

Launch price of drugs to be capped

Sector protests but govt says price to be not more than the costliest brand in a segment

SUSHMI DEY
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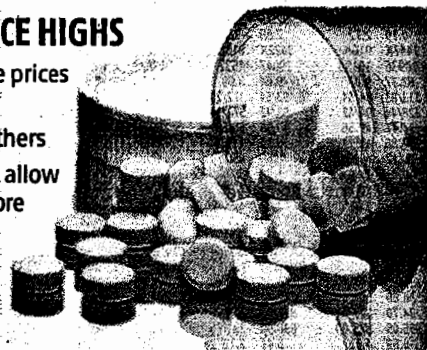
To keep down the prices of medicines, the drug price regulator has decided to cap the launch price of a new medicine on a par with the most expensive brand in a particular therapeutic segment.

"The monitoring division will monitor the prices of these single ingredient formulations launched by manufacturers for the first time on the basis of monthly MRP (maximum retail price)-based data of IMS Health," announced the National Pharmaceutical Pricing Authority. "Wherever prices of such formulation packs are found to be more than the price of the highest price brand, the monitoring division will initiate price fixation of those packs to reduce to the level of existing highest price brand, under para 19 of the Drug Price Control Order, 2013."

This is the first time the government has attempted to keep a tab on the launch price of a drug. Though it has been directly and indirectly keeping a check on the MRP of medicines available in the market, the price at which a company introduces a product for the first time has been under contention

WHEN DRUGS GET PRICE HIGHS

- The government regulates the prices of 348 essential medicines
- Companies are free to price others
- But the government does not allow these prices to increase by more than 10 per cent annually
- So, companies often set the price high while launching their product



for a long time.

Government, through NPPA, directly regulates the price of 348 medicines deemed essential, the MRP of which are capped based on the average price of products in a particular segment with more than one per cent market share. The government also allows an annual rise in the prices of such products, based on the wholesale price index.

For all other medicines, companies are free to price their products. Though, the government enjoys an indirect control over such medicines by not allowing them to increase prices by more than 10 per cent annually, companies would often set the MRP high while launching their products. The latest NPPA directive would now act as a deterrent to such a move.

According to a former NPPA official, the introductory price of a medicine was a major loophole in the system, as it allowed companies to launch a product at a high price and then implement a 10 per cent annual rise every year.

NPPA has also said it would monitor the difference in prices between various brands of medicines used in treatment of cancer, HIV, tuberculosis, malaria, cardiovascular diseases, diabetes and asthma. In cases where the price of any brand exceeded 25 per cent of the average price of medicines in that group, the regulator will evaluate data and initiate price fixation of the product.

Drug manufacturers have protested, saying the steps taken are outside the purview of DPCO, 2013. "NPPA is venturing into a new area, without any consultation. The price regulation has to be in accordance with the National Pharmaceutical Pricing Policy. With such a move, NPPA is promoting mistrust between the government and the industry," said Indian Pharmaceutical Alliance's secretary general, D G Shah.

Representatives from the domestic pharma industry recently met officials in the department of pharmaceuticals to also express their opposition to the latest move by NPPA.

Price.