

## **ConQuaestor Report Confirms Cross Subsidies Within Sanquin**

The Plasma Protein Therapeutics Association (PPTA) welcomes the findings of the ConQuaestor report on the financing of Sanquin, the Dutch National Fractionator. Among other important conclusions, the report states that within Sanquin a cross-subsidy exists for tissue products and internal plasma supply; that the company uses an estimated price for plasma and not the market price and, finally, that the use of Dutch plasma for the manufacture of finished therapies is more expensive than using the plasma from the international market. Furthermore, the report questions the financial viability of the company, should government support be removed.

In 2008, the PPTA published for the first time its suspicions that Sanquin, the national fractionator in The Netherlands, was obtaining plasma for fractionation at artificially low prices and that there was in fact a cross subsidy in place. The cross subsidy was paid for by the hospitals in The Netherlands by paying prices for blood components that were much higher than in the neighboring countries. We questioned whether there was a Level Playing Field.

The Dutch Minister of Health requested an independent investigation by Plexus. Their 2010 report confirmed that indeed the prices of blood components in The Netherlands are higher than in France, Wallonia, Finland and Ireland. Also it was confirmed that the internal acquisition price was the lowest of these countries. The Minister immediately ordered a price increase of 12 percent.

The Minister then requested a second investigation into the financial operations of Sanquin by ConQuaestor. This investigation has been finalized and has been sent to the Minister who stated she needed more time before making comments.

PPTA is encouraged by the objective findings of the ConQuaestor Report. Among other things the Report states:

- A cross subsidy exists for tissue products and the internal supply of plasma. The Dutch hospitals pay more for labile products because the mentioned two products are supplied below the estimated cost price.
- Sanquin uses an estimate price for plasma and not the market price. ConQuaestor is of the opinion that the estimated prices are too low and calculates the difference at 9.7 million Euro
- Without increasing the scale of operation, Sanquin's continuity can only be guaranteed with government support
- Using Dutch plasma for the manufacture of finished therapies is more expensive than using plasma from the international market

PPTA is of the opinion that this Report clearly states what the Association has been saying all along: A hybrid organization with a public part (Blood collection and supply of blood components) and a private part (manufacturing and supply of finished therapies) leads to lack of transparency and opens the door for cross subsidy. There is a solution available: split the organization in two different parts. Collection of whole blood and supply of blood components is a public task. Manufacturing and supply of finished therapies is a private activity and Sanquin must adhere to the same rules that apply for the private industry. These actions will then result in a Level Playing Field.