

THE PHARMACEUTICAL SYSTEM IN ARMENIA IN THE IN- AND OUT-PATIENT SECTOR

Margarit Melikyan

DRUG UTILIZATION RESEARCH GROUP
ARMENIA



Total population 3,083,000
Life expectancy at birth m/f (years) 66/74
Gross national income per capita (PPP international \$) 6,310
Total expenditure on health per capita (Intl \$) 241
Total pharmaceutical expenditure (TPE) AMD 23,103 million (US\$ 75.5 million)
Total expenditure on health as % of GDP 4.7
Total pharmaceutical expenditure per capita AMD 7,030 (US\$ 23)
Total number of registered drugs 4500
Number of domestic manufacturers 10
Number of wholesalers 30
Number of retailers 1500



Armenia has adopted the WHO Essential Medicines Policy in 1998 by stipulating in the RA Law on Medicines that “The RA population is guaranteed availability of and access to medicines included in the List of Essential Medicines”.

In 1999 the Basic Benefits Package was established. Based on a set of criteria, it defines 'vulnerable' and 'special' segments of the population that are eligible to receive medicines.

The Ministry of Health has approved

- List of Essential Medicines,
- Procedure of organization and financing of state-guaranteed free medical assistance and services has been adopted,
- Procedure of dispensing of free or discount medicines,
- Procedure of procurement, receipt, maintenance, recording and dispensing of medicines by health facilities.

PRICING

Armenia declared its independence in 1991; and then changed its economy system from socialism to capitalism. All the pharmaceutical organizations (producers, wholesalers, pharmacies) were privatized and new legislation and regulation were enforced.

At present prices for all medicines are regulated only by market in Armenia.

There are no legal or regulatory provisions affecting pricing of medicines. The government does not run an active national medicines price monitoring system for retail prices. Regulations exist mandating that retail medicine price information should be publicly accessible.

No fixed wholesale mark-ups: *according to expert opinions the average wholesale mark-ups are about 15%.*

No fixed pharmacy mark-ups: *according to expert opinions the average pharmacy mark-ups are about 20%.*

No mark-ups at hospital level.

VAT: According to the legislation of Republic of Armenia the Value Added Tax (20%) has been effected on medicinal products since 2001.

REIMBURSEMENT

The Positive list is based on National list of Essential medicines (300 medicines).

List of diseases and social groups eligible for free or discount medicines has been approved.

For some of the defined population groups (*e.g. people with first and second degree disabilities, children under 7 and etc.*) medicines are provided **free of charge**.

For some of the defined population groups (*e.g. people with third degree disabilities, elderly persons and etc.*) the government is obligated to provide **partial subsidies**.

The following medicines are considered to be provided **free of charge**:

Antipsychotics, antineoplastic and narcotics, antidiabetics, antiepileptics, anticoagulants after valve prosthetics, colchicines, cyclosporine, erythropoietin, micofenolat mofetil and analogs.

REFORMS

According to the new Healthcare and Pharmaceutical legislative reforms it is planning to implement medicines price regulation and reimbursement system in Armenia.

- Implement the State Insurance System.
- Develop and adopt a medicines reimbursement procedure, including the restricted provision of only essential and orphan medicines for reimbursement, definition of reference price and co-payment possibility.
- Develop and adopt selection criteria for essential and orphan medicines, as well as procedures for preparation, approval and revision of lists.
- Revise (i) the existing lists of social groups eligible for free and discount medicines and the list of diseases; (ii) names of medicines in lists of goods received through regular tenders, (iii) the medicines dispensing procedure taking into consideration also provision of orphan medicines for uncommon diseases.