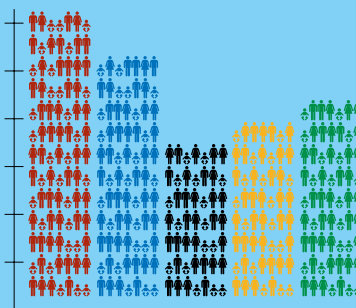


MEDICINE PRICING MATTERS



HAI
HEALTH ACTION INTERNATIONAL

 **World Health Organization**

IMPROVING THE AVAILABILITY AND AFFORDABILITY OF ESSENTIAL MEDICINES



Special Issue to be published in June

On 21 May 2008, during the World Health Assembly in Geneva, WHO and HAI will launch the second edition of their survey manual, entitled *Measuring medicine prices, availability, affordability and price components*. The manual has been updated based on the experiences of the 50 or so survey teams who have conducted medicine price and availability surveys since the first edition was published five years ago. In June we will publish a special issue of this bulletin focusing on new features in the manual and important method changes.

Guidelines on policies that affect medicine prices

All 50+ medicine price and availability surveys that have been undertaken around the globe, using the WHO/HAI methodology, have identified problems that need correcting through policy change and the implementation of new programmes. However, knowing exactly what policies and programmes to implement is challenging.

As a number of countries have recently sought assistance in developing evidence-based policies to lower prices and improve access to medicines, WHO and HAI are developing guidelines on options for policies affecting medicine prices, outlining what is known about their application and impact in differing settings. The process started in early February when a group of international pricing experts met in Amsterdam to review the available evidence on policies that affect pricing

(what is known), identify research gaps (what is not known), decide the format of the policy guidance, and develop a plan to achieve this. The group acknowledged that guidance on interventions must take into account differing social and economic situations, government purchasing or patients paying out-of-pocket, single-source versus multiple-source medicines, the emergence of health insurance funds, and other factors. The adage 'one size fits all' is not applicable. Countries will need

a mix of policies appropriate to their national situation and their survey findings, in order to really improve the availability and affordability of medicines.

Various approaches were discussed at the meeting including pro-generics policies, fixed pricing, reference pricing (internal and external), mark-up controls, patient co-payments, national competition laws, and incentives for good prescribing. The difficulty is that in many countries the impact of these interventions are not measured and/or not published. Therefore, it is likely that three categories of recommendations will be needed: where there is sound evidence with good outcomes (good practice); where the policy is

thought to be beneficial but there is no real proof; and policies that result in poor outcomes so should be avoided (poor practice). Just as an evolutionary perspective on policies is needed in countries due to the dynamic nature of the pharmaceutical sector, so will the policy guidance have to be evolutionary – as more becomes known about what works, and what doesn't work in various countries. It is expected that the first edition of the guidelines will be published in the early 2009.



Jordan

Debate on medicine price issues spurs action



Dr Mohammed Al Rawashdeh, Director General JFDA, speaking at the workshop

Two days of discussion on medicine pricing issues in Jordan have already reaped positive results. In December 2007, at a workshop at the Dead Sea, a group of approximately 90 policy-makers, academics, health professional associations, civil society groups, industry and others declared that abolishing taxes on medicines was a high priority (4% sales tax and up to 5% customs duties are currently levied on medicines).

Within a month Dr Mohammed Al Rawashdeh, Director General of Jordan's Food & Drug Administration (JFDA), told the media that these taxes should be waived in order to improve treatment affordability, and that such a move would not affect Jordan's economy.

The president of Jordan's pharmacy association, the president of the Jordanian Association for Pharmaceutical Manufacturers, and a representative of the Parliament's Environment and Health Committee gave media interviews in support of the JFDA position.

At the workshop participants also called for the implementation of more pro-generics policies to make medicines more affordable. Many wanted to see greater transparency and efficiency in procurement and supply chain management, and a review of the price-setting mechanisms used in Jordan's private sector. Others saw the need to improve price and availability monitoring efforts in both the public and private sectors, and to inform consumers and health professionals about the quality of generics to increase use.

Many participants felt that the effect of drug promotion on rational use, and the consequences for health budgets, should be reviewed. Many also shared a number of concerns related to intellectual property and trade issues, and their impact on public health. Since the workshop, Jordanian civil society organisations have formed an alliance to support the government and others in improving the availability and affordability of medicines. Workshop presentations and recommendations are available on www.haiweb.org/medicineprices

El Salvador Survey results

Conducted in late 2006 by the Faculty of Medicine, University of El Salvador, the price and availability of 43 medicines were measured in a total of 52 public sector facilities and 52 private pharmacies across 5 regions. Availability was also assessed in 5 NGO facilities.

Public sector procurement prices were reasonable for generics but availability in public sector facilities (where medicines are free) was relatively poor (54%). Availability in the NGO facilities was only 20%. In private pharmacies, availability was also sub-optimal with 69% availability for generics and 21% for originator brands. Prices were extremely high for both originator brands and generics. In private pharmacies, originator brands and lowest priced generics were about 58 and 28 times the international reference prices used, respectively. Based on the wages of the lowest paid unskilled government worker, standard treatments were unaffordable when purchased in the private sector. The survey of components of medicine prices found that mark-ups of importers/distributors and pharmacies are excessive (some over 200%) and that 13% VAT is applied to medicines.

Uganda Anti-malarial market surveyed



Medicines for Malaria Venture (MMV) recently sponsored an extensive survey of the anti-malarial medicines market in Uganda with the Coalition for Health Promotion and Social Development (HEPS) leading the local research team, supported by Martin Auton.

Data was collected on all anti-malarials found for sale across 8 sectors (formal and informal) using a census sampling approach in six high malaria transmission areas. In addition to collecting price and availability data, location coordinates of outlets selling anti-malarials were plotted onto a map so as to understand better the types of outlets that communities have in a locality. An amazing 174 different anti-malarials were found. Prices ranged from inexpensive chloroquine tablets (available for the equivalent of less than an hour's work time for a full course of treatment for the lowest paid unskilled government worker) to high priced artemisinin-based combination products (ACTs) costing 2 - 12 days' wages for a course of treatment, to artemisinin monotherapies requiring even more days wages. While outlets in the public and mission sectors generally had several weeks' stock of the first line therapy (artemether-lumefantrine), older medicines such as chloroquine and sulphadoxine-pyrimethamine which are no longer recommended for treating uncomplicated malaria, were also commonly found (sometimes in large volumes). Private pharmacies, licensed drug shops and clinics offered a wide range of anti-malarials, although clinic prices were 30-100% higher than those found in other sectors (especially for injectables).

A related study reported that only 50% of patients buy full courses of treatment in the private and non-profit sectors. Most outlets were willing to sell the number of tablets the client could afford. This has significant implications for public health as well as for the development of resistance to these medicines. The National Drug Regulatory Authority is looking into limiting the availability of medicines less effective in treating malaria. The Ministry of Health is considering making ACTs available at subsidised prices in the private sector. In the MMV study, total cumulative mark-ups for anti-malarials ranged from 310% to just over 700% (3.1 to 7 times the ex-factory price). There was a significant difference between sectors, with private clinics introducing the highest mark-ups. Controlling supply chain costs will be needed for subsidized prices to reach patients.

For more information go to: http://www.mmv.org/IMG/pdf/4_Pricing_Sess2_Auton_Findings_28Sept07.pdf

Monitoring efforts in Africa

Since undertaking price surveys, a number of countries have implemented regular monitoring systems to assess changes in medicine prices, availability and affordability over time. Such systems provide valuable feedback on the impact of policy, regulatory and programme interventions. Monitoring is intended to be less intensive than surveying, and hence able to be undertaken at regular intervals.

In late February, representatives from monitoring teams in Ghana, Kenya, Tanzania, and Uganda met to discuss their experiences (most have been monitoring since 2006). Across these countries, price and availability data are being collected for 34-45 medicines (lowest priced generic) in 73-96 facilities (urban and rural) in the public, private and mission sectors, quarterly or biannually. These sampling regimes are more intensive than the advice given by WHO/HAI, however, the national teams felt they met their needs. Their advice to others included the need to institutionalise the

work in the Ministry of Health so that it is sustainable, but be participatory e.g. establish an advisory committee that includes civil society and health professional organisations, WHO and others. They felt reports should be concise, and disseminated widely without delays. The monitoring guidelines are being updated and will be included in the CD-Rom that accompanies the second edition of the pricing manual. Monitoring reports are available on HAI Africa's website <http://www.haiafrica.org>

Monitoring prices and availability
in a Tanzanian pharmacy



Yemen Survey results

Conducted in mid-2006 by the Ministry of Public Health, the price and availability of 35 medicines were measured in a total of 20 public sector facilities and 20 private pharmacies in the capital Sana'a and the main cities in 3 populated governorates: Aden, Taiz and Hodeidah. Availability in the public sector was only 5% so little data were available for calculating patient prices. Public sector procurement data were also limited but for the 6 medicines where there were data, prices were reasonable.

In private pharmacies, prices of originator brands were high (overall about 18 times the reference price) whereas prices of lowest priced generics varied from very cheap to high (overall 3.5 times the reference price). Availability of generics was very good in the private sector (90%).

For people on low wages, treatments with lowest priced generics were relatively affordable (originator brands were not affordable).

Recommendations included revising the pricing system, encouraging use of generics, and improving public sector availability of essential medicines through increased financing and rationalising expenditure.

Kazakhstan Considering internal reference pricing

Confronted with high-priced medicines, the Kazakhstani government is considering using internal reference pricing (rather than bidding) to set the reimbursement price for the 125 or so medicines supplied under their Outpatient Drugs Benefit Program (ODBP).

In order to assess price changes over time and the impact of pricing policies, the Ministry is also looking to develop a system to regularly monitor prices in the private sector.

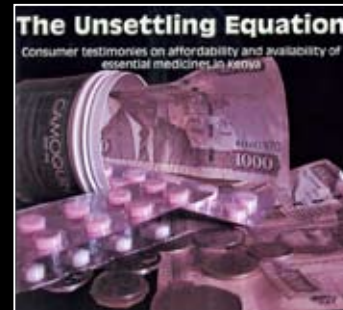
ZdravPlus II, a USAID-funded health project that undertook a price survey in Kazakhstan in late 2004 using the WHO/HAI methodology, is providing technical assistance to the Ministry of Health in this work.

Sri Lanka Opposition to pro- generics policies

In 2006, Sri Lanka adopted a National Medicinal Drug Policy (NMDP), with a key objective of ensuring the availability and affordability of efficacious, safe and good quality medicines.

Aimed at improving treatment affordability, the NMDP called for legislation to be enacted requiring generic prescribing and allowing cost-effective generic substitution with the consent of the patient (and, where possible, informing the prescriber). A 2001 survey, conducted by HAI Asia Pacific, showed that originator brands were four times the price of most sold generics in private retail pharmacies.

The National Standing Committee to implement the NMDP has finalised a draft act for the establishment of the National Medicinal Drug Regulatory Authority, however, implementation of these pro-generics policies appears to have stalled. This follows the publication of articles in daily newspapers by the pharmaceutical industry and a leading cardiologist stating that generics are of inferior quality. Academics with extensive knowledge on medicines, their use and quality provided scientific information to counteract the anecdotal information provided against generics. However, it appears the implementation of these policies on generic prescribing and substitution is not progressing.



Kenya DVD on people's experiences

Price and availability surveys provide vital evidence for policy-makers, but the human face of the problem is easily lost in the statistics. Therefore, HAI Africa has produced a DVD of testimonies on the affordability and availability of essential medicines from citizens in different regions in Kenya. Their stories are the reality of the statistics. More information, including how to order the DVD, is available on HAI Africa's website www.haiafrica.org

Contact

Interested in learning more about medicine prices or conducting a survey?

Then contact the pricing project's coordinators:

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