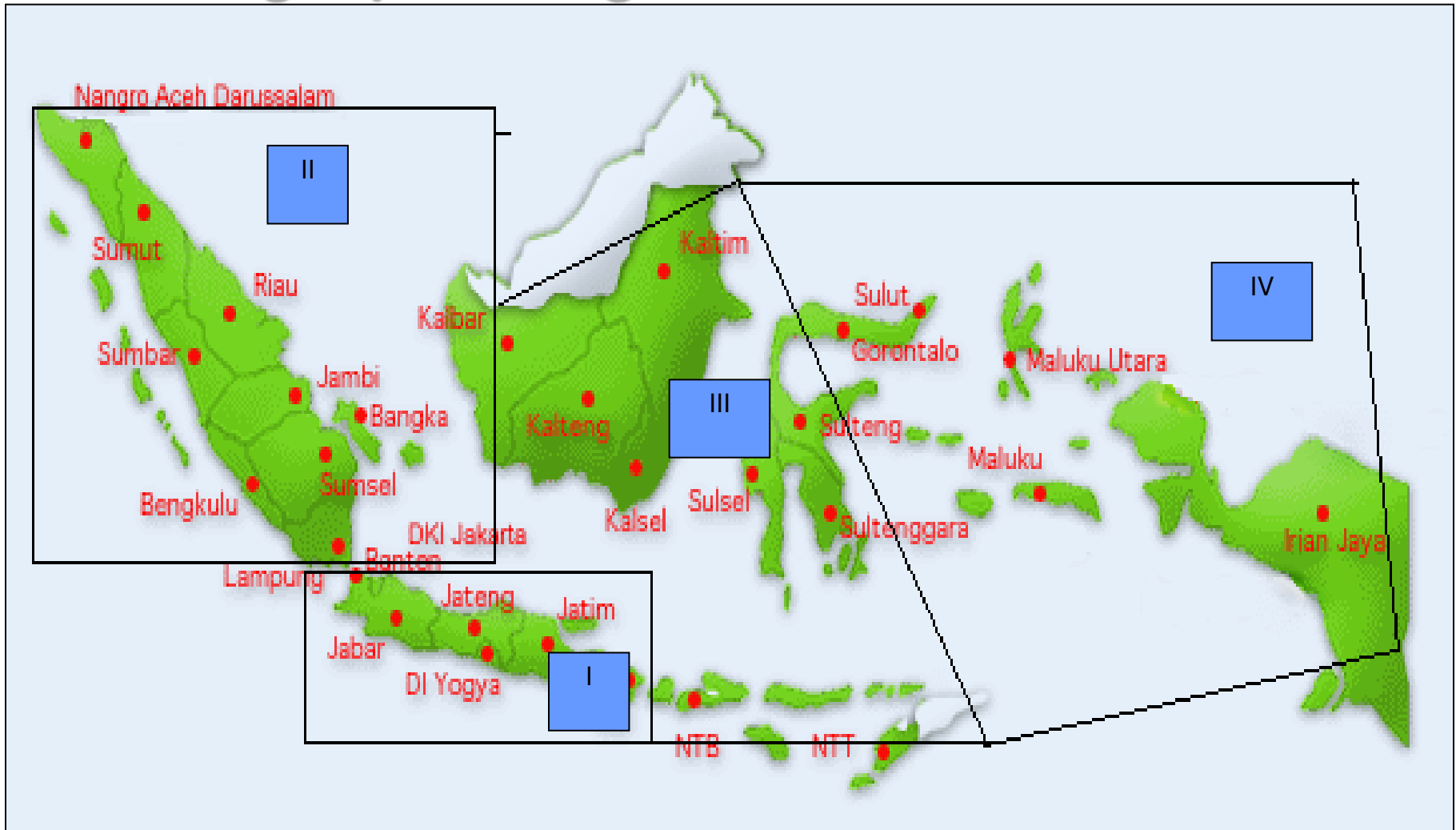


MEDICINES PRICES IN INDONESIA

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Geographic regions



- Medicines Prices Survey :**
- National Medicines Survey (2004)
 - Price Component Study (2005)

Sample & Medicine Selection

1. National Medicines Prices

Public	- Primary health centres(Public Procurement) - Public hospitals
Private	- Retail pharmacies - Private hospitals
Other	- Dispensing doctors

Number of Medicines surveyed :	26 from the core list of WHO/HAI 16 local supplementary	<input type="checkbox"/>	33 were analysed
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2. Price Component Study

- Distributors, General hospitals & Retail Pharmacies

- Off patent products: amoxicillin 250

Recently off patent: ciprofloxacin 500

Patented: losartan 50

Percentage availability in public vs private sectors

	PUBLIC			PRIVATE		
Medicine type	Median Availability	25%ile	75%ile	Median Availability	25%ile	75%ile
Innovator brand	6.7%	0	13.3%	25.9%	8.6%	48.3%
Most sold generic	20%	0	33.3%	36.2%	0.0%	56.9%
Lowest price generic	46.7%	6.7%	73.3%	62.1%	2.5%	82.8%

Median Median Price Ratios in Public vs Private Sectors

	PUBLIC				PRIVATE			
Medicine type	No. of subst.	Median MPR	25%ile	75%ile	No. of subst.	Median MPR	25%ile	75%ile
Innovator brand	3	21.80	13.98	36.47	25	22.78	10.75	54.10
Most sold	13	5.51	1.69	7.27	22	6.74	2.32	9.69
Lowest price	23	2.54	1.73	5.77	26	2.78	1.92	8.06

Medicine Price Components

	Mark up Cost				
The manufacturer's selling price (bases)			100		100
Distributor	P.Margin 6% – 15 %	6%	6 ----- 106	15%	15 ----- 115
	VAT 10%	10%	10.6 ----- 116.6		11.5 ----- 126.5
Retail pharmacies and hospitals	VAT 10%	10%	11.66 ----- 128.26		12.65 ----- 139.15
	P.Margin 20% – 35 %	20%	25.65 ----- 153.91	35%	49 ----- 188.15
	dispensing fee	Small fixed amount			
The prices that customer have to pay		(153.91 – 188.15) + dispensing fee			

CONCLUSION

Prices are high as compared to international reference prices → there are large differences between innovator brand & generic equivalent products.

The prices of generic medicines vary and the cheapest generic equivalent is not always the most sold

The availability of medicines in public sector (public procurement), is far from optimal. → the price differences between public & private sectors are considerably low

Generic equivalent products are widely available in all sectors & the prices are much lower than innovator brand products resulting in treatment being affordable for most people

The prices vary across regions in Indonesia suggesting distribution cost & transportation costs have less influence to final price & high market predomination in determining price

The Accumulative mark up of the medicines prices from distributor to consumer were 54% to 88%


10% VAT is imposed both on distributor's and retailer's price, total VAT is 20%

The discount factors affect the pricing policy of retailers.

Based on the findings of the studies, actions have been done and recommendations have been proposed as follow:

- Actions:
 - workshop with all stake holders opened by Health Ministers
 - ⇒ recommendation to government
 - The results of the survey & other studies are used as the base of the new medicine policy about “labeling of the highest medicines prices & generic name on the medicines’ packaging”
 - The MOH has signed to stakeholders that the medicines prices will be reduced to be more rational. However, this is still in the political debate and facing challenges from the pharmaceutical companies association

Recommendation Policy

- The government should make deregulation on the medicines prices instead of market dictates the prices, because high medicine prices deny access public to health care. The way of government do it can be as follow:
 - Pricing control since very early (registration of new medicines by refer to international standard)
 - Improving the price monitoring for the medicines are already on the market
 when the prices of medicines are to be increased, they have to be approved by government
 - The VATs should be reduced or even omitted in particular for medicines on the EML
 - The pricing policy for public procurement should be done more transparent and refer to international standard price
 - To add the no.of items of non-branded generic that prices full controlled by the government
 - To provide incentive to the prescriber & pharmacies if they give non-branded generic medicines to the patients
 - Continuously education to the community about the use of non-branded generic medicines
 - In the long term the National Health Insurance & PBS should control the medicines prices