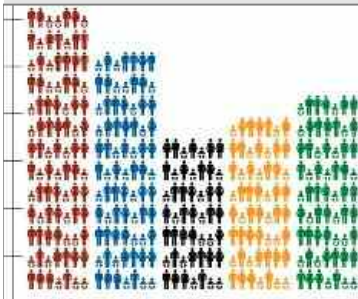


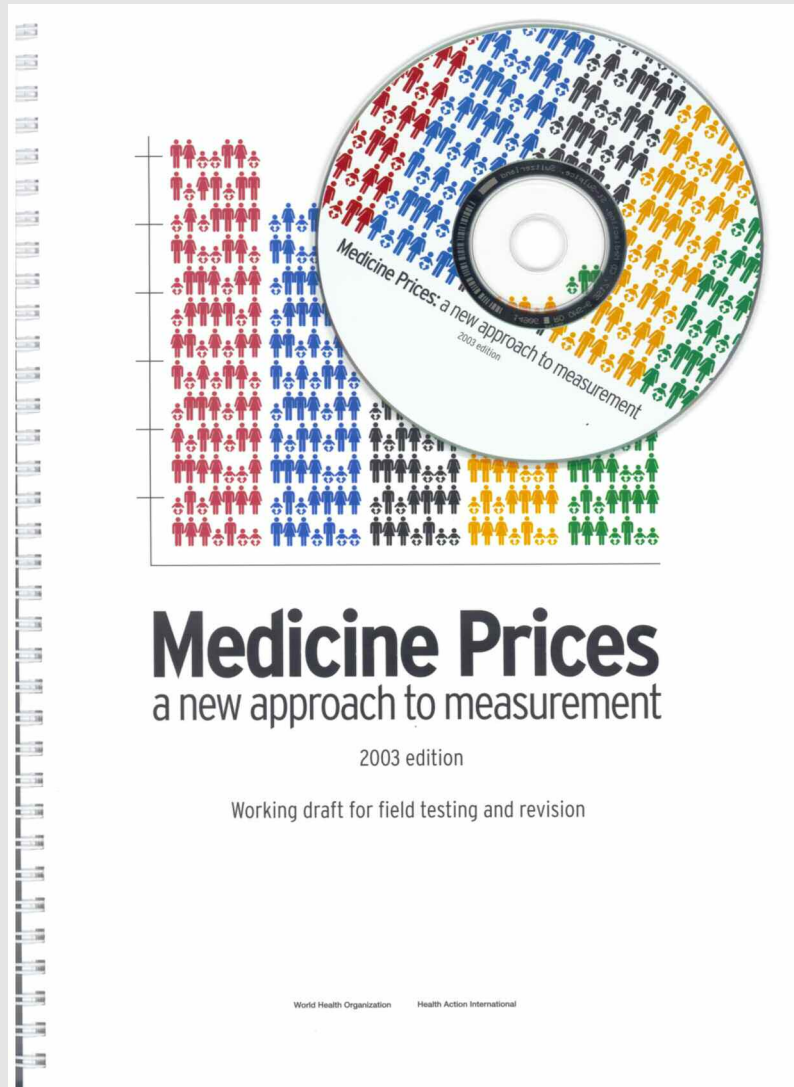
Pharmaceutical Pricing – Availability, Affordability and Price Components in developing and transitional countries

Richard Laing
World Health Organization
Geneva



Medicine Prices

a new approach to measurement

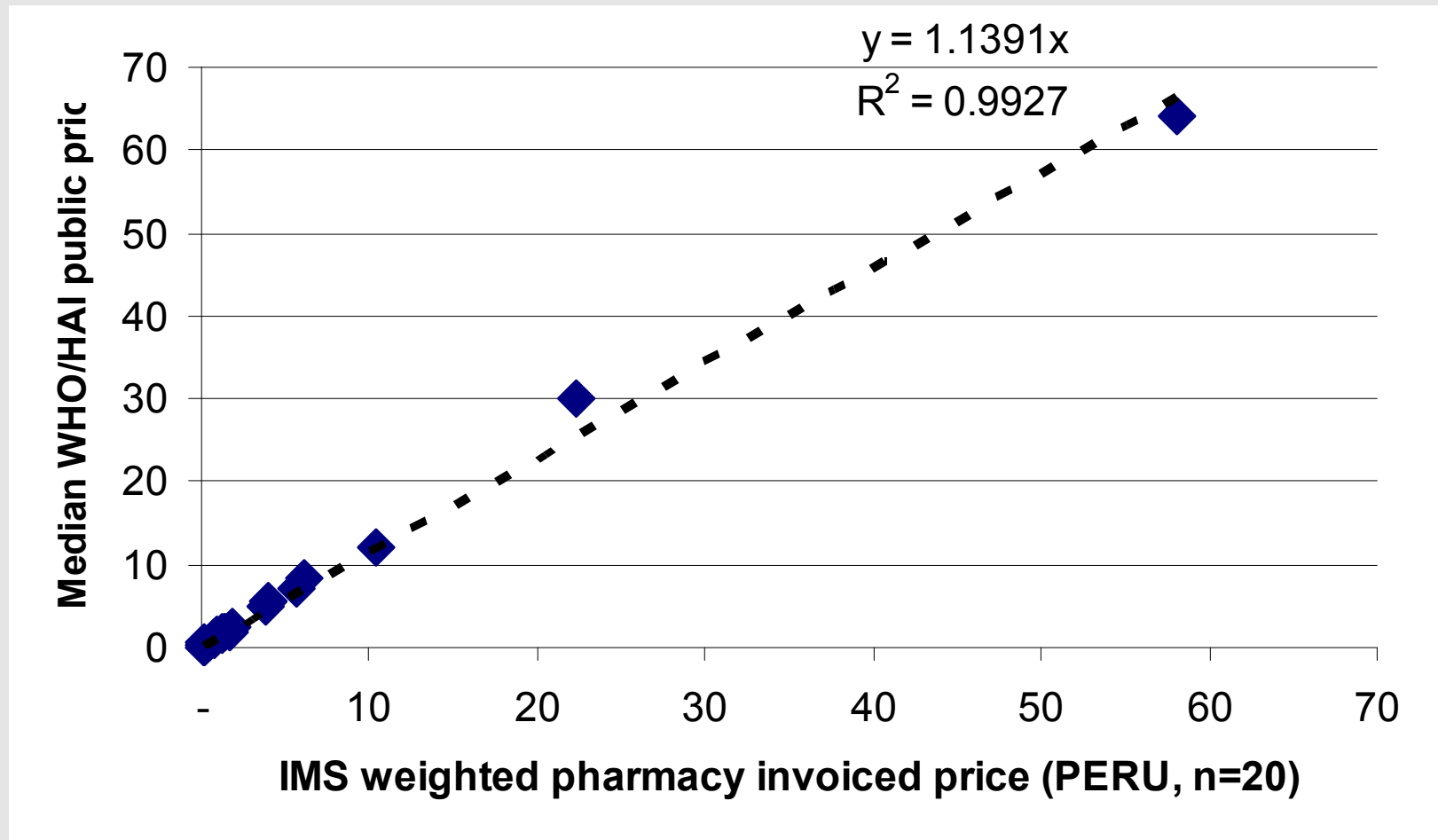


- WHO/HAI methodology
- Launched WHA 2003
- Measures medicine
 - prices
 - availability
 - affordability
 - component costs
- 40+ surveys to date in all WHO regions

Survey tool – technical basis

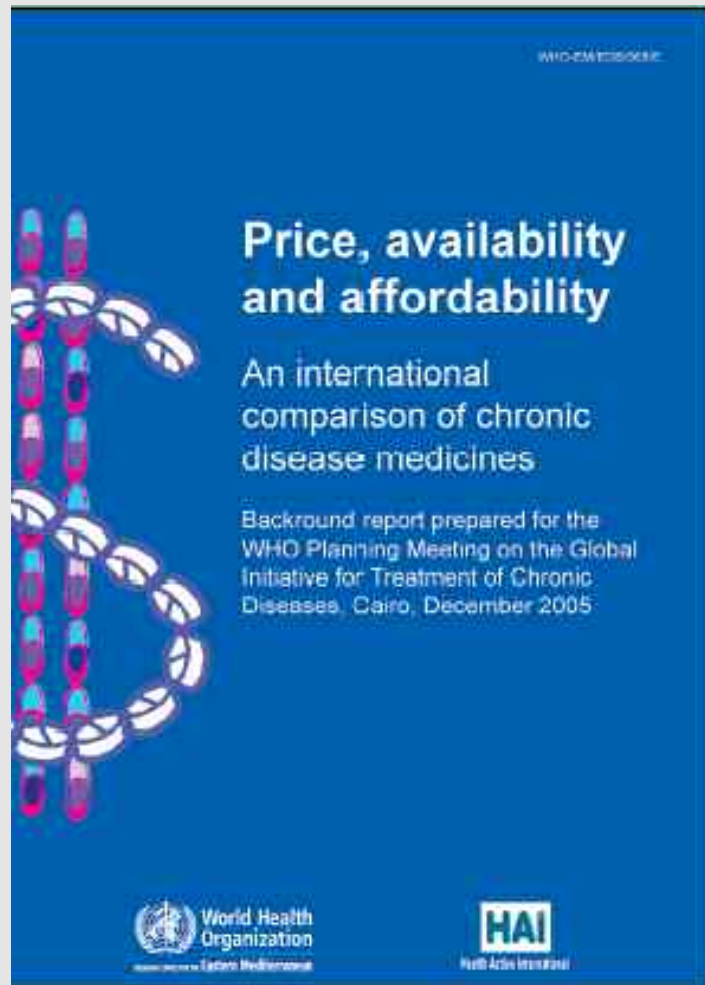
- Systematic sampling of medicine outlets in at least 4 areas, minimum of 10 pharmacies per area
- Prices of 30 pre-selected commonly used medicines in at least public and private sectors
- Predetermined dose forms & strengths, & recommended pack sizes
- Supplementary lists encouraged, adapted to local needs
- Prices of innovator brand and lowest price generic are sampled
- All components of price from manufacturer to retailer identified
- Affordability assessed for ten pre-selected courses of treatment
- Excel workbook, for data entry and analysis, accompanies manual

Strong relationship between WHO/HAI price survey & IMS for original brands in private pharmacy Peru



Source Peter Stephens IMS

Price, availability and affordability analysis



- 14 chronic disease medicines
- 5 conditions: asthma, diabetes, epilepsy, hypertension, psychiatric disorders
- 30 surveys
- Public sector procurement prices and patient prices in the public and private sector
- Affordability: Number of days the lowest paid unskilled government employee must work to purchase 30 days treatment

www.haiweb.org/medicineprices

Median price ratios

Median price ratio

ratio of median price across the facilities surveyed by an international reference price

International reference price

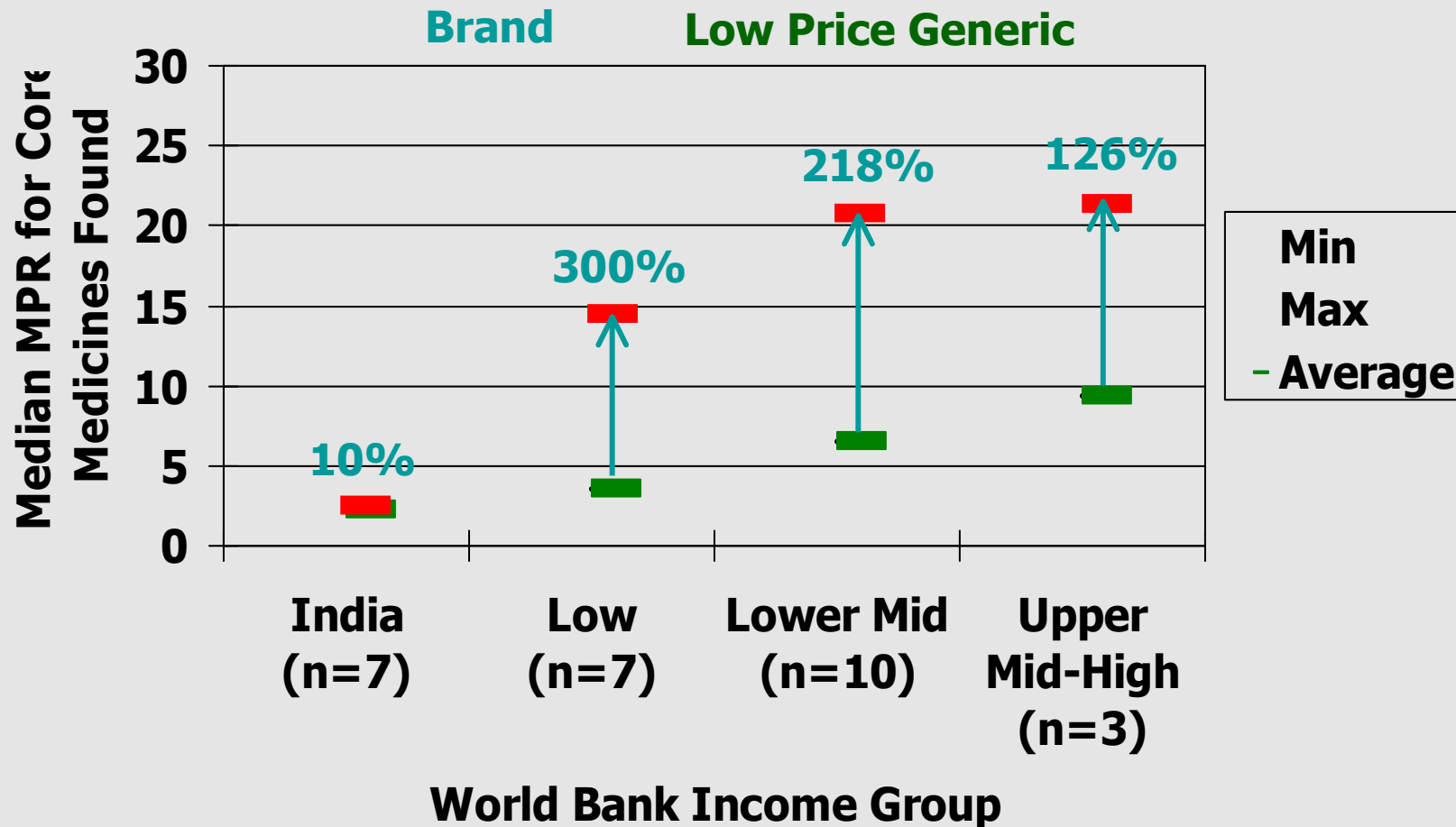
Management Sciences for Health (MSH) International Drug Price Indicator Guide

Recent procurement prices offered predominantly by not-for-profit suppliers to developing countries for multi-source generic products.

Median price ratios, public sector

	<i>Procurement price</i>		<i>Patient price</i>	
	Originator	Generic	Originator	Generic
captopril 25mg tab				
Kenya (2001)	12	4.17		
Morocco (2004)	37.65	12.80	free	free
Indonesia (2004)	-	1.35	21.80	1.69
China/Shandong (2004)	-	0.33	-	0.23
Mongolia (2004)	-	1.58	-	2.89
phenytoin 100mg cap				
Indonesia (2004)	-	2.19	-	21.46
glibenclamide 5mg tab				
Chad (2004)	-	1.29	-	4.49

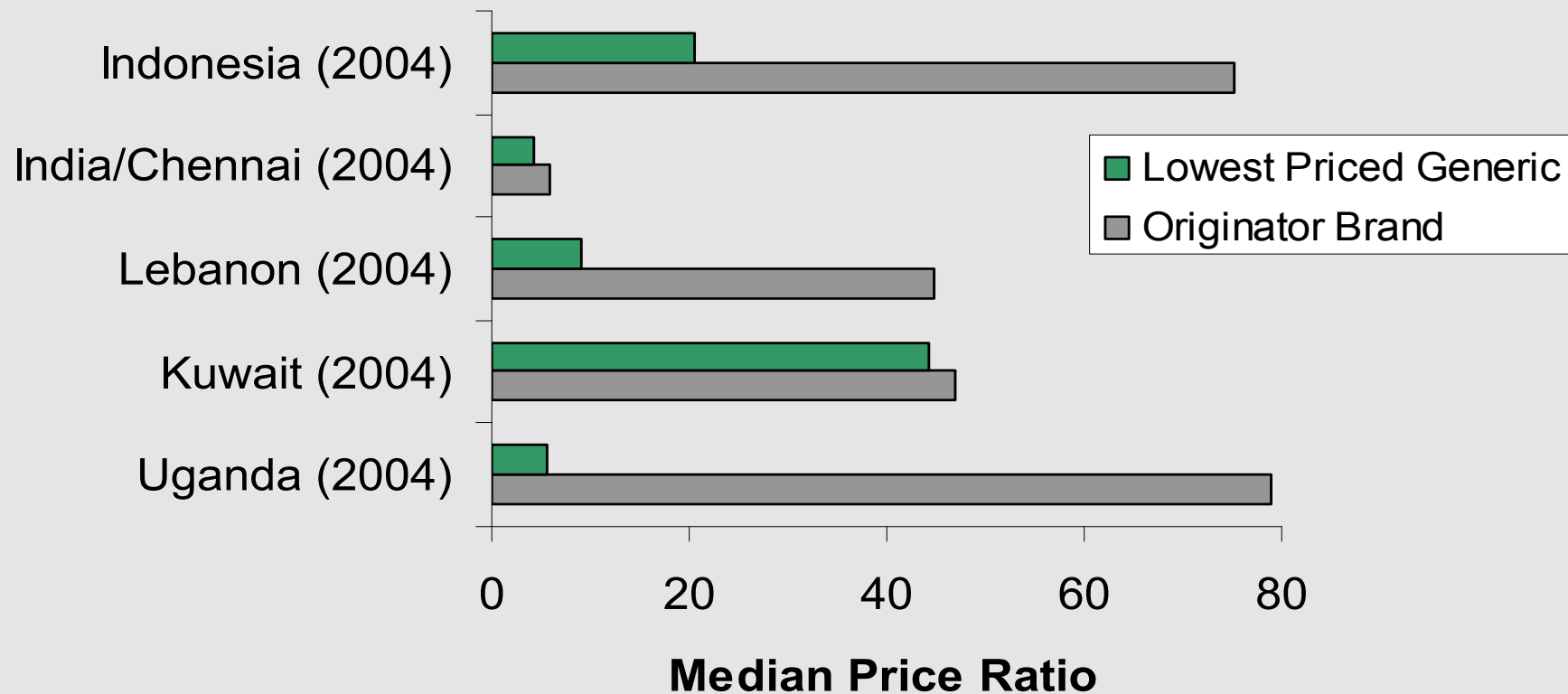
Lowest Price Generic and “Brand Premium” in Private Retail Outlets by Country Income



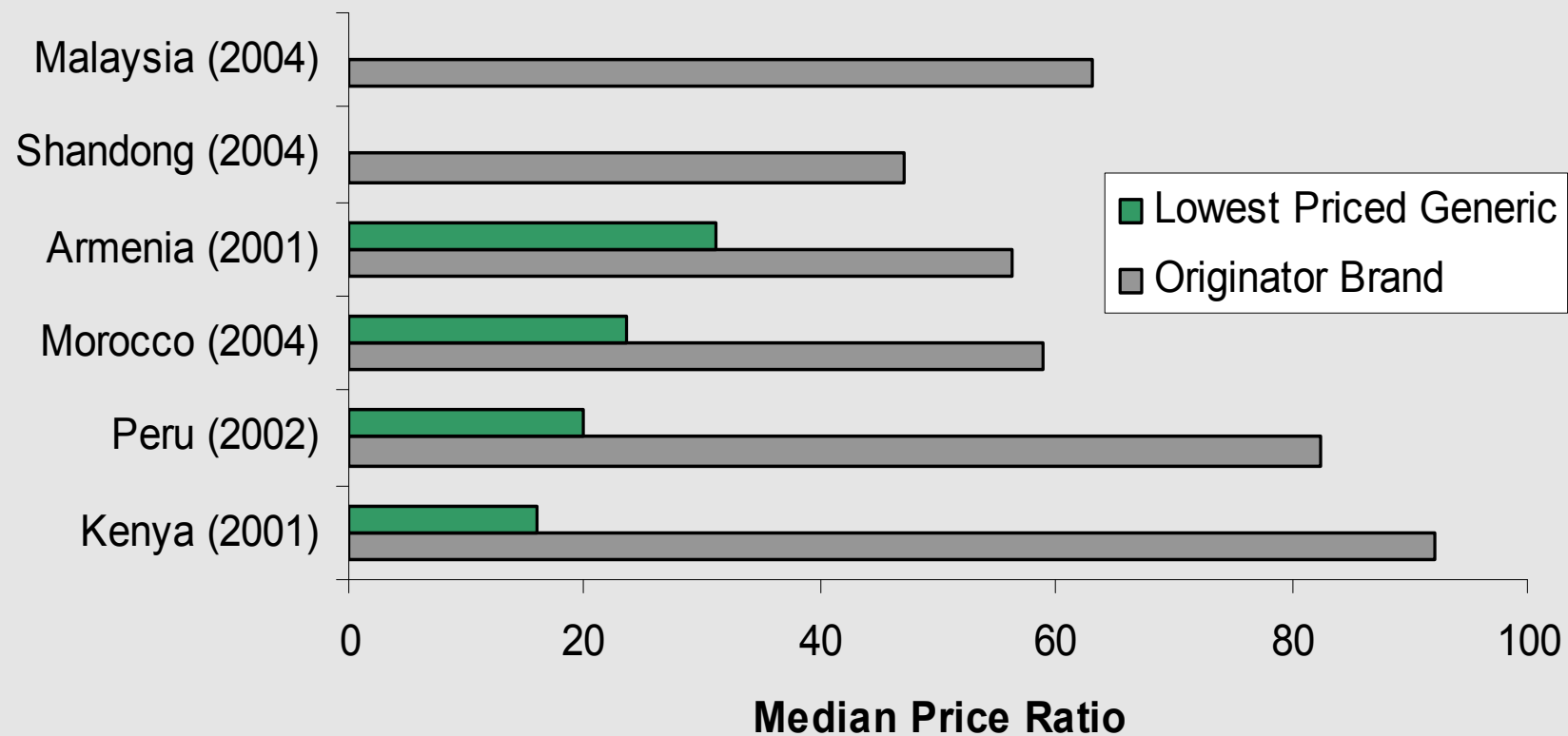
* MPR = Median price of core medicines found in 4+ outlets as ratio of MSH generic procurement price

Note: Surveys with 8+ medicines on WHO-HAI core list found in both brand and LPG

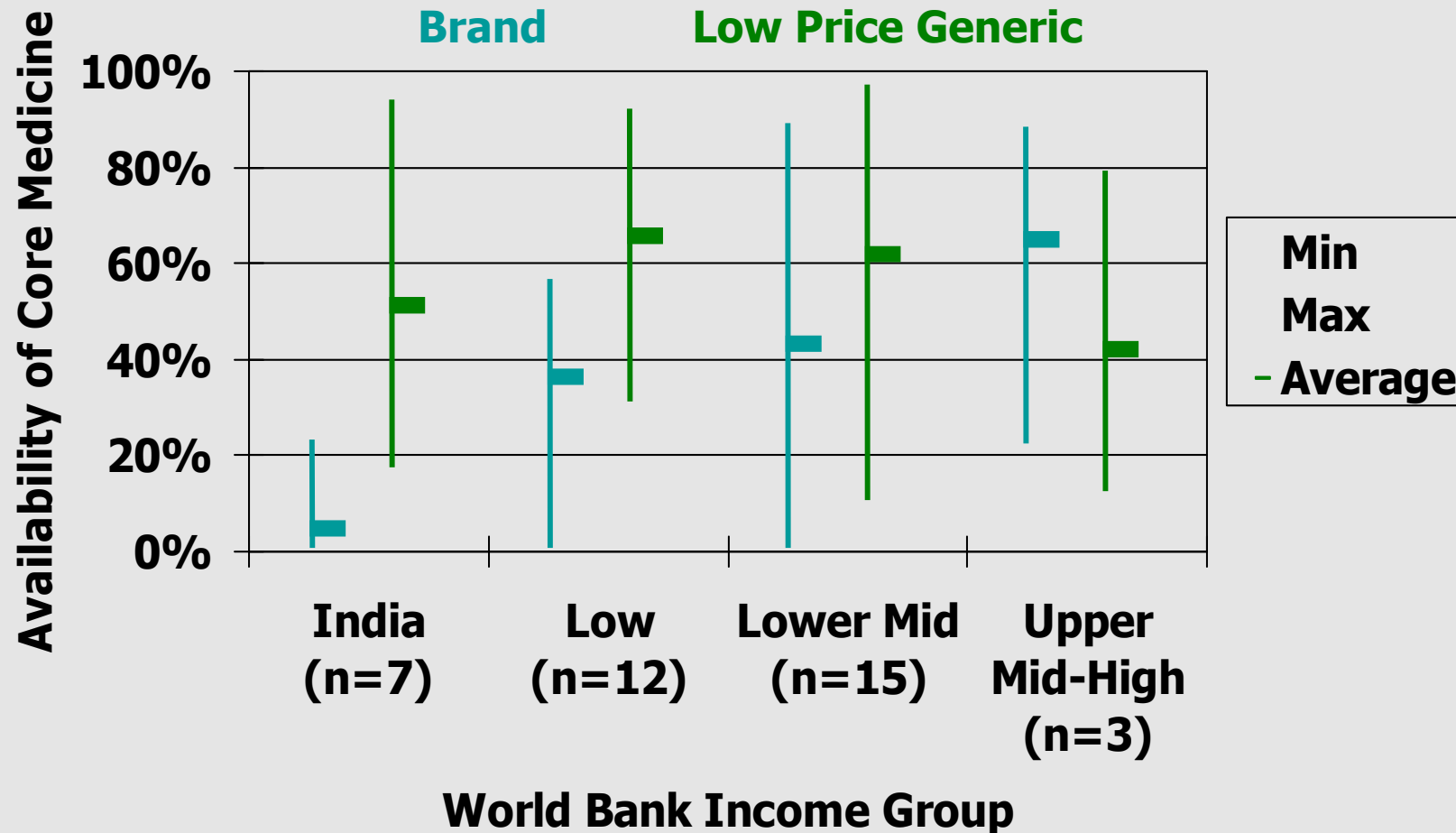
Median price ratios, atenolol 50mg tab, private retail pharmacies



Median Price Ratio, fluoxetine 20mg cap, private retail pharmacies



Availability of Medicines in Private Retail Outlets by Country Income Group



* MPR = Median price of core medicines found in 4+ outlets as ratio of MSH generic procurement price

Note: Restricted to surveys with 5+ medicines on WHO-HAI core list found

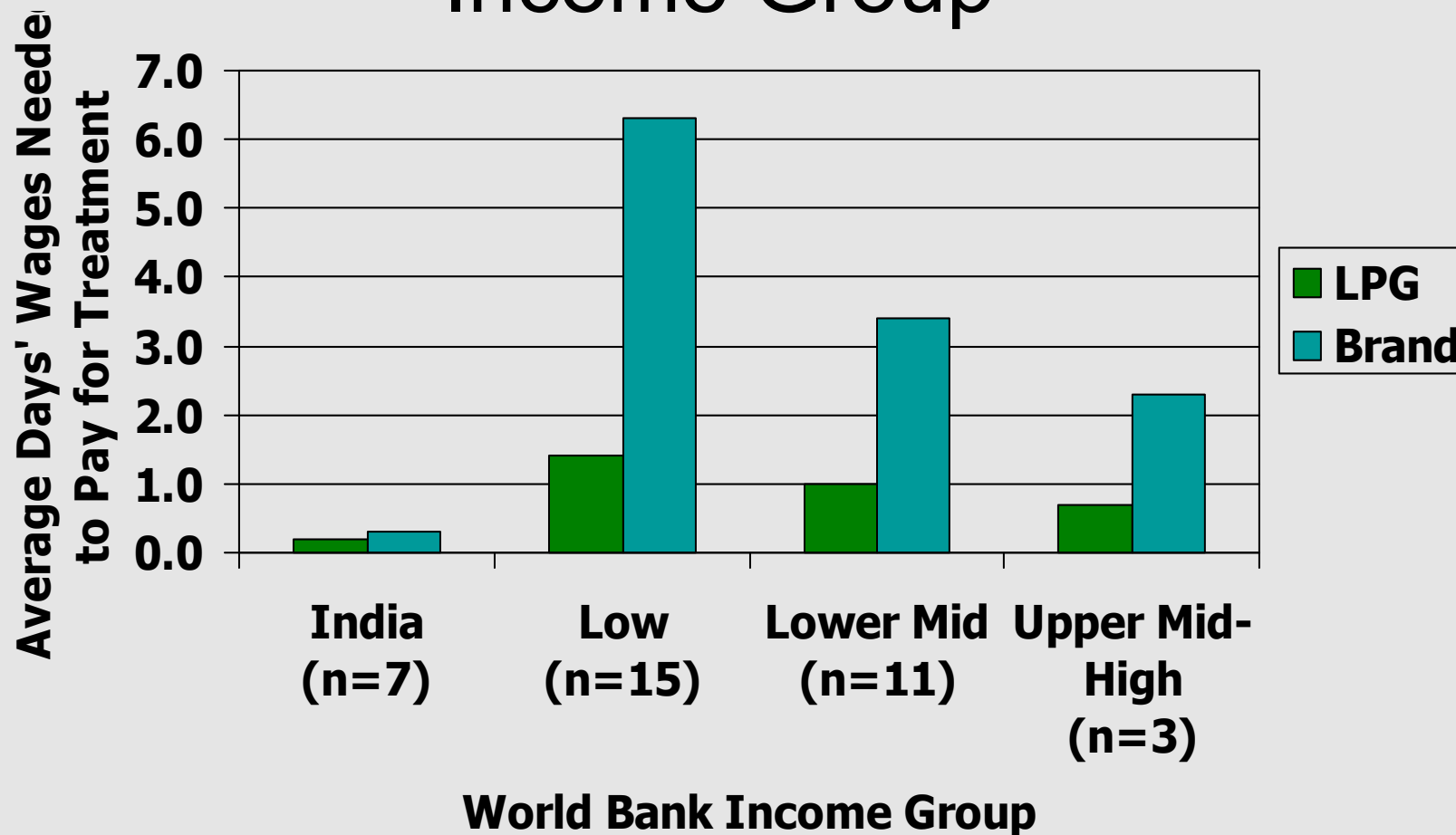
Availability: glibenclamide 5mg tab

	<i>Public sector</i>		<i>Private sector</i>	
	Originator	Generic	Originator	Generic
Shandong (2004)	0%	5%	0%	5%
Mali (2004)	0%	5%	55%	45%
Lebanon (2004)	0%	10%	100%	98%
Morocco (2004)	0%	100%	100%	100%

Availability: beclometasone inhaler 50mcg/dose

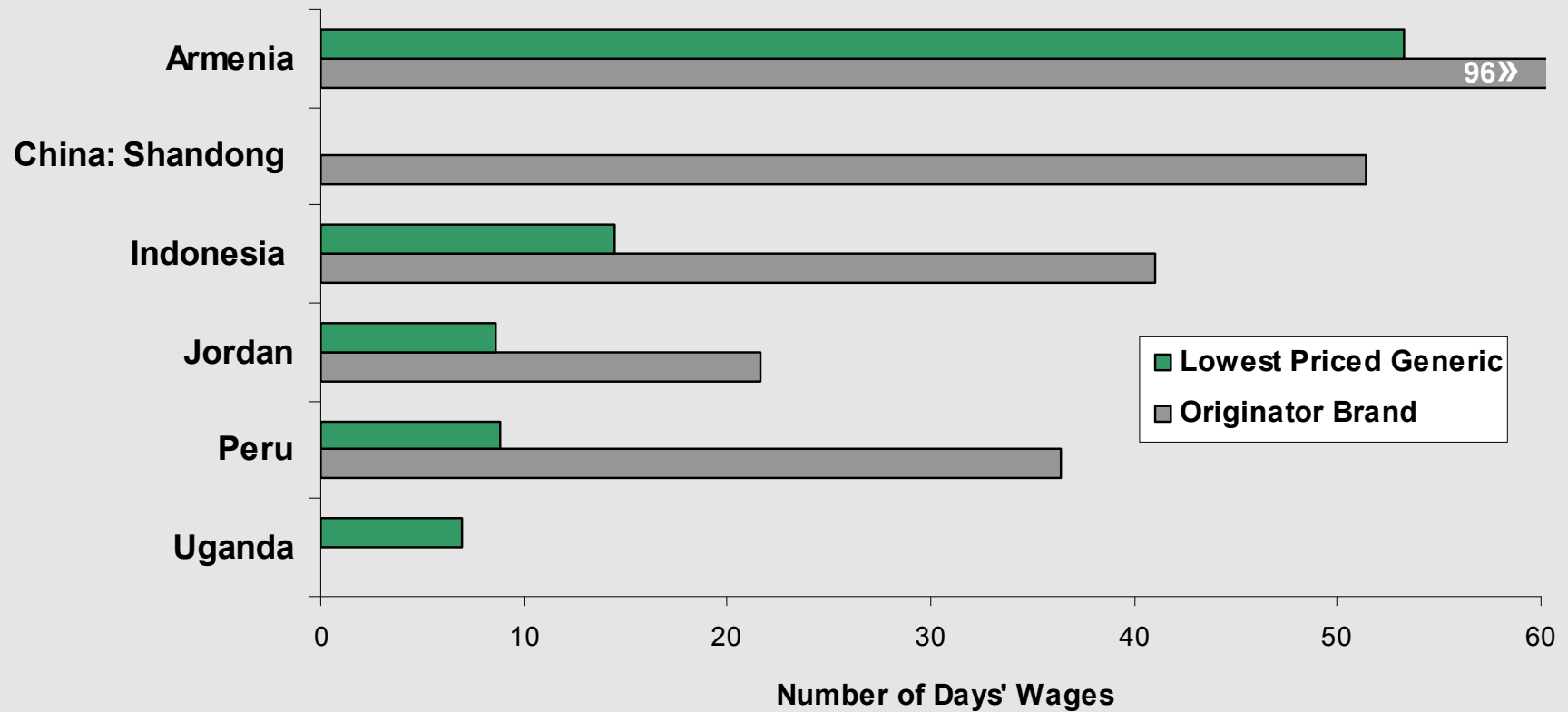
	<i>Public sector</i>		<i>Private sector</i>	
	Originator	Generic	Originator	Generic
Chad (2004)	4%	0%	18%	0%
Maharashtra (2005)	0%	0%	0%	10%
Mongolia (2004)	0%	0%	0%	4%
Philippines (2002)	15%	0%	9%	1%
Indonesia (2004)	0%	0%	2%	0%
Morocco (2004)	25%	65%	5%	50%

Affordability* of Diabetes Treatment in Private Retail Outlets by Country Income Group



* # of days' wages of lowest paid government worker needed to pay for monthly treatment
In many countries, 50%-80% of population earn less than this wage.

Affordability: fluoxetine 40mg tab/day 30 days treatment, private retail pharmacies



salbutamol inhaler 0.1mg/dose: availability vs affordability

	EML	Availability Public sector facilities		Affordability Private retail pharmacies	
		Originator	Generic	Originator	Generic
Uganda (2004)	yes	0%	0%	5.6 days	2.0 days
Mali (2004)	yes	0%	0%	4.2 days	2.7 days
Indonesia (2004)	no	13%	0%	4.1 days	-

Taxes on Medicines

Tajikistan (private sector, imported medicines)

VAT 20% Customs duty 5% Tax 1-5%

+ transport charges, wholesale & retail mark-ups

Eliminate taxes: cumulative mark-up 123% → 74%

Mongolia (private sector, imported generic)

Customs duty 5% stamp duty 1% VAT 15%

+ wholesale & retail mark-ups

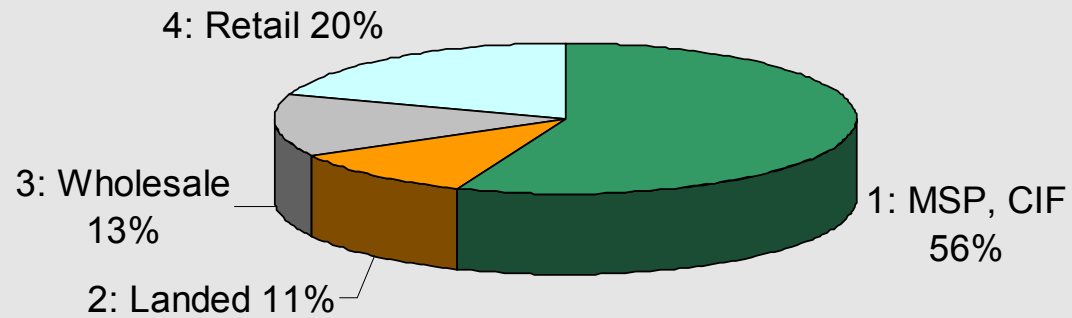
Eliminate taxes: cumulative mark-up 98% → 63%

Peru (imported generic)

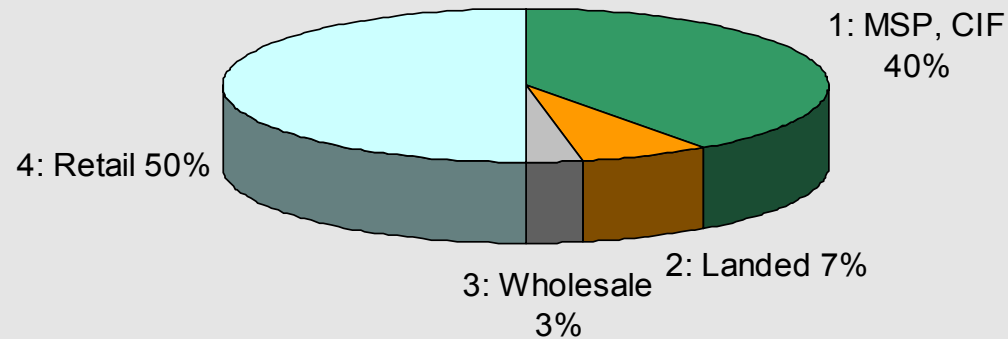
Import tax 12% VAT 18%

Malaysia: atenolol 50mg tab private retail pharmacies

Originator (patient price: 72 RM)

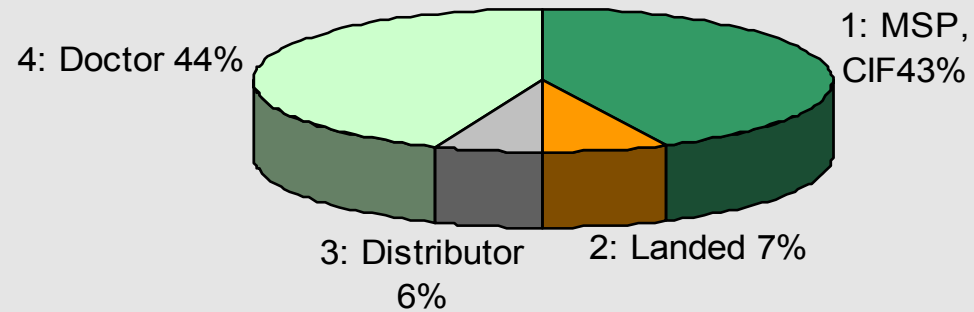


Generic (patient price: 24 RM)

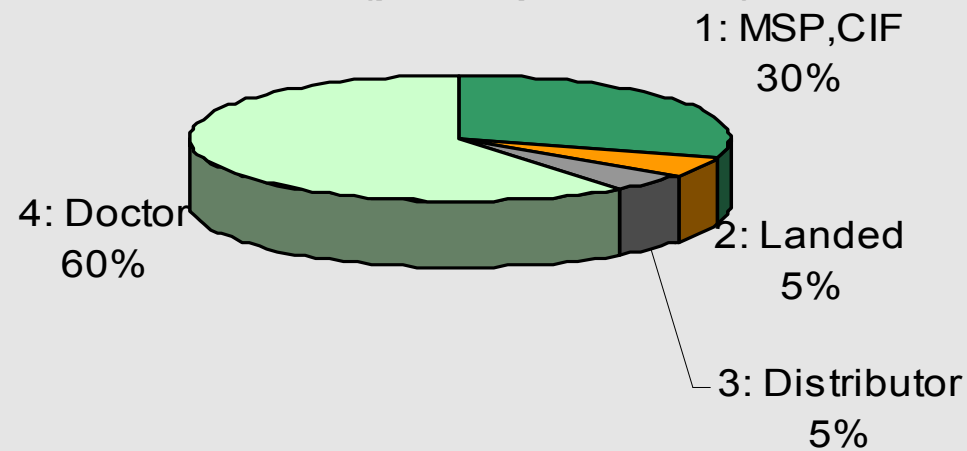


Malaysia: atenolol 50mg tab dispensing doctors

Originator (patient price 94.29 RM)



Generic (patient price 32 RM)



Public sector component costs: Chad

Official rates for generics:

- Statistics tax 2%
- Central Medical Store mark-up 16%
- Regional Medical Store mark-up 25%
- Health facility mark-up 30%

Cumulative mark-up: 92%

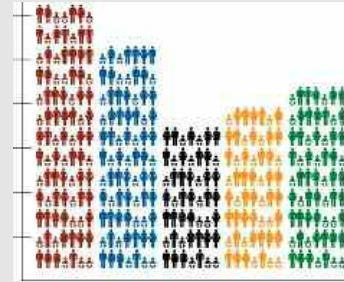
Many policy options 1

- Purchase low priced quality generics for off-patent medicines, permit generic substitution and create incentives for their dispensing in the private sector
- Patented medicines – equitable prices, use the flexibilities of trade agreements to introduce generics while a patent is in force
- Aid generic competition eg fast-tracking, waive registration fees

Many policy options 2

- Stop taxing essential medicines and control pharmacists remuneration – linked to service not value of medicine
- Where there is little competition, consider regulating prices - from manufacturers' selling price to margins in wholesale and retail.
- Educate doctors and consumers on availability and acceptability of generics, and publicise the price of generics
- Separate prescribing and dispensing

Medicine prices and availability are too important to ignore



Need for countries to:

- undertake price surveys
- improve transparency by reporting the results on the database
- develop evidence-based pricing policies to lower prices and improve availability
- monitor the outcome
- commit to ensuring that essential medicines are available and affordable to all of their populations

<http://www.haiweb.org/medicineprices>