

Economic Times, Delhi
Thursday 22nd May 2014, Page: 6
Width: 20.79 cms, Height: 15.62 cms, a4r, Ref: pm1n.2014-05-22.28.42

+ Prices of HIV, Cancer Drugs May be Lowered

Drug pricing regulator may benchmark prices of these drugs to their average rates

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NEW DELHI

The drug pricing regulator is planning to lower prices of expensive medicines used for treating cancer, HIV, diabetes, cardiovascular diseases, malaria, and tuberculosis.

The National Pharmaceutical Pricing Authority (NPPA) is considering benchmarking prices of the most expensive brands in these therapeutic categories to the average price of their respective categories. It will also stipulate that the price of a new medicine should not exceed that of the most expensive drug brand in a particular therapeutic group.

"We are considering a proposal to monitor prices of all drug brands in these therapeutic categories and if we find that some brands are being launched at or are being marketed at significantly higher prices, we will fix price caps of those drugs," an official at the drug price regulator's office confirmed to ET.

Medical Boon

Drugs for which prices may be lowered: cancer, HIV, diabetes, cardiovascular diseases, malaria & TB

NPPA may benchmark prices of the most expensive brands in these categories to the avg price of their respective categories



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Last year, the government brought into force a new market price linked method to bring down prices of 652 essential drug formulations. The new pricing policy, implemented in a phased manner, replaced an 18-year-old price control order, which fixed prices of 74 bulk drugs and formulations made from them based on cost-plus method.

The new proposal broadly entails NPPA tracking prices of existing and new drug brand launches in select therapies and comparing their retail

prices with the simple arithmetic average of existing drugs and the highest priced existing brand in the relevant therapeutic category.

"If the price of a drug brand exceeds 25% of simple average price in that therapy group or the price at which the new drug is launched for the first time is higher than the existing most expensive brand in the group, NPPA would reset the price," the official said.

He added that the regulator was looking at two categories. "One is critical therapies like cancer, HIV, vaccines where the drugs are very expensive, the other is most commonly used drugs or chronic therapies,

such as diabetes, cardiovascular, TB, malaria, anti-asthmatic," he added.

While this may mean cheaper new drugs for the consumers, it will hurt the drug industry. Industry executives said that this move on the part of drug price regulator was shocking and falls outside the scope of pricing policy.

"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 rectified immediately, it would create a trust deficit between the industry and the government," said DG Shah, secretary general, Indian Pharma Alliance, a grouping of leading domestic drug makers.

A CEO of a pharma company told ET on the condition of anonymity that the proposed price control measures would kill the incentive to bring new drugs to the market.

NPPA officials, however, said that they would hold consultations with stakeholders, including industry before implementing these plans. "The new drug price control order allows NPPA to fix and revise price caps of drugs in public interest. This clause applies to both drugs which are in the NLEM and those outside of it," he added.

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Prising