

Patented drugs face price caps

Govt Reopens Case For Regulation, Panel To Meet Next Mth, Consider Options

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A committee comprising representatives from the health ministry, pharmaceutical, the drug price regulator and department of industrial policy and promotion is scheduled to meet early next month to discuss at least three options, said an official familiar with the development. While negotiated price mechanism, that was recommended by an earlier panel and junked, is one of the options, the inter-ministerial committee will also explore the possibility of reference pricing and differential pricing.

Under a system of reference pricing, domestic price is linked to those in comparable markets. In case of differential pricing, the government can

USHERING IN AFFORDABILITY

OPTIONS BEFORE GOVT PANEL

Reference Price	Differential Price	Negotiated Price
Price in line with those in similarly-placed countries	Buyer-based pricing. So, govt and individuals pay different prices	Price fixed based on negotiation with drug company

GLOBAL EXPERIENCE In China, govt regulates prices

<p>Canada regulates prices of patented medicines</p> <p>France has universal healthcare, but companies have to agree to negotiated price if National Healthcare System has to reimburse patients</p>	<p>UK National Health Service uses various cost control measures, including price controls and generic substitution</p> <p>Mexico Patented drugs come under price control</p>
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Germany uses reference price, spending caps used for coverage through insurance funds



fix separate prices for procurement programme and for purchase by others, including individual buyers.

While the committee was set up a couple of months ago, preliminary discussions come weeks before general elections

are announced and may be aimed at addressing some of the criticism over the government's handling of the overall price situation and its poor track record of making quality healthcare affordable.

cluding domestic players, have never backed checks on their pricing power; the local industry has supported regulating the price of patented medicines since they have virtually no record of discovering new molecules and have nothing to

lose. MNCs may be a little more willing than they were earlier, after the recent setbacks in India including the patent controller's decision to suspend the patent for a cancer drug, and allow a local manufacturer to also sell it in the market to increase its affordability. Since then, the health ministry has been battling for compulsory license or patent suspension, for a number of medicines, raising the stakes for Big Pharma.

Various countries, including developed ones, use various tools to regulate prices, India controls prices of only a handful of medicines and patented ones are not covered, often resulting in complaints of overpricing. Although a proposal to regulate the price of patented medicines was floated several years ago, the government has refused to move forward. In fact, an internal committee of the department of pharmaceuticals had recommended a negotiated price mechanism for government purchases and for use by insurance companies.