

Medicine prices and access to medicines in the Eastern Mediterranean Region

Agenda item 5(a)
54th Session of the
Regional Committee for the Eastern Mediterranean
20–23 October 2007

Outline

1. Introduction
2. Determinants of access to medicines
3. Medicine price surveys in the Region
4. Important findings from the surveys
5. Recommendations

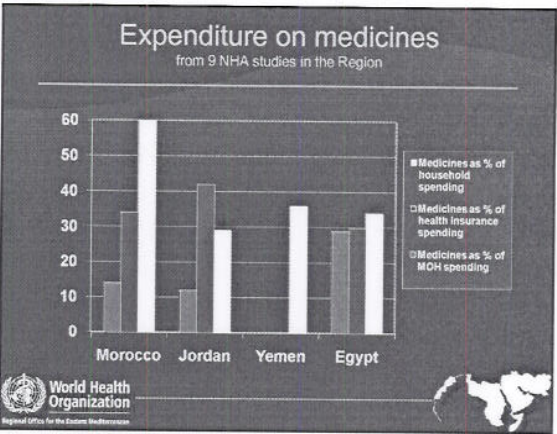
Introduction

- Medicines are a vital component of the health care system
- Ensured access to essential medicines is part of the fulfilment of the right to health
- Medicines are the second largest expenditure in the public sector health budget in developing countries, and a very high proportion of household spending on health goes on medicines
- Medicine prices are directly affected by intellectual property rights issues

Expenditure on medicines

from 9 NHA studies in the Region

- 40% of total health expenditure is on medicines
- Up to 30% of the budget of ministries of health is spent on medicines
- Out-of-pocket expenditure is high
 - Egypt: 53% of all medicines are purchased directly by households
 - Morocco: 74%



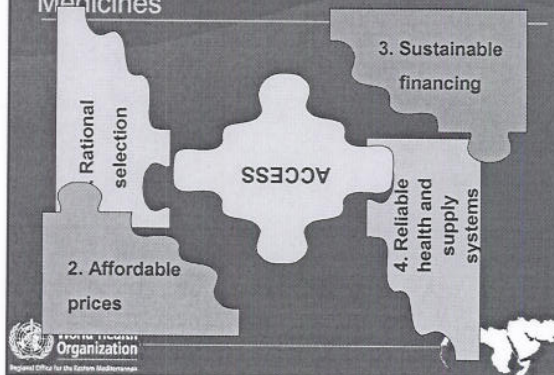
Outline

1. Introduction
2. Determinants of access to medicines
3. Medicine price surveys in the Region
4. Important findings from the surveys
5. Recommendations

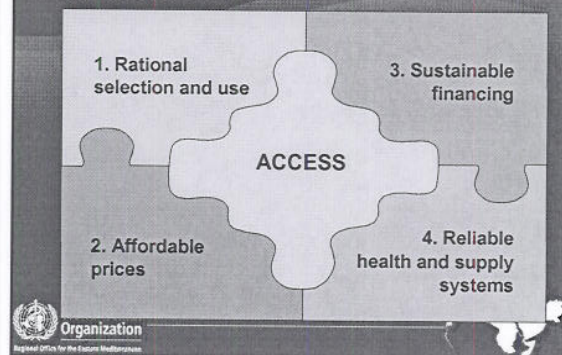
Determinants of access to medicines

- A third of the population in the world and more than 50% of the population in developing countries do not have reliable access to medicines
- Determinants of access are many-fold
- WHO has formulated a four-part framework for improving access to medicines

WHO Framework for Improving Access to Medicines



WHO Framework for Improving Access to Medicines



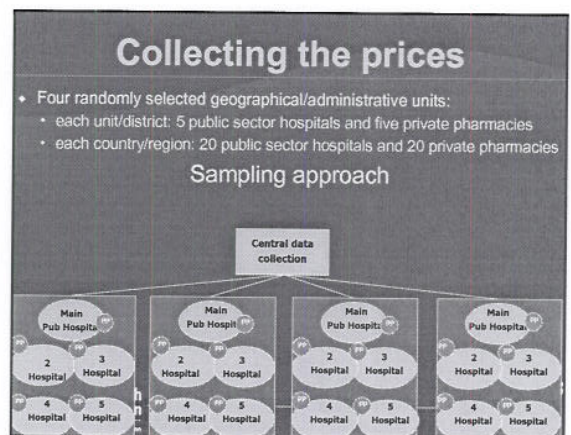
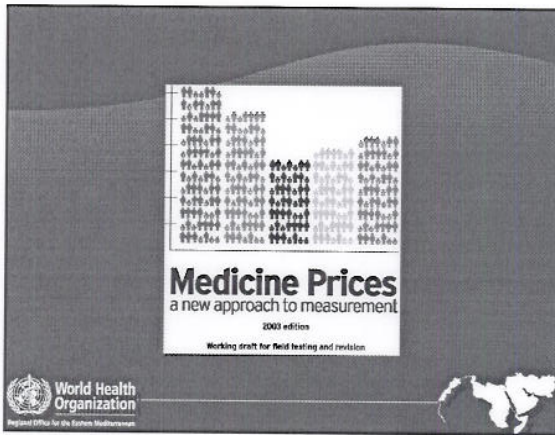
Outline

1. Introduction
2. Determinants of access to medicines
3. Medicine price surveys in the Region
4. Important findings from the surveys
5. Recommendations

WHO/HAI Project on Medicine Prices

- Problems of collecting, comparing, understanding affordability etc.
- Development of a standard methodology for:
 - collecting and analysing the prices of medicines
 - affordability
 - availability
 - component costs in various sectors and regions in a country
- A real international effort, pilot tested and used in around 45 countries

www.haiweb.org/medicineprices



In the national survey, prices of 30 medicines were collected from 20 public and 20 private pharmacies for both originator brand and lowest priced generic equivalent

Medicine price surveys

#	Country	Survey year	Conducted	Medicines surveyed		
				Core list	Local list	Total
1	Egypt	2004	Ministry of Health	30	0	30
2	Jordan	2004	Jordan FDA	23	6	29
3	Kuwait	2004	Academic	21	14	35
4	Lebanon	2004	Ministry of Health	26	6	32
5	Morocco	2004	Ministry of Health	25	10	35
6	Pakistan	2004	NGO	29	0	29
7	Sudan	2005	Ministry of Health	22	20	42
8	Syrian Arab Republic	2003	Ministry of Health	22	5	27
9	Tunisia	2004	Ministry of Health	20	10	30
10	United Arab Emirates	2004	Ministry of Health	NA	NA	NA
11	Yemen	2008	Ministry of Health	27	8	35

Outline

1. Introduction
2. Determinants of access to medicines
3. Medicine price surveys in the Region
4. Important findings from the surveys
5. Recommendations

Survey Findings

Availability of medicines in public sector health facilities

Yemen
 16/35 medicines were not found in any facility
 29/35 medicines were available only in 4 facilities

Pakistan
 23/29 medicines were not found in more than 15 facilities



Lebanon
 Only 15 of the 32 surveyed medicines were found in 20 public facilities

Morocco
 20/34 medicines were not available in more than half the health facilities

Survey Findings

Public sector procurement prices

- Generally, ministries of health were found to obtain good procurement prices compared to International Reference Prices (IRPs) except
 - Morocco: 3.7 times the IRPs
- Same generic medicine – wide differences between countries
 - Ciprofloxacin: In Jordan the price was 0.6 times the IRP whereas in Morocco the same medicine was procured at 25.5 times the IRP
- All countries except Egypt, Pakistan and Sudan were found to be buying at least some medicines in both generic and branded forms






Survey Findings

Public sector procurement prices

International Reference Price
International Reference Prices (IRPs) for this methodology are selected as those of Management Sciences for Health (MSH) which are published yearly in *The International Drug Price Indicator Guide* and which provide an indication of pharmaceutical prices on the international market.



- Generally, ministries of health were found to obtain good procurement prices compared to International Reference Prices (IRPs) except
 - Morocco: 3.7 times the IRPs
- Same generic medicine – wide differences between countries
 - Ciprofloxacin: In Jordan the price was 0.6 times the IRP whereas in Morocco the same medicine was procured at 25.5 times the IRP
- All countries except Egypt, Pakistan and Sudan were found to be buying at least some medicines in both generic and branded forms

Survey Findings

Private sector retail prices of medicines

- Private sector retail prices were found to be “excessive” generally for both generic and branded medicines
 - Sudan: 18 times the IRPs for branded medicines
- Most countries were found to have prices for generic medicines that were 5 times the IRPs
 - Only Pakistan and the Syrian Arab Republic had prices for generics that were less than 5 times the IRPs
- Kuwait had only a small difference between branded and generic medicines, 10% to 20%

Survey Findings

Brand premium

Difference between the brand price and the price of the lowest priced generic

- In the private sector:
 - Sudan: 3.7 brand premium, i.e. branded medicines were 3.7 times the price of the equivalent generic medicine
 - Kuwait: only 1.1 brand premium, e.g. median price ratios for originator brand and lowest priced generic products respectively were 50.2 and 47.4 for atenolol, and 110.2 and 100.1 for ciprofloxacin




Survey Findings



Affordability

Number of days' income a lowest paid government worker has to spend to buy pre-selected treatment regimes for 9 common diseases

Respiratory infection: 2.4 days' income to buy a week's supply of branded amoxicillin in Jordan

Depressive illness: 7.7 days' income to buy a month's supply of generic fluoxetine in Pakistan and 36.4 days' income to buy branded fluoxetine

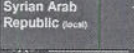

Ulcer: One month's treatment with generic omeprazole – 2.9 days' income in Sudan and 19.3 days' income in Jordan; with originator brand 10.6 days' income in Morocco and 23.7 days' income in Pakistan

Survey Findings

Price structure: taxes, mark-ups etc.

Country	Port/clearance	Other fees	Tax	Importer/wholesaler mark-up (%)	Retailer mark-up (%)	Total cumulative mark-up
Kuwait	–	–	–	35%	26%	70.1%
Lebanon (imp)	11.5%	–	–	10%	30%	59.5%
Lebanon (local)	–	–	–	10%	30%	–
Morocco (imp)	Fixed fee	–	7%	10%	30%	53.4%
Morocco (local)	Fixed fee	10%	–	10%	30%	80.9%
Pakistan (local)	–	11%	–	2%	15%	35.0%
Sudan (imp)	11.5%	8%	–	15%	20%	66.7%
Syrian Arab Republic (local)	–	–	–	(38%)	8%–30%	–

The impact of survey findings

Examples

- ◆ Prices of 25% of all registered medicines (1100 medicines) reduced by 20%–30% after the survey
- ◆ Discussions held in Jordan, Morocco and United Arab Emirates on ways to reduce prices after the surveys in these countries

Outline

1. Introduction
2. Determinants of access to medicines
3. Medicine price surveys in the Region
4. Important findings from the surveys
5. Recommendations

Recommendations

1. **Ensure good governance in the health and pharmaceutical sector**
National medicines policy; essential medicines list; transparency and accountability; monitoring
2. **Develop an effective pharmaceutical sector as part of a strengthened health system**
Financing; human resources development; medicine supply systems; information
3. **Strengthen the national regulatory authority**
Institutional development; independence; transparency

Recommendations

4. **Improve availability and the obtaining of better prices in public sector procurement of medicines**
Realistic quantification; purchasing generics; pooled procurement; using appropriate IRPs; comparing procurement prices
5. **Reduce medicine prices in the private sector**
Review of medicine pricing policy; effective regulation
6. **Rationalize taxes and mark-ups on medicine**
In-depth analysis of price structure; tax exemption for essential medicines; rationalization of mark-ups

What can be done at the regional level ?

1. **Online availability of public procurement prices**
Tender prices; EMRO Medicine Prices Hub
2. **Online availability of IRPs**
For better comparisons with international best prices
3. **Medicine price surveys and monitoring of medicine prices**
4 new surveys; ongoing monitoring

What can be done at the regional level ?

4. **Development of medicine pricing policy packages for Member States**
Technical assistance in development of generic policies based on best practices