

# Evaluation of medicine prices, availability, affordability and price structure in Malaysia



---

Zaheer-Ud-din Babar

Mohamed Izham Mohamed Ibrahim

Harpal Singh

Nadeem Irfan Bukhari

*June 2006*



# Sampling

---

- Public Facilities (20, 5 in each region)
- Private Sector Retail Pharmacies (32, 8 in each region)
- Dispensing Doctors (20, 5 in each region)

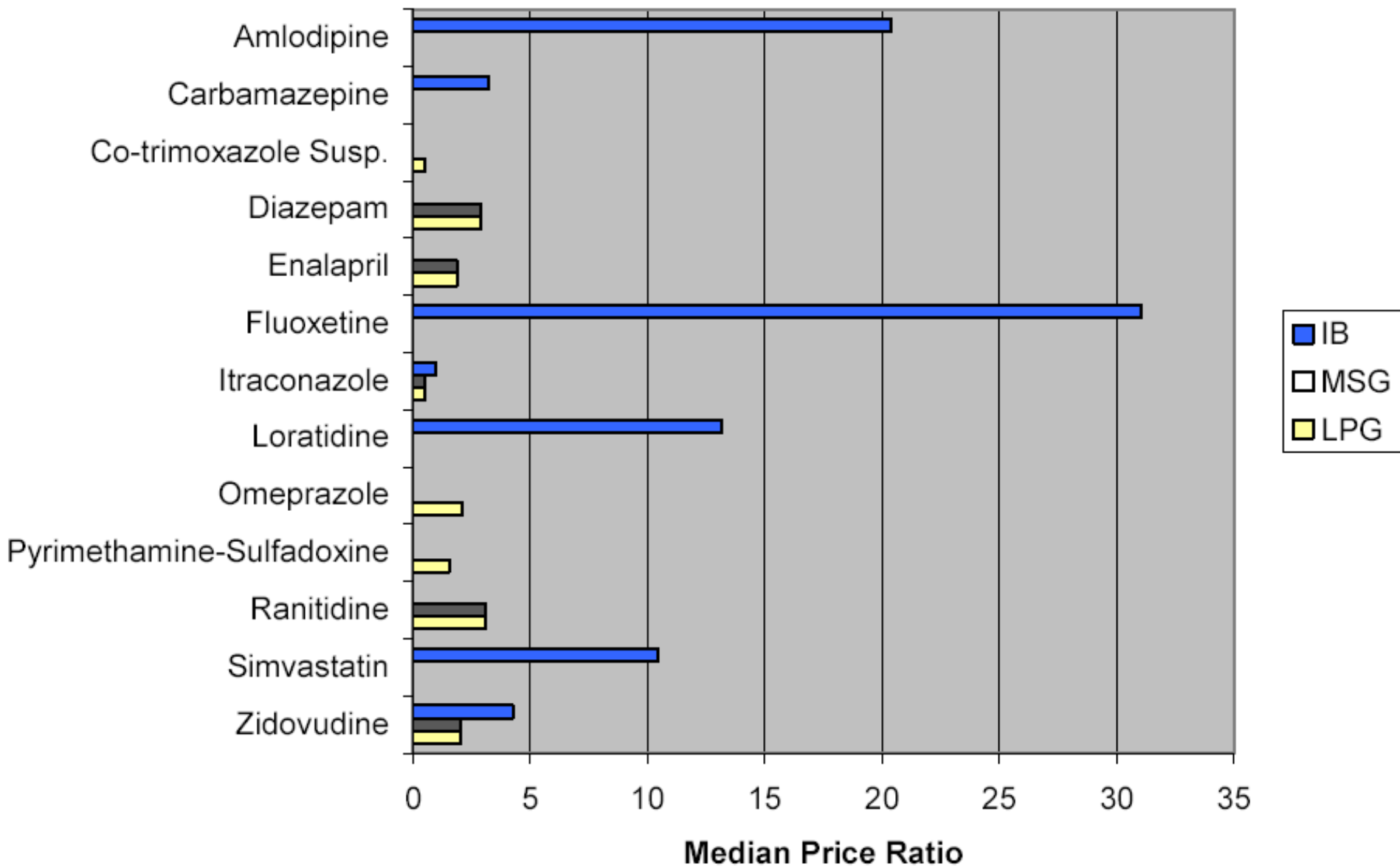
## **Case Study**

- University Hospitals (2)
- Private Hospitals (5)

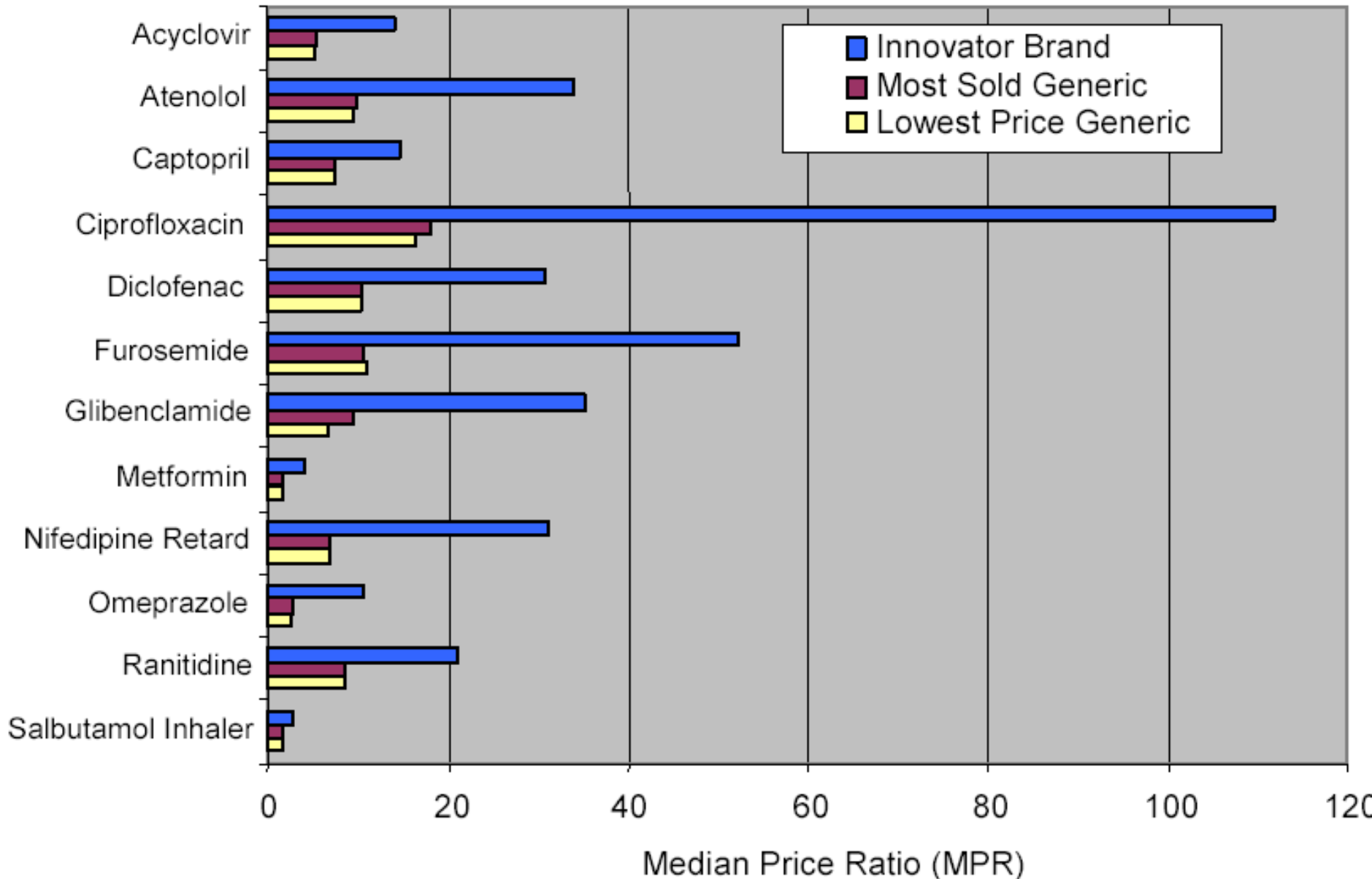
# Median MPRs of IB, MSG and LPG in Public for Procurement Sector, Private Sector Retail Pharmacies and Dispensing Doctors Sector

<b>Drugs</b>	<b>Public Sector</b>	<b>PSRP</b>	<b>DDS</b>
Innovator Brands	2.41	16.35	15.40
Most Sold Generic	1.56	6.89	7.76
Lowest Price Generic	1.09	6.57	7.76

# Public sector procurement prices

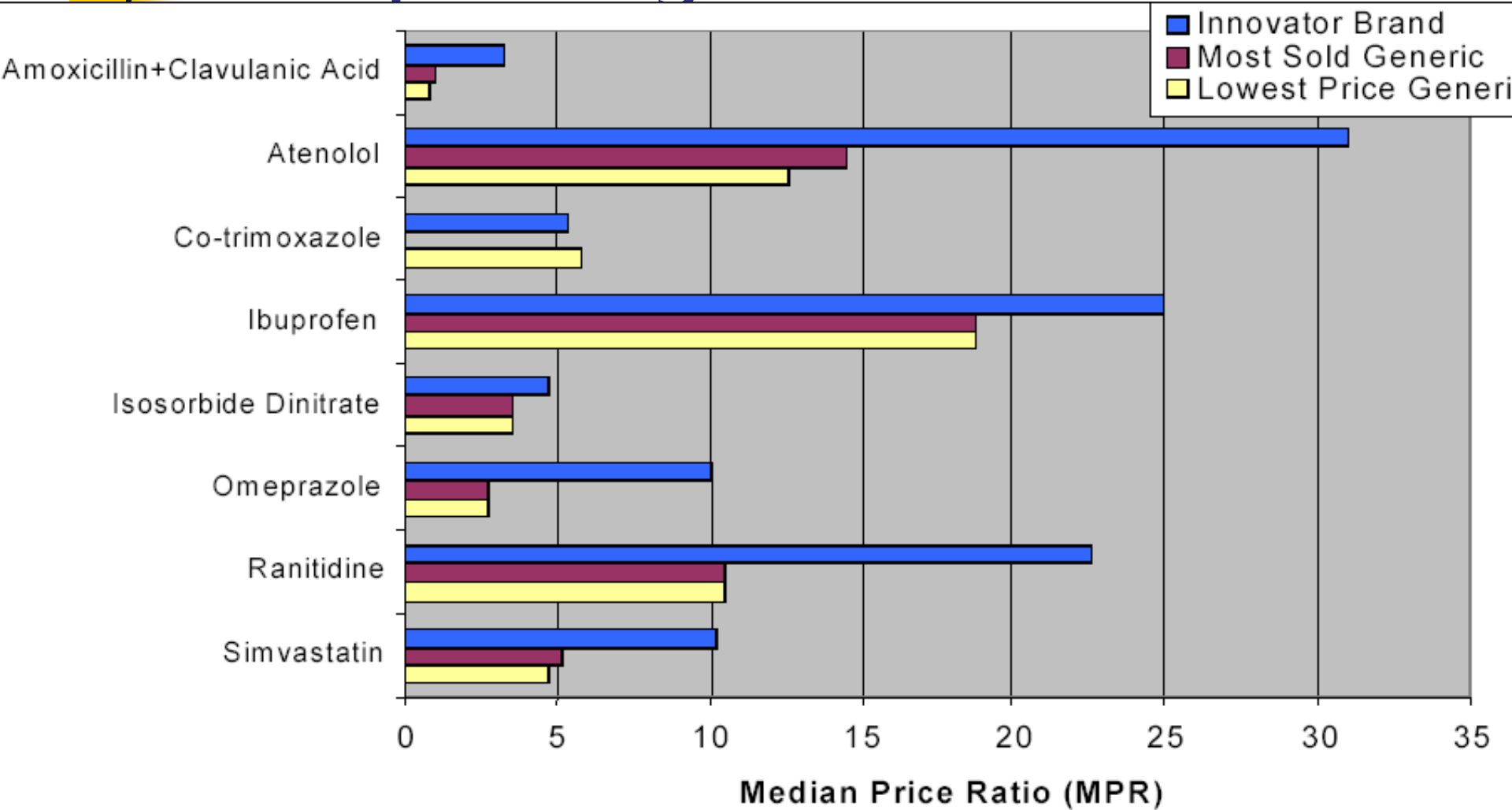


# Private Retail Pharmacies





# Dispensing doctors



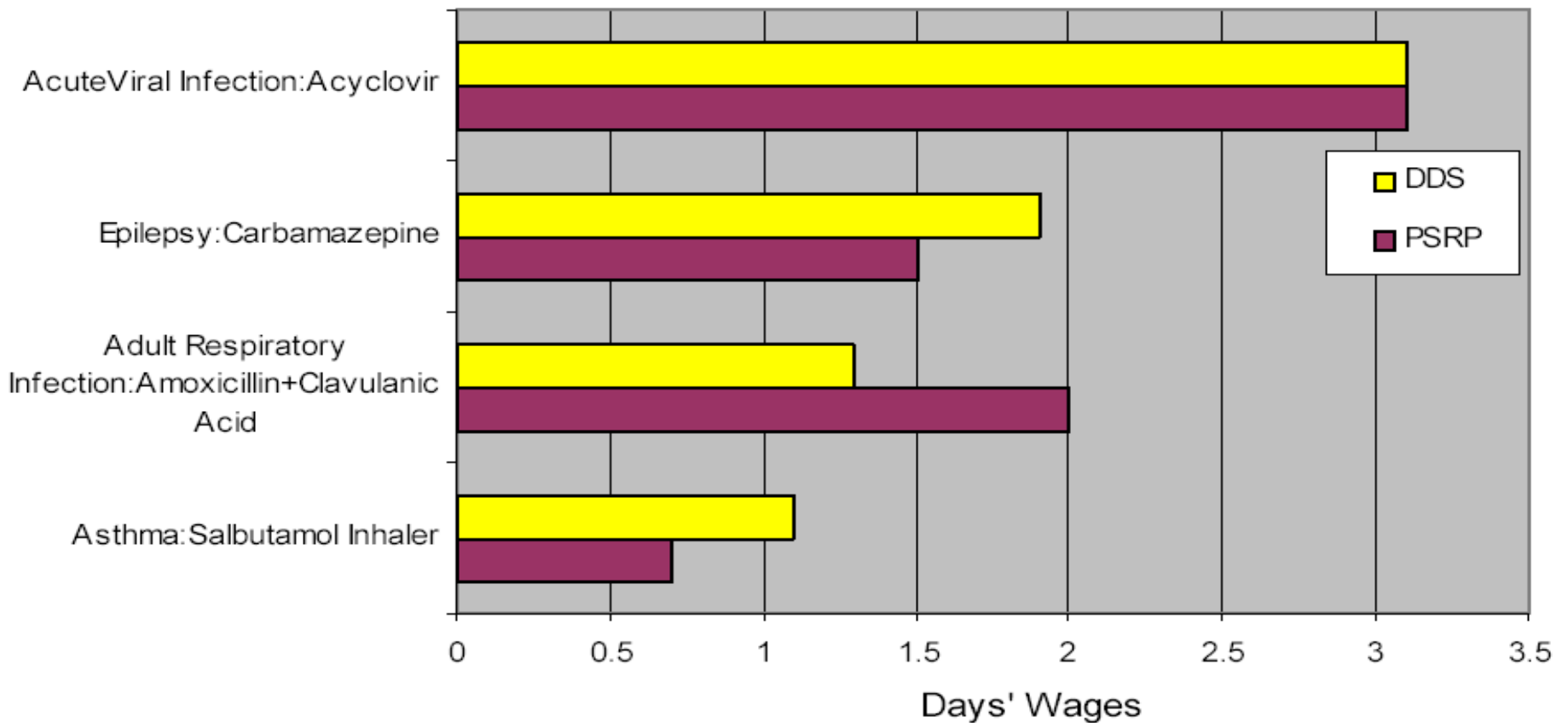


# Comparison of Medicine Availability

---

- In the public sector when all 48 drugs (core and supplementary) were assessed the median availability was low, only 25% of the generic drugs were available in 20 facilities surveyed. However:
  - There was 100% availability of generic furosemide, lovastatin and ranitidine.
  - 90% or more of the facilities had generic propranolol, doxycycline, metformin and nevirapine and 80% had salbutamol inhaler.
- In private pharmacies the median availability of all surveyed medicines was 43% for LPG, 18% for MSG and 39% for IB.
- In dispensing doctor's clinics, the availability was 45% for LPG, 15% for MSG and 10% for IBs.

# Affordability of generics



**Exhibit 3.14:** Comparison of the affordability of generics to treat four conditions when purchased from private pharmacies (PSRP) and dispensing doctor clinics (DDS)





# Price Components - Comparison of Retail Mark-ups

<b>Medicine</b>	<b>Retail Pharmacy mark-up</b>	<b>Dispensing Doctor Mark-up</b>
Generic Atenolol 50 mg tab	100%	146%
IB Atenolol 50 mg tab	25%	76%
Generic omeprazole 20 mg caps	140%	317%
IB omeprazole 20 mg caps	38%	50%



# Conclusions – excerpts

---

- Prices were generally high
  - in the private sector for both generics and IB
  - in the public sector for IB
- High availability of branded drugs and comparatively low availability of generic alternatives in the private sector
- Generally high mark-ups along the supply chain, which drives up the price and makes medicines less affordable to the people who need them.
- Profit margins and mark-ups are particularly high in dispensing doctors and private retail sectors for generics as compared to innovator brands.



# Recommendations – excerpts

---

- There is a need for a pricing policy. i.e.
  - Establish maximum wholesale and retail mark-ups
  - Regulate prices of innovator products and generics.
- A price monitoring system is needed in Malaysia.
- Mark-ups must be reasonable and incentives be given such that generics are prescribed and dispensed.
- There should be an investigation as to why generics are expensive and why generic availability is poor.
- There is a need for a generic substitution policy.