Medicine prices

Conducting a medicine pricing survey: experience and challenges

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The issue of medicine pricing has always been of great concern for developed and developing countries due to the high costs incurred in pharmaceutical care. Generally, pricing surveys involve many key players including the pharmaceutical industry, government agencies, the private health care system and pharmacies. Although various stakeholders recognise the medical price issue, very few want to reveal the true situation and address it in a systematic manner.

However, WHO and Health Action International (HAI) have undertaken commendable tasks of developing a simple and robust methodology which has addressed some earlier flaws in pricing surveys.

Learning about drug prices

Systematic work on drug pricing issues in Malaysia is scanty. A pilot pricing survey was conducted on a few drugs using the WHO/HAI methodology. This informal attempt to obtain some baseline price data resulted in the discovery of remarkable differences in the prices of some drugs when compared with Management Sciences for Health reference prices.

The survey was an ongoing project and more drug prices were surveyed. The preliminary data were presented in a WHO/HAI conference on medicine prices in 2004 in Bangkok. The workshop was useful and informative, adding greatly to participants’ knowledge. Those attending were encouraged to submit their research proposals for the survey in their respective countries. We were not very sure how we could conduct a well-planned and systematic survey. But we were motivated and seriously started thinking of putting theory into practice.

Undertaking such a survey is beyond the scope of an individual, and requires the commitment of a group of people. We started contacting people—consumer associations, academics, pharmacists, pharmacy and medical associations and NGOs to contribute in one way or another. Initially the response was not very positive. The negative response may have been due to the fact that the survey was not seen as a priority. It took a long time to persuade the various stakeholders to play their part in conducting a successful survey, which could have implications for policy change.

In the meantime, a proposal was submitted to WHO/HAI, and after minor revisions was accepted. The project was now supported and endorsed by WHO/HAI. Our institution assisted in setting up a secretariat for the survey, with an associate survey manager appointed who is responsible for the planning and organization of the survey. Now our efforts were proving successful, with the necessary individuals and organizations consenting to take part. We have principal and co-investigators, a survey manager, and the back up of an advisory group of academics, doctors, pharmacists, representatives of NGOs and an economist.

Recently the first meeting of the advisory group was held for discussion and planning, and the training sessions for data collectors were held, using the WHO/HAI training manual. We have also identified the facilities from which data will be collected, and now we are moving forward on data collection.

Lessons learnt

The lessons learnt during this process were interesting and may be helpful for those who want to start a survey. To conduct a medicine pricing survey is not an easy task and it requires great deal of time, effort and commitment. It also requires good administrative, investigative and analytical abilities with excellent networking skills. Project leaders can pave the way by forming an advisory group of like-minded people working on medicine access issues. The formation of such a group is challenging, and to integrate and convince various stakeholders and involve them in mainstream work is a difficult task.

The survey methodology is very systematic and the same time and effort to learn. Investigators must make an effort to explain to all the stakeholders what the survey involves. What is written in the medicine pricing manual seems very clear but putting it into practice is a really challenging task.

The involvement and background of the principal investigator also matters. A principal investigator must be well versed on the medical pricing situation and have first hand knowledge of the field. However, we believe a medicine pricing survey may be a worthwhile and comparatively minor effort if the price situation is clearly understood, and can lead to the formulation of a pricing policy. The policy can then have a positive influence on the health expenditure in developing countries.

References


Editor’s comment

The article above discusses planning a medicine price survey in Malaysia, but the team has since conducted their survey and produced a very comprehensive report, looking at price, availability, affordability and price components. The survey covered the public sector and two areas of the private sector (private pharmacies and dispensing doctors).

Among the main findings were:

- Public sector prices were reasonable (generally 2.4 times the reference prices for innovator brands, and for different generics between 1.56 and 1.09 times the reference prices).
- Private sector prices: in both the private pharmacies and the dispensing doctors the innovator brands were 15–16 times reference prices and the generics were about 6.5 to 7.5 times reference prices.
- Availability of the surveyed products was generally fairly low, although it appeared that dispensing doctors were more likely to have generics available.
- Affordability was a problem, with many people having to pay the equivalent of 2–7 days’ wages for a course of therapy.

Some key findings concerned the price components of atenolol, omeprazole and losartan. What they show is that for public procurement the base price (manufacturers’ sale price and CIF [cargo insurance, freight]) components amount to between 69 and 81% with the total mark ups ranging from 26 to 46% for atenolol.

For the private pharmacies the base price only amounts to between 40 and 56% of the final price with mark ups amounting to 150% for generic and 80% for innovator atenolol. The situation in the dispensing doctor sector is even more striking, with the base price of generic atenolol being only 30%, and 43% for the innovator brand, of the total price. The combined mark ups are 234% for the generic and 129% for the innovator brand. The final price of the generic version is still less than the innovator brand but the profit margin is substantial.

The study shows that in an unregulated market such as Malaysia, the mark up on generics is much greater than for the innovator brands and that the final cost paid by the consumer may be two or three times the base price. In these circumstances reducing the base price without controlling mark ups may only increase the profits for the wholesalers, retailers and particularly the dispensing doctors.