

The State Providing Essential Medicines in the Private Sector in South-East Asia Region

Regulatory Pricing and Regulatory Framework for Affordable Medicines

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WHO – South-East Asia Region

What are the government companies in the private sector?

- Sri Lanka – State Pharmaceuticals Corporation (SPC), State Pharmaceuticals Manufacturing Corporation (SPMC)
- Thailand – Government Pharmaceutical Organisations (GPO)
- Indonesia (Kimia Farma, Indo Farma & Bio Farma)
- Bangladesh (Essential Drugs Company)
- Maldives - State Trading Organisation (STO)

Except for Maldives specific entities for medicines

What lessons are there for other countries ?

What is the model?

- **A social mission with a varying secondary objective of return on capital**
- **Focus on Essential Medicines by generic name but also supply other medicines in demand**
- **Import, manufacture and distribute through it's own distribution chain**
- **“Brand” the institution as a supplier of quality low-cost medicines**
- **Some involved in large scale marketing (publicity events, medical representatives, advertising)**

What has been the result ?

- **Never analysed comprehensively – some objective data plus anecdotal**
- **Sri Lanka – Biggest player in the private sector (30%), promotes generic essential medicines, influences prices**
- **Indonesia – biggest player in generic market, strong in vaccines**
- **Thailand – supplies their own generics, strong in Anti-Retrovirals (AIDS) and govt uses GPO for Compulsory Licensing**
- **Maldives - Strong competition with private sector**

What have been the problems ?

- **Confused mission – providing health (with no loss) or/and return on investment to Treasury**
- **Product mix – should they focus on generic essential medicines only or add profitable side-lines (dilute the focus)**
- **Lack of supportive complementary policies by the government (generic prescribing, limited lists)**
- **Supplies to govt sector (bulk) through these companies**
- **Claiming exemptions from normal regulations and special considerations**

What is the applicability to India ?

- Can there be a similar government national pharmaceutical company ??
- Or will it be the States that will do it (Tamilnadu, Delhi, Karnataka, Kerala – are you listening?)
- Can the supportive complementary policies be implemented ? (prescribing by generic name, generic substitution, Essential Medicines Lists)
- Other countries working within the same pricing framework (cost plus, retail markup etc) have achieved some success in affordability and availability in the private sector (the biggest provider of health care)
- Is it a part of the answer to the “imperfect market in medicines” (two thirds of the billion)