

NPPA Seeks States' Participation to Keep Drug Prices under Check

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The drug pricing regulator has urged state governments to identify expensive and most commonly used drugs for diseases prevalent in their regions, which they think should be brought under price control in public interest. This comes close on the heels of National Pharma Pricing Authority's (NPPA) plans to lower prices of expensive medicines used for select therapeutic categories such as cancer, HIV, diabetes, cardiovascular diseases, malaria and tuberculosis, as reported by ET last month.

The NPPA has also sought feedback from state drug controllers and state health secretaries on its plans to cut prices of these therapies. "There are some diseases which are concentrated in a few regions; for instance, Japanese encephalitis in UP, Bihar and the North-Eastern states. Considering India's size and diversity, some drugs which may be very important in one part of the country may not be so relevant in another part and, therefore, it becomes essential for

states to participate in this process," said an NPPA official.

However, this issue could prove to be a flashpoint between the drug pricing regulator and pharma industry, which believes that NPPA is going beyond its brief of regulating prices of 652 drugs enlisted in the National List of Essential Medicines (NLEM) of 2011. The regulator, on the other hand, says that the new law allows NPPA to fix and revise price caps of drugs in public interest and this clause applies to both drugs which are part of the NLEM and those outside of it.

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Last month, in an internal meeting, NPPA approved a proposal to monitor prices of all drug brands in these therapeutic categories and fix prices of those which are being marketed or launched at significantly higher prices.

To begin with, the plan involves tracking

retail prices of single ingredient drug brands. According to the guidelines, if the price of a drug brand exceeded by 25% of the simple average price in that therapy group or the price at which a new drug is launched for the first time is higher than the existing most expensive brand in the group, NPPA would initiate the process of fixing a price cap for it.

An official at the drug pricing regulator's office said it was looking at two categories. "One is critical therapies like cancer, HIV, vaccines where drugs are very expensive, the other is the most commonly used drugs or chronic therapies, such as diabetes, cardiovascular, TB, malaria, anti-asthmatic."

"This move is clearly outside the framework of the National Pharmaceutical Pricing Policy, 2012. NPPA must ensure that it sticks to the mandate as defined in the new pricing policy. If this is not resolved immediately, it would create a trust deficit between the industry and the government," DG Shah, secretary general, Indian Pharma Alliance, a grouping of leading domestic drugmakers, recently told ET.

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