of the Medical Health Basket Services

Total budget in millions of NIS: 459.99m NIS*



2019 Expansion of the Medical Health Basket Services

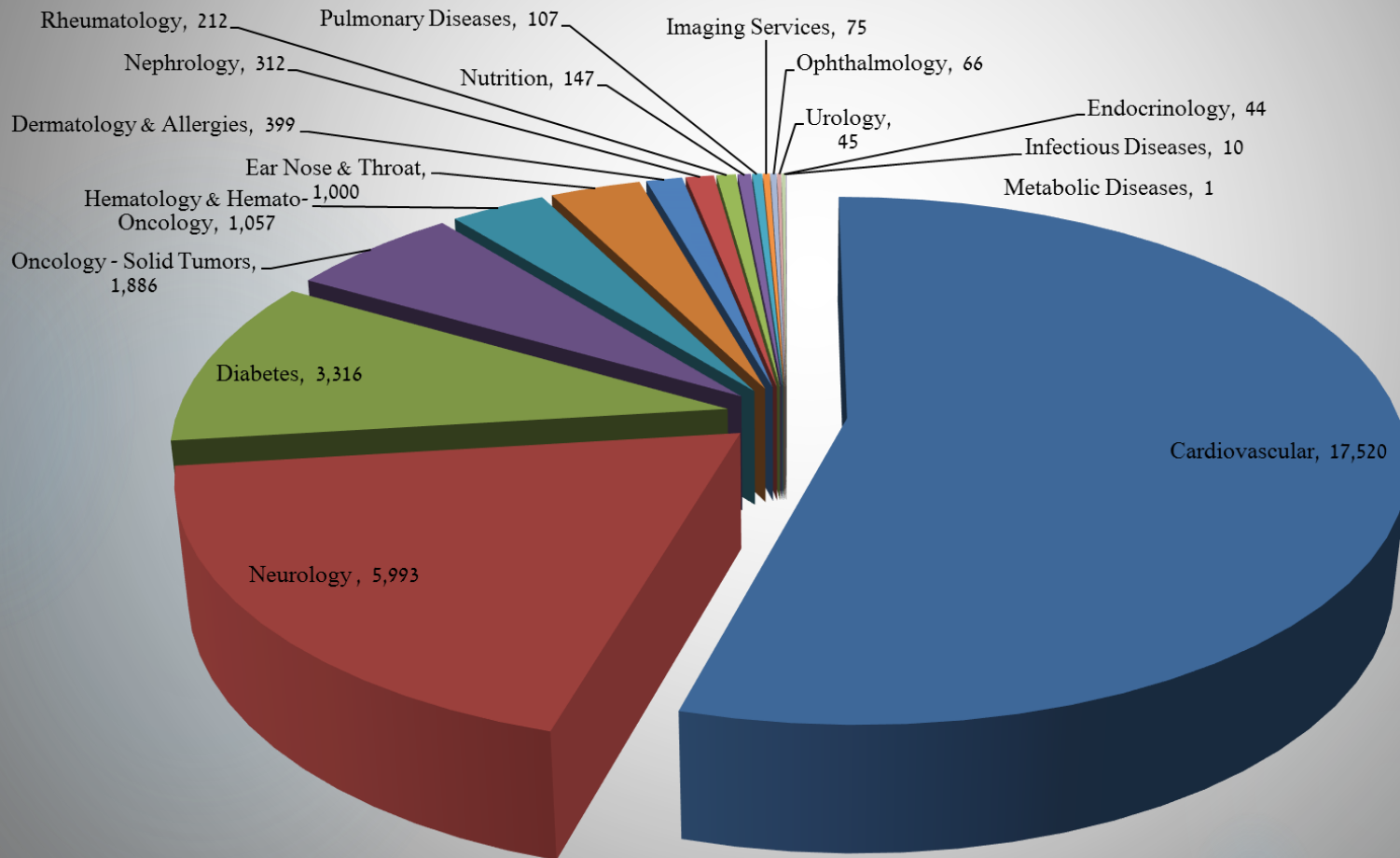
Expected number of patients: 304,406 (including screening tests)



The 2019 Basket includes many screening tests, in the following areas: Imaging, Women's Health (broad screening of cervical cancer), Oncology – Solid Tumors, Eye Tests For Children Aged 3-5, and Genetic Tests.

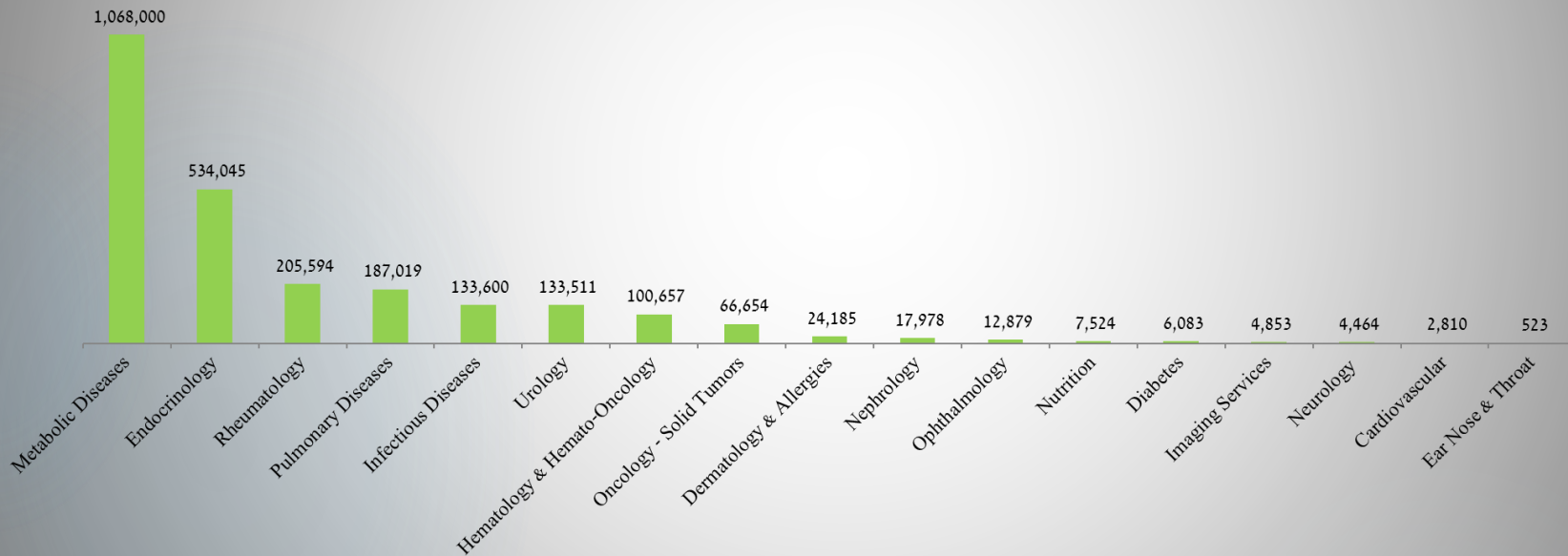
2019 Expansion of the Medical Health Basket Services

Expected number of patients: 32,190 (excluding screening tests)



2019 Expansion of the Medical Health Basket Services

Average annual cost per patient (in NIS)*



Source: The Committee for the Expansion of the Medical Health Basket Services; Pharma Israel analysis

*Excluding technologies without additional budgetary costs; excluding costs of screening tests.

2019 Expansion of the Medical Health Basket Services - summary table



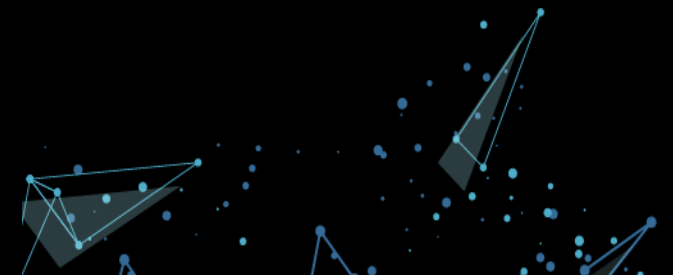
Therapeutic domain	Budget (in NIS)*	% out of total budget	Expected number of patients (including tests)	Expected number of patients (excluding tests)	Average cost per patient (excluding tests)	Total number of technologies	Out of which: technologies without additional costs
Oncology - Solid Tumors	125,710,000	27.3%	1,886	1,886	66,654	34	11
Hematology & Hemato-Oncology	106,394,000	23.1%	1,057	1,057	100,657	16	7
Cardiovascular	49,226,000	10.7%	17,520	17,520	2,810	5	1
Rheumatology	43,586,000	9.5%	212	212	205,594	6	3
Neurology	26,754,000	5.8%	5,993	5,993	4,464	6	1
Endocrinology	23,498,000	5.1%	44	44	534,045	2	0
Diabetes	20,171,000	4.4%	3,316	3,316	6,083	5	4
Pulmonary Diseases	20,011,000	4.4%	107	107	187,019	5	3
Dermatology & Allergies	9,650,000	2.1%	399	399	24,185	3	1
Women's Health	8,530,000	1.9%	64,620	-	NA	1	0
Genetics	7,348,000	1.6%	34,068	-	NA	9	0
Urology	6,008,000	1.3%	45	45	133,511	1	0
Nephrology	5,609,000	1.2%	312	312	17,978	1	0
Ophthalmology	3,102,000	0.7%	173,594	66	12,879	3	0
Infectious Diseases	1,336,000	0.3%	10	10	133,600	5	4
Nutrition	1,106,000	0.2%	147	147	7,524	1	0
Metabolic Diseases	1,068,000	0.2%	1	1	1,068,000	1	0
Ear Nose & Throat	523,000	0.1%	1,000	1,000	523	1	0
Imaging Services	364,000	0.1%	75	75	4,853	2	1
Gastroenterology	-	0.0%	-	-	NA	2	2
Grand Total	459,994,000	100.0%	304,406	32,190	13,727	109	38

Source: The Committee for the Expansion of the Medical Health Basket Services; Pharma Israel analysis

**Excluding technologies without additional budgetary costs.

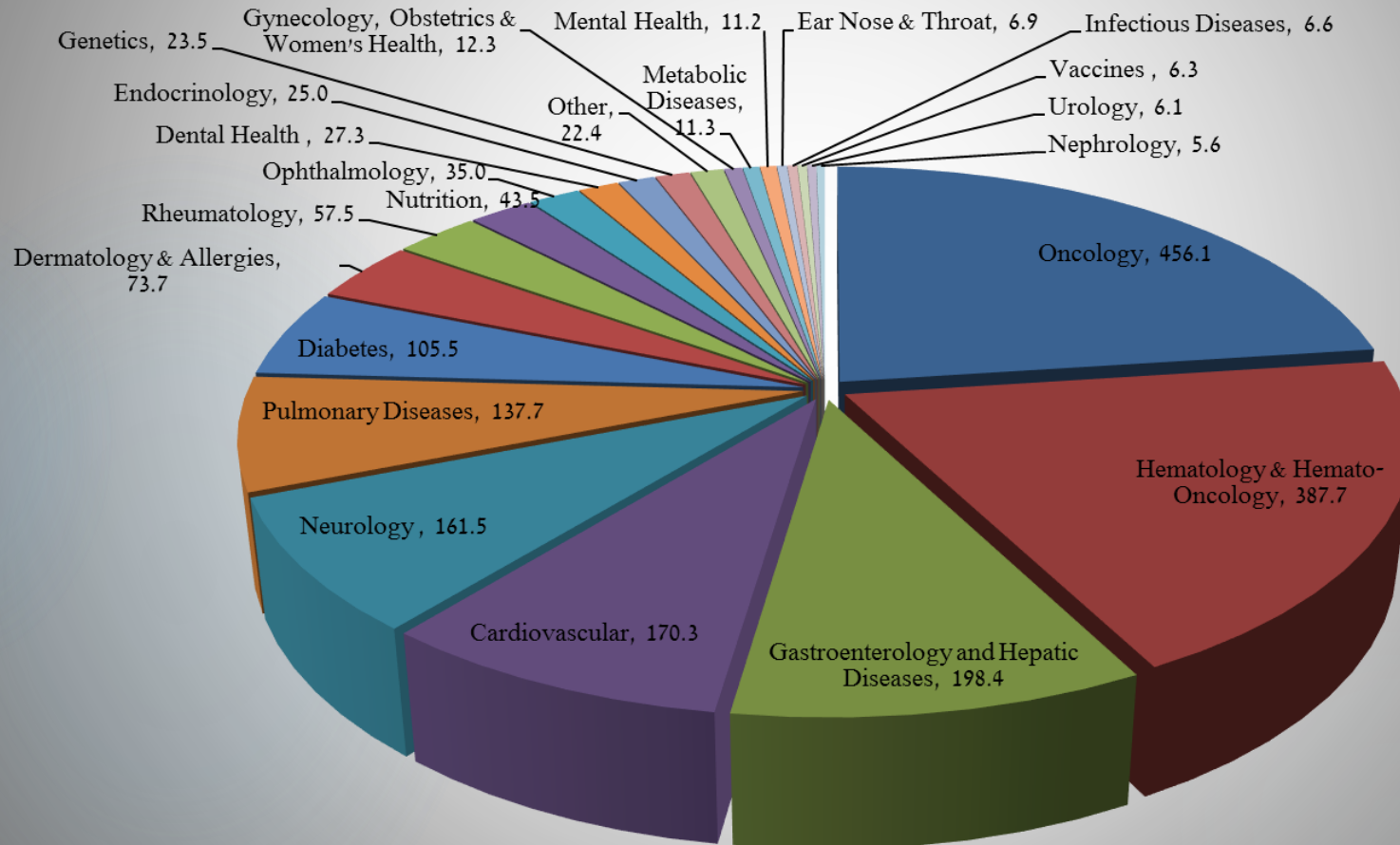


Expansion of the Medical Health Basket Services *5 Year Analysis, 2015-2019*



2015-2019 Expansion of the Medical Health Basket Services

Total budget in millions of NIS: 1,991.4m NIS*

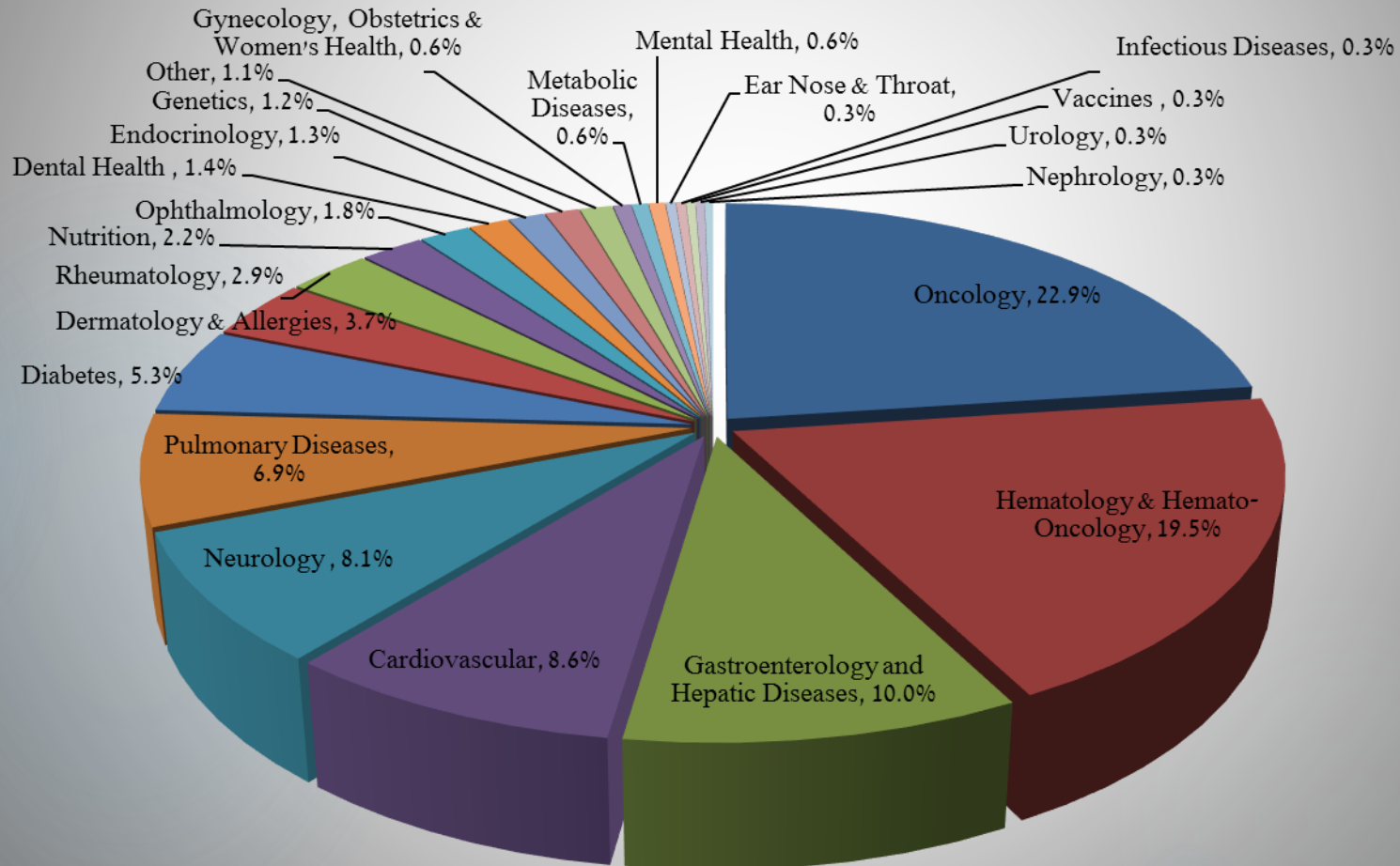


Source: The Committee for the Expansion of the Medical Health Basket Services; Pharma Israel analysis

*Excluding technologies without additional budgetary costs

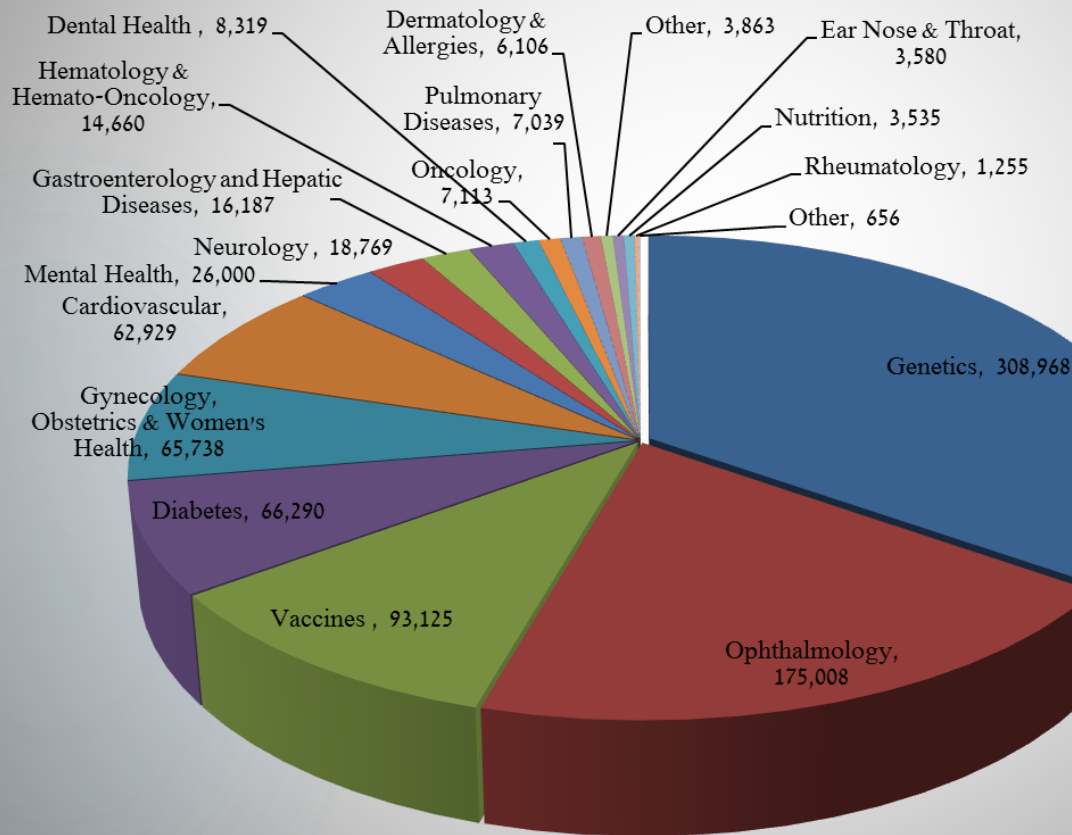
2015-2019 Expansion of the Medical Health Basket Services

Total budget in millions of NIS: 1,991.4m NIS*



2015-2019 Expansion of the Medical Health Basket Services

Expected number of patients - 889K patients over 5 years (including tests)



Source: The Committee for the Expansion of the Medical Health Basket Services; Pharma Israel analysis

*Excluding technologies without additional budgetary costs.

**Other – Infectious Diseases, Endocrinology, Urology, Metabolic Diseases.

2015-2019 Expansion of the Medical Health Basket Services



Therapeutic domain	Budget (in NIS)*	% out of total budget	Expected number of patients (including tests)	% of patients	Total number of technologies	Out of which: technologies without additional costs
Oncology	456,115,258	22.90%	7,113	0.8%	110	26
Hematology & Hemato-Oncology	387,675,655.7	19.47%	14,660	1.6%	56	13
Gastroenterology and Hepatic Diseases	198,376,261	9.96%	16,187	1.8%	46	28
Cardiovascular	170,336,801	8.55%	62,929	7.1%	24	3
Neurology	161,494,868	8.11%	18,769	2.1%	24	10
Pulmonary Diseases	137,695,754	6.91%	7,039	0.8%	31	8
Diabetes	105,536,362	5.30%	66,290	7.5%	24	11
Dermatology & Allergies	73,667,025.3	3.70%	6,106	0.7%	17	4
Rheumatology	57,482,971	2.89%	1,255	0.1%	21	13
Nutrition	43,539,142	2.19%	3,535	0.4%	15	6
Ophthalmology	34,981,907	1.76%	175,008	19.7%	11	2
Dental Health	27,337,158	1.37%	8,319	0.9%	8	1
Endocrinology	24,993,796	1.26%	110	0.0%	6	1
Genetics	23,482,970	1.18%	308,968	34.7%	21	-
Other	22,384,527	1.12%	3,863	0.4%	18	2
Gynecology, Obstetrics & Women's Health	12,254,787.3	0.62%	65,738	7.4%	6	1
Metabolic Diseases	11,339,242	0.57%	46	0.0%	11	2
Mental Health	11,166,000	0.56%	26,000	2.9%	4	1
Ear Nose & Throat	6,863,000	0.34%	3,580	0.4%	3	-
Infectious Diseases	6,644,289	0.33%	113	0.0%	11	6
Vaccines	6,324,720	0.32%	93,125	10.5%	4	-
Urology	6,098,114	0.31%	75	0.0%	3	1
Nephrology	5,609,000	0.28%	312	0.0%	3	2
	1,991,399,607	100%	889,139	100%	477	141

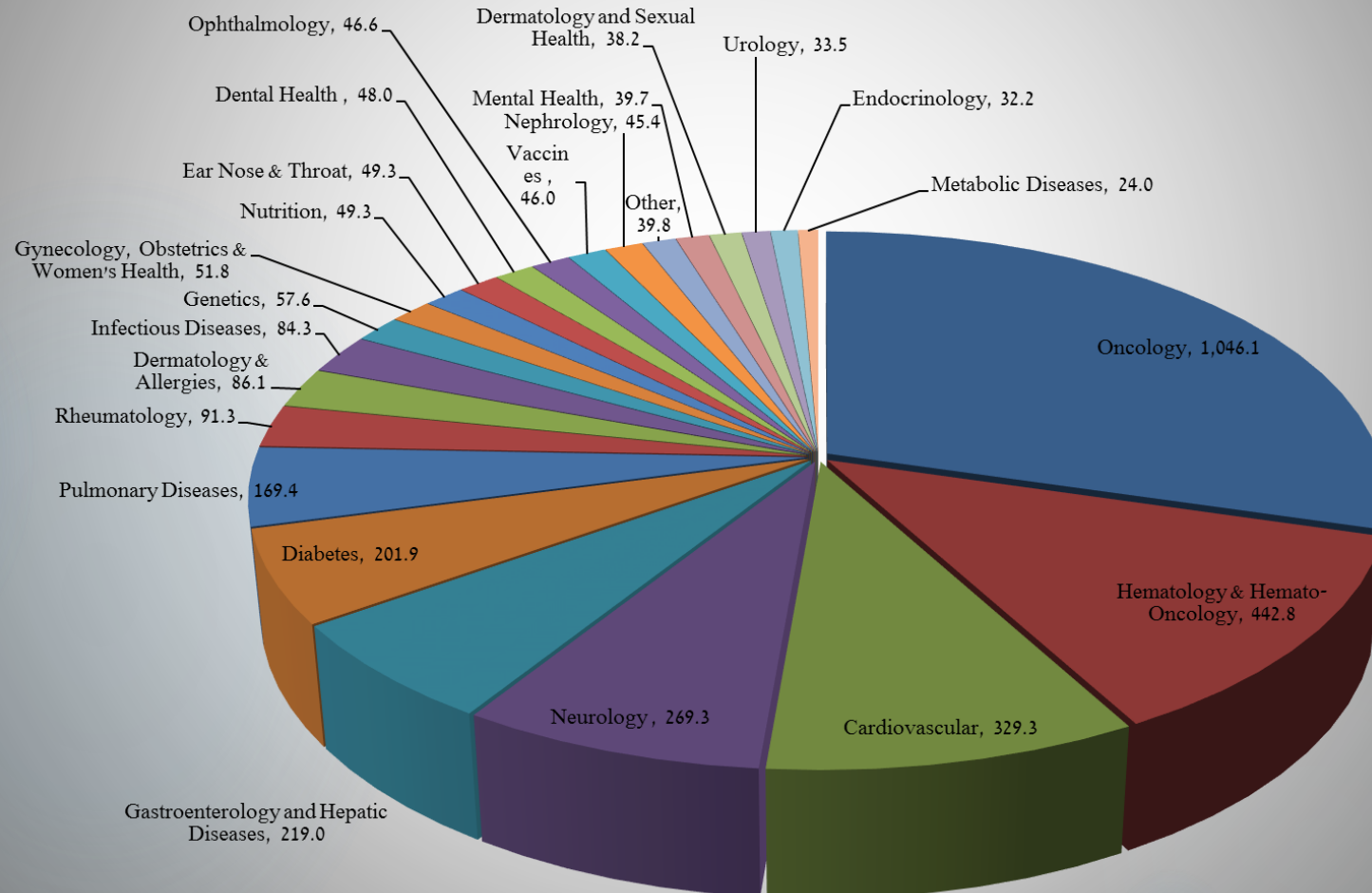


Expansion of the Medical Health Basket Services **10 Year Analysis, 2010-2019**



2010-2019 Expansion of the Medical Health Basket Services

Total budget in millions of NIS: 3,541m NIS* over 10 years

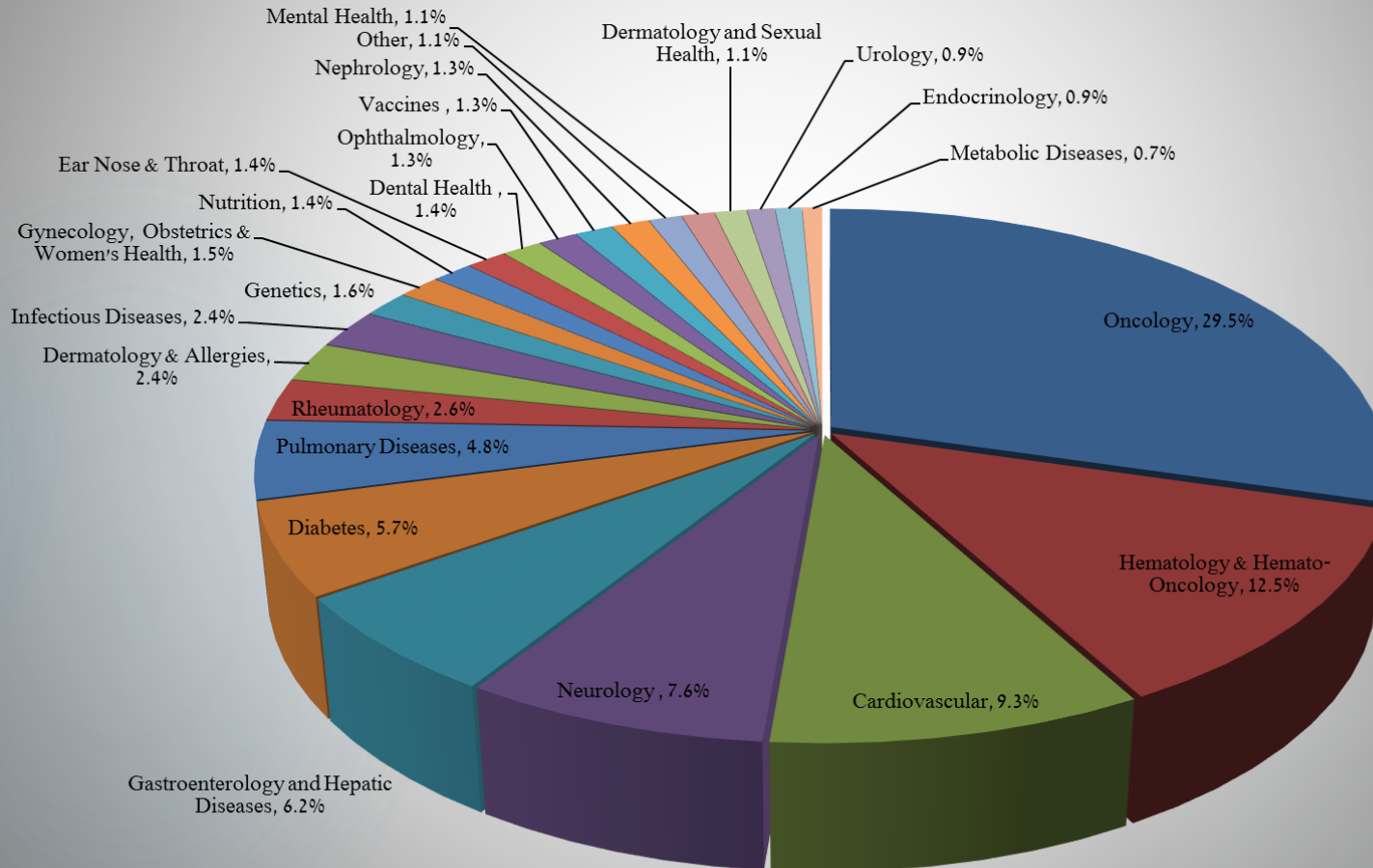


Source: The Committee for the Expansion of the Medical Health Basket Services; Pharma Israel analysis

*Excluding technologies without additional budgetary costs.

2010-2019 Expansion of the Medical Health Basket Services

Total budget in millions of NIS: 3,541m NIS* over 10 years

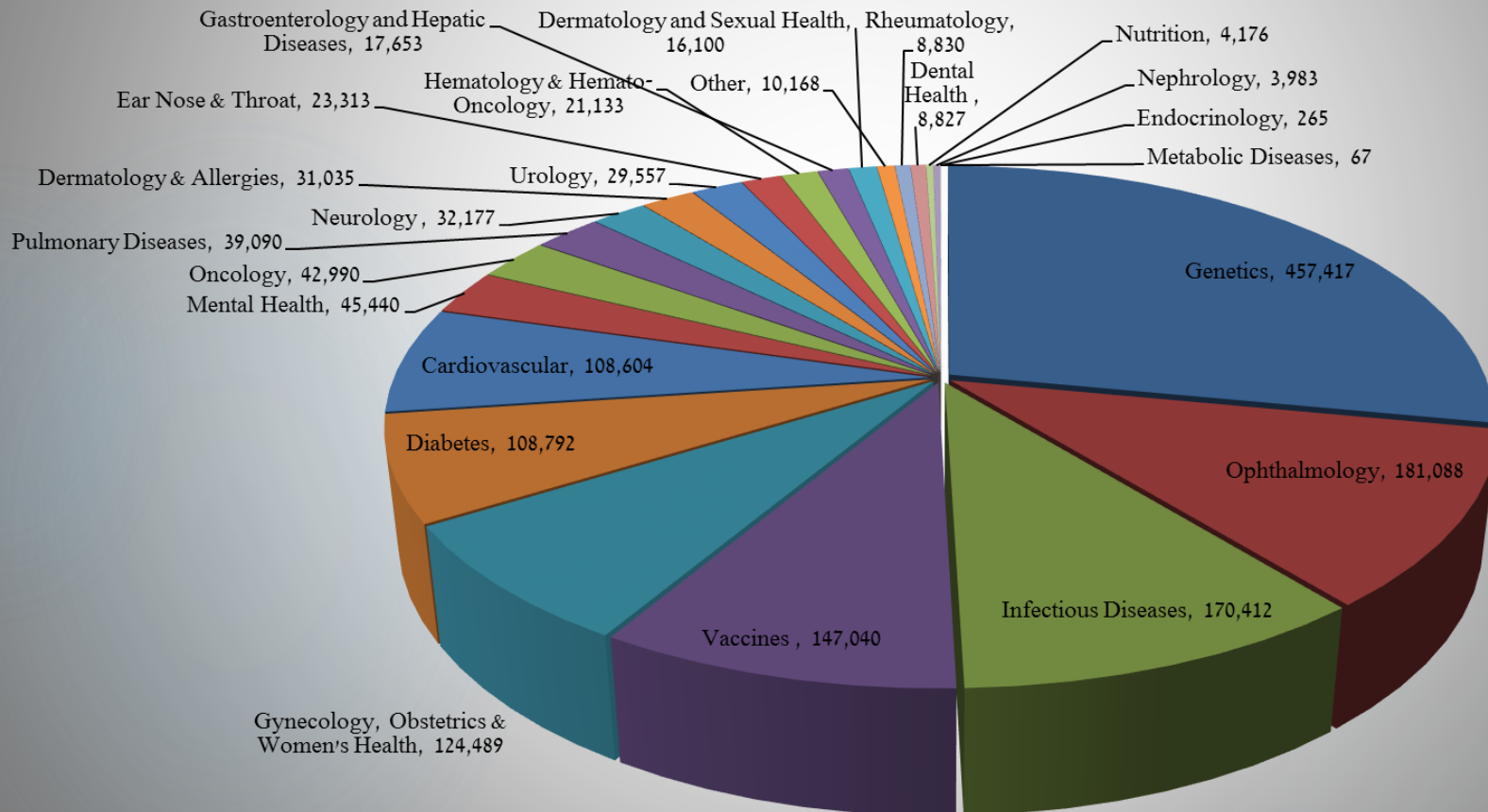


Source: The Committee for the Expansion of the Medical Health Basket Services; Pharma Israel analysis

*Excluding technologies without additional budgetary cost

2010-2019 Expansion of the Medical Health Basket Services

Expected number of patients - 1.6m patients over 10 years (including tests)



Source: The Committee for the Expansion of the Medical Health Basket Services; Pharma Israel analysis
 *Excluding technologies without additional budgetary costs.

2010-2019 Expansion of the Medical Health Basket Services - summary table

	Budget (in NIS)*	% out of total budget	Expected number of patients (including tests)	% of patients
Oncology	1,046,104,026	29.54%	42,990	2.6%
Hematology & Hemato-Oncology	442,831,634.6	12.51%	21,133	1.3%
Cardiovascular	329,267,133	9.30%	108,604	6.7%
Neurology	269,251,915	7.60%	32,177	2.0%
Gastroenterology and Hepatic Diseases	219,032,972	6.19%	17,653	1.1%
Diabetes	201,885,293	5.70%	108,792	6.7%
Pulmonary Diseases	169,445,562	4.79%	39,090	2.4%
Rheumatology	91,298,190	2.58%	8,830	0.5%
Dermatology & Allergies	86,149,720.0	2.43%	31,035	1.9%
Infectious Diseases	84,330,829	2.38%	170,412	10.4%
Genetics	57,567,770	1.63%	457,417	28.0%
Gynecology, Obstetrics & Women's Health	51,778,467.3	1.46%	124,489	7.6%
Nutrition	49,281,028	1.39%	4,176	0.3%
Ear Nose & Throat	49,269,000	1.39%	23,313	1.4%
Dental Health	47,998,302	1.36%	8,827	0.5%
Ophthalmology	46,626,332	1.32%	181,088	11.1%
Vaccines	46,016,987	1.30%	147,040	9.0%
Nephrology	45,403,501	1.28%	3,983	0.2%
Other	39,805,654	1.12%	10,168	0.6%
Mental Health	39,699,122	1.12%	45,440	2.8%
Dermatology and Sexual Health	38,186,000.0	1.08%	16,100	1.0%
Urology	33,490,114	0.95%	29,557	1.8%
Endocrinology	32,163,194	0.91%	265	0.0%
Metabolic Diseases	24,026,465	0.68%	67	0.0%
Grand Total	3,540,909,210	100%	1,632,643	100%