

Price control deadline: Med-tech firms scramble with solutions

Industry told to self-regulate and cut prices by avoiding 'unnecessary margins'

PTI/NOTH DATA
Mumbai, December 4

Come up with a solution on prices or face Government action, is the demand from the Department of Pharmaceuticals to the medical devices industry. And the deadline for individual companies to submit their proposals to the DoP runs out next week (Monday).

The industry does not want price control, so they have been asked to self-regulate and cut prices substantially by avoiding unnecessary margins to distributors, doctors and hospitals, a DoP official told *Businessline*. Companies can make profits to run their business, but they should not mark-up the price on unnecessary margins that do

not get passed on to the consumer, the official added. Once the proposals are submitted on Monday, the DoP will decide on its course of action.

Stents and orthopaedic implants are primarily on the DoP's radar.

In earlier industry consultations, the DoP had asked for prices to be cut across the board by 50 per cent, or face price control by the Government. However, as is the case with drugs, price control is a difficult pill to swallow for the medical devices industry as well.

Sources familiar with the development expect companies to suggest price reductions ranging between 20 and 40 per cent.

Sector watch

Only 22 medical devices are under direct regulatory supervision

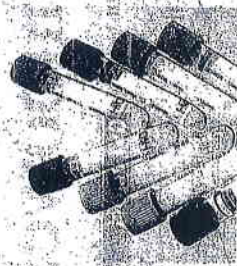
Over 2,000 medical products in India

Imports account for over 70 per cent of the estimated \$30,000 crore medical technology sector

depending on whether products are new or existing ones in the market.

Though the industry is divided on several issues, they agreed that hospitals need to be part of these discussions as manufacturers sell to hospitals through distributors.

Hospitals drive a hard bargain, and while some pass on the discounts to patients, there



are others who do not, observes an industry hand. However, the latest round of calling for industry proposals does not include hospitals, the DoP official clarified.

Devices, not drugs

Stents are thin wire-like meshes used to remove blocks in blood vessels and it has been on the Government's cross-wire for sometime now.

Stent costs swing between \$25,000 and over \$1 lakh (depending on type, features, local or foreign). But top heart specialists observe that making a product in India does not necessarily translate into majority discounted prices to the patient.

Industry representatives point out that the Government should not lose sight of safety and quality. If a stent needs safety data of three years before it is marketed, that should be the case across the board, say industry representatives, concerned about cases where stents fail in the body, six months after it was inserted.

Sticker practice

Rajiv Nath with the Association of Indian Medical Device Industry (AIMDI) bats for companies to have their Maximum Retail Price (MRP) printed on packaging and not as add-on stickers. The prevalent sticker practice leaves price open to irrational mark-ups, he says.

Meanwhile, the medical devices industry hopes that the pending Drugs and Cosmetics (Amendment) Bill 2015, that defines a device differently from a drug, is passed in this winter session of Parliament.

Sushobhan Dasgupta, President NatHealth (a forum for hospitals, pathlabs and manufacturing), urges Government to not impose drug-like price control. "It does not work," he says, adding that medical devices are unique and have a short lifecycle.

The solution has to be multidimensional, looking at access, insurance and procurement.

Like the gas cylinder subsidy, people who can pay should not be subsidised, he points out.

Gout