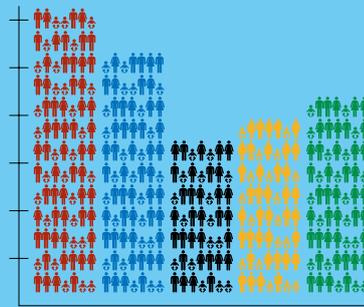


MEDICINE PRICING MATTERS



IMPROVING THE AVAILABILITY AND AFFORDABILITY OF ESSENTIAL MEDICINES



Focus on pricing policies **EMRO ministers confront high prices**

Expensive medicines, low availability and price component issues were key concerns expressed by delegates at the Regional Committee for WHO's Eastern Mediterranean region, held in Cairo from 20-23 October 2007.

At the meeting, Dr. Zafar Mirza, WHO's Regional Advisor on Essential Medicines and Pharmaceutical Policies, highlighted findings from 11 surveys conducted in the region using the WHO/HAI medicine price measurement methodology. In the presentation, price, availability and affordability data were compared across the 11 countries. National prices were also compared with international reference prices.

Key results

- Substantial differences in government procurement prices across the countries.
- Government purchasing of expensive originator brands, as well as cheaper generics, in all but three countries. On average, originator brands were about three times more expensive than generics, and prices of generics were often high.
- Availability in public sector



facilities was very poor. For example, 16 of the 35 surveyed medicines were not found in any outlet surveyed in Yemen and 23 of the 29 medicines were not found in more than 50% of Pakistani outlets surveyed.

- In the private sector, extremely high prices were charged for originator brands and lowest priced generics. In Sudan, for example, patients were paying 18 times the international reference prices for originator brands. Lowest priced generics cost more than five times the reference price in most countries.
- Most treatments purchased in the private sector were judged to be unaffordable for those living on a low income.

"With this important regional committee resolution a lot can be achieved in terms of enhancing access to essential medicines in the region."

Dr. Zafar Mirza

- Some countries were applying taxes to essential medicines.

Zafar Mirza's presentation was followed by comments from delegates representing 16 countries and discussion continued for well over two hours. Delegates suggested a number of policy options, including the increased use of quality generics to improve affordability, regressive mark-ups to encourage the dispensing of lower priced generics, pooled procurement, as well as greater transparency and the sharing of price information.

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Patrick Mubangizi, HAI Africa, and Rania Bader, Jordan survey manager, at a pricing meeting earlier this year.

Tanzania New tax on medicines

In July 2007, the government imposed a 10% tax on most imported medicines with the exception of anti-retrovirals, anti-TB drugs, antimalarials and all medicines imported by the public sector.

This decision will make medicines even more unaffordable than identified in the countrywide medicine price survey carried out by Tanzania's Ministry of Health and Social Welfare in 2004. That study found, for example, that five days' wages were needed for low-paid unskilled government workers to buy a month's supply of metformin for diabetes when purchased in the private and mission sectors.

In response to survey results, the government began monitoring prices, availability and affordability biannually starting in late 2006. The ministry recently released the Nov/Dec 2006 report (available on HAI's website) and is currently finalising the June 2007 report. These reports will be circulated to all of the country's health care facilities in an effort to make people more aware of medicine prices in the public, private and faith-based sectors. This monitoring will also be useful in detecting the impact of this new tax.

Kenya Monitoring trends

For more than a year, the Kenyan Ministry of Health, in collaboration with WHO and HAI Africa, has been conducting quarterly monitoring of prices, availability and affordability in the country.

Data collected in July 2007 showed median availability of the 37 surveyed medicines to be 59% in the public sector, 91% in the private sector and 63% in the mission sector.

Across all three sectors, medicines were more available in

urban facilities than rural facilities. Prices were generally the same in the mission and private sectors. The report is available on HAI Africa's website: www.haiafrica.org. HAI Africa and Kenyan NGOs are currently producing a film documentary of interviews highlighting the problems people face because of high medicine prices. Showing the documentary and lobbying for policies that improve treatment affordability and access to medicines will be priorities in 2008.

The Philippines Focus on affordability

A 2005 survey showed the availability of medicines in public sector facilities was only about 15% and prices were excessive - originator brands were 15 times the international reference prices, and lowest priced generics were six times.

In private pharmacies availability was also poor (33%) and prices were equally high. Many treatments would simply not be affordable for low-paid workers. In response to the findings, survey manager Dennis Batangan and others in the Philippines produced a video highlighting the problems people face when

treatments are unaffordable. To view the video go to <http://www.youtube.com/watch?v=hTVjZjGmyoQ>

Tajikistan VAT abolished to improve access

Following a national price survey in 2005 by the Drug Information Centre in Dushanbe, the government of Tajikistan removed the 20% VAT on medicines in May 2006. Based on the survey findings, this should lower add-on costs in the supply chain for imported medicines from 122% to 85%.

Jordan

Tackling price and access problems

High retail prices and poor public sector availability are just some of the findings revealed in the Jordanian price survey conducted in 2004. The researchers, from the Jordanian Food & Drug Administration (JFDA), found that medicine prices obtained through public procurement were acceptable for generics but some higher priced originator brands were being purchased.

They also found that the availability of medicines in public sector facilities was poor, limiting access to low-cost generic medicines. In addition, medicine prices in private pharmacies were high (originator brands were 17 times the international reference prices, and lowest priced generics were 10 times). Therefore, some treatments were unaffordable to low-income groups.

In December 2007, 80 health policymakers and others will meet at the Dead Sea to discuss the evidence and recommend ways to make medicines more available and affordable in the country. The discussions will focus on procurement methods, price setting in the private sector and improving treatment affordability through pro-generic policies and programmes. Delegates will also discuss the impact of intellectual property rights and trade agreements on access to affordable medicines.

The participants, drawn from the Ministry of Health and other government agencies, pharmacist and physician associations, NGOs, local industry and donor organisations, will identify specific policies that could help boost medicine availability in the public sector and reduce prices in private outlets. In addition, a national monitoring system will be developed to assess the impact policy changes have on price, availability and affordability over time.

The workshop is being held under the patronage of his Excellency, Minister of Health Dr. Salah Mawajdeh and has been organised by survey manager, Rania Bader. It is co-hosted by the JFDA and HAI.

All pricing survey reports and data can be found on HAI's website: www.haiweb.org/medicineprices

China

Advocating for change

Following confirmation that some patient prices were very high in both the public and private sectors in Shangdong province, the research team at the Center for Health Management and Policy of Shandong University has taken up advocacy work to improve the situation.

At a national meeting in Beijing to discuss the survey results, they recommended that a price monitoring and reporting system be established to better understand price variability over time.

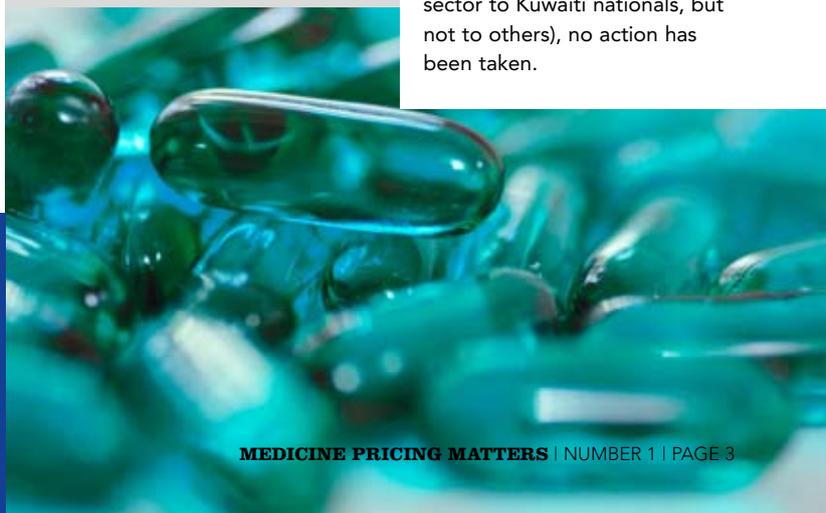
The team published a bulletin to inform the public about the price differences between originator brands and generic medicines when purchased at public hospitals and private pharmacies. They also investigated knowledge and use of medicines by 117 residents in the provincial capital Jinan. They found those surveyed preferred buying medicines at private retailers because they were conveniently located and prices were often cheaper than in public health centres (except for paediatric medicines which they preferred to buy from hospitals).

Interestingly, those surveyed were more concerned about efficacy and quality than price. Most preferred buying branded products believing they were of higher quality and would lead to better health outcomes. While most said they gained information about medicines from newspapers and TV adverts, they felt the government should be informing people about prices, quality, efficacy, usage and side effects through free pamphlets, newspapers and TV.

Kuwait

No progress yet

To date, the medicine price survey report given to the Ministry of Health by investigators at the University of Kuwait seems to have had no discernable impact. While the government subsequently told the press it would review or replace the Kuwaiti-only list (about 70 medicines provided free in the public sector to Kuwaiti nationals, but not to others), no action has been taken.



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EMRO ministers confront high prices

WHO's Regional Director, Dr. Gezairy, stressed the sensitive yet important nature of the pricing issue and offered options for countries to reduce prices. HAI's representative, Marg Ewen, urged countries to develop, implement and enforce evidence-based policies and programmes, and monitor their impact.

Resolution adopted

At the meeting, the ministers passed a resolution on price and access issues, featuring the establishment of a regional web-based hub to share information on medicine prices and pricing structures, as well as best practices in medicine management. This innovative approach should help improve price transparency and empower governments when negotiating prices. The resolution also urged governments to strengthen pricing policies (including public procurement of generics and enhanced competition amongst suppliers) and rationalise supply chain costs in the private sector. In addition, WHO EMRO resolved to support Member States in this work including the development of guidelines on pricing policies and sharing information on best practices in other regions.

To read the full resolution and the technical paper presented by Zafar Mirza, visit WHO EMRO's website:
<http://www.emro.who.int/rc54>

Survey data can be found on HAI's website:
<http://www.haiweb.org/medicineprices>



Upcoming events

4-5 December 2007

Towards equitable and affordable medicine prices policies in Jordan

Hosted by the Jordan Food and Drug Administration and HAI Dead Sea, Jordan (by invitation)

28-29 February 2008

Consultative meeting on medicine price, availability and affordability monitoring

Hosted by HEPS and HAI Africa, Uganda (by invitation)

New publications

Revision of pricing manual underway

WHO, HAI and project members are currently revising the price measurement manual and workbook based on field experience gained since the first edition was published in 2003. The second edition should be available in March/April 2008.

Those planning to conduct a pricing survey should contact HAI or WHO to obtain the draft second edition for use in their survey.

Region: a synthesis report of medicine price surveys undertaken in selected World Health Organization Eastern Mediterranean Region countries

By Douglas Ball, Zafar Mirza and Margaret Ewen [in press]

Contact

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Then contact the pricing project's coordinators:

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Price components and access to medicines in Delhi, India
By Anita Kotwani and Libby Levison [in press]

Investigating price components: medicine costs between procurement and point of delivery: Report on initial field studies
By Libby Levison [in press]

Prices, availability and affordability of medicines in the World Health Organization Eastern Mediterranean

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