01 Does size matter?
How countries with small populations manage pharmaceutical pricing

Welcome. The session will begin shortly.

You can use the Q&A and Chat windows to post questions, comments, information or links
• “Q&A” when sharing with the panellists (only)
• “Chat” when sharing with all panelists and participants

Please keep all comments respectful and constructive

The session is recorded for viewing on demand
• Slides and recording will be shared after the session
Our panellists

Sarah Fitt / Chloë Dimock
Chief Executive Officer / Procurement Team Leader
Pharmaceutical Management Agency (PHARMAC), New Zealand
The role of PHARMAC in New Zealand

Aishath Jaleela
Director, Pharmaceuticals
Ministry of Health, The Maldives
Maximum Retail Price for imported essential medicines

Kärt Veliste
Chief Specialist, Division of Medicines and Medical Devices
Estonian Health Insurance Fund
Experiences from Estonia: how to obtain best medicines prices for 1.3 million people and what more could be done

Miriam Naarendorp
Deputy Chair, Registration Committee for Packed Pharmaceuticals and former Head of the Pharmaceutical Inspectorate, Suriname
Pharmaceutical pricing to ensure affordable access in Suriname
Polling 1: Does patient population size matter?

<table>
<thead>
<tr>
<th>Polling is closed</th>
<th>28 voted</th>
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<tbody>
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</table>

1. In your experience, what is the relationship between purchase volume and price of pharmaceutical products?

- Volume has little or no relationship to price: 1 (4%)
- Reducing the volume always leads to higher price: 5 (18%)
- Increasing the volume always leads to lower price: 1 (4%)
- Higher volume can lead to lower prices only if there are several suppliers (e.g. off-patent products): 9 (32%)
- Higher volume can lead to lower prices only if purchasers use volume to their advantage: 6 (21%)
- I don’t know. It is very complicated!: 6 (21%)
The role of PHARMAC in New Zealand

Chloe Dimock, Procurement Team Leader
Sarah Fitt, Chief Executive

6 July 2021
Where in the world?
PHARMAC’s place in the NZ healthcare system

- The Minister of Health establishes the pool of money for spending on health – $24.4 billion
- Minister decides budget for medicines – 2020/21 $1,085 million
- PHARMAC manages the funding of community and hospital medicines within that budget
- Negotiates national contracts for hospital medical devices
Health care wants exceed resources available…

…so choices need to be made
PHARMAC’s management model
Procurement

• Competitive processes
  • Requests for Proposals (RFPs)
  • Tender
• Direct contracting / negotiation
  • Rebates
  • Expenditure caps
  • Multi-product agreements
• Other activities
  • Reference pricing
  • National contracts for medical devices
Why tender?

• Secure supply at competitive prices for a 3-year period in exchange for exclusive supply (~95% of funded market)

• Increased responsibility on the supplier to maintain supply

• Efficient process, with Terms and Conditions for supply set out upfront.
# Myths and legends

<table>
<thead>
<tr>
<th>Myth</th>
<th>Fact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Take the lowest bid price.</td>
<td>Price is important, BUT there are many other factors taken into account.</td>
</tr>
<tr>
<td>Tender decisions are made without seeking clinical advice.</td>
<td>All tender decisions require input from the TMESC and often other clinical advice is sought.</td>
</tr>
<tr>
<td>Sole Supply agreements will increase the risk of an out of stock situation.</td>
<td>Incentive to commit to supplying New Zealand ahead of other markets. Safeguards in place to mitigate OOS or POOS</td>
</tr>
<tr>
<td>Savings achieved through tender will be hard to maintain.</td>
<td>No signs of decreasing.</td>
</tr>
<tr>
<td>Competition in the market will be reduced by tendering and awarding sole supply.</td>
<td>Increased number of suppliers.</td>
</tr>
</tbody>
</table>
Our website as a key resource
Questions?
WHO global webinar on access and pricing issues in small countries

Aishath Jaleel
Jaleela@health.gov.mv

Medicine & Therapeutic Goods Division
Maldives Food & Drug Authority
Ministry of Health
Republic Of Maldives
Maldives Food & Drug Authority (MFDA)

- Competent Authority for food, medicine and therapeutic goods
- Authorizing import, sales, storage of the medical products, medical device and medical gas.
- National medicine policy updated and endorsed in 2018 (cover the period of 2018-2023).
- Total 41 medicine importers/suppliers in the country of which 1 is the state own company.
- 419 retail pharmacies across the country
Republic of Maldives

- 1192 coral islands
- Health care system: 2 Tertiary hospital, 6 Regional hospitals, 13 Atoll hospitals, Health centers
- Whole population is covered in a government funded health insurance scheme (Aasandha)
- Scheme cover hospitalization (in-patient and out-patient), costs of drugs, provide emergency evacuation to higher medical facilities and even covered medical care from abroad
Medicine procurement in the country

- No public procurement agency. However, State Trading Organization (STO) is responsible for procuring medicines for government health facilities as per their need.
- Commonly used procurement method is Purchasing directly from manufactures and from third parties.
- Due to small market Importing pharmaceuticals is costly and distribution is challenging due to the geographic nature.
- Quality assurance is difficult.

As a result of this the cost of medicine is high compared to other countries in the region.
Government expenditure on Health care

- 9% of the Maldives’ GDP goes toward healthcare.
- The country spends a higher percentage of its GDP on healthcare than any country in Southeast Asia, where the average expenditure for the region is 3.46%. (WHO 2018)
Government expenditure on medicine

• Pharmacy reimbursements on drugs have increased annually by 27 % on average from the period 2015 to 2018.
• MVR 505 million on average every year just on this component.

Source: Budget book 2020
The Journey of MRP

- Initiated on 2013, conducted various stakeholder meetings.
- 2016 proposed countries first MRP structure – but was not accepted by the medicine importers and pharmacy owners.
- MOH again worked with ministry of finance to formulate another structure.
- In 2020 formulated a new structure and was endorsed by policy and presidents office.
- 85% markup is included from the invoice prices and it covers all the additional cost such as freight, storage etc.
- Still rejection from medicine importers.
- MOH along with presidents office in the process of negotiation and revising the structure further.
## MRP structure

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoice Price</td>
<td>0%</td>
</tr>
<tr>
<td>Freight &amp; Insurance</td>
<td>10%</td>
</tr>
<tr>
<td>Transport</td>
<td>4%</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>3%</td>
</tr>
<tr>
<td>Rent</td>
<td>25%</td>
</tr>
<tr>
<td>Storage</td>
<td>10%</td>
</tr>
<tr>
<td>Operational Costs</td>
<td>10%</td>
</tr>
<tr>
<td>Losses</td>
<td>7%</td>
</tr>
<tr>
<td>Margin</td>
<td>16%</td>
</tr>
<tr>
<td>Total Costs</td>
<td>85%</td>
</tr>
<tr>
<td>MRP</td>
<td>-</td>
</tr>
</tbody>
</table>
THANK YOU

Aishath Jaleel
Jaleela@health.gov.mv

Medicine & Therapeutic Goods Division
Maldives Food & Drug Authority
Ministry of Health / Republic Of Maldives
Experiences from Estonia: how to obtain best medicines prices for 1.3 million people and what more could be done

Kärt Veliste
Chief Specialist at Department of Medicines and Medical Devices
Estonian Health Insurance Fund
kart.veliste@haigekassa.ee

6th of July 2021
Estonia

- Population size – **1,33 million** (stat.ee)
- GDP per capita (current US$) **23 312 $** (The World Bank)
- GDP per capita in PPS **86%** (Eurostat)
- 2021: Health Care budget **1,7 billion €** & pharmaceuticals budget **260 million €** (pharma share at OECD average level)

Country Health Profile 2019  https://ec.europa.eu/health/state/country_profiles_en
Pharmaceutical policies in Estonia

<table>
<thead>
<tr>
<th></th>
<th>Policy</th>
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<tbody>
<tr>
<td>1</td>
<td>External reference pricing</td>
</tr>
<tr>
<td>2</td>
<td>Internal reference pricing</td>
</tr>
<tr>
<td>3</td>
<td>Value-based pricing</td>
</tr>
<tr>
<td>4</td>
<td>Mark-up regulation across the pharmaceutical supply and distribution chain</td>
</tr>
<tr>
<td>5</td>
<td>Promoting price transparency</td>
</tr>
<tr>
<td>6</td>
<td>Tendering and negotiation</td>
</tr>
<tr>
<td>7</td>
<td>Promoting the use of quality-assured generic and biosimilar medicines</td>
</tr>
<tr>
<td>8</td>
<td>Pooled procurement</td>
</tr>
<tr>
<td>9</td>
<td>Cost-plus pricing for setting the price of pharmaceutical products</td>
</tr>
<tr>
<td>10</td>
<td>Tax exemptions or tax reductions for pharmaceutical products</td>
</tr>
</tbody>
</table>
Pooled procurement

- **Pilot 2020**
  - Rituximab, infliximab, trastuzumab
  - Aim: savings, competition, cooperation
  - Outcome: discount 35-50%, trust & satisfaction
Challenges - availability

Out of 31 cancer drugs registered in 2015-2017 42% have never applied for reimbursement in Estonia (by Nov 2019, EHIF analysis unpublished data)

Source: OECD report „Addressing Challenges in Access to Oncology Medicines“ 2020
Opportunities – act smart

- New medicine does not always mean that we have missed treatment opportunity - discover the real unmet need!

- Negotiating prices saves 3 times more life years compared to life years gained by quick buy at first price offer (unpublished data on file, EHIF 2020)

- Time is money

Provided savings are invested into new medicines at affordable price level

Cost of new pharmaceuticals at first year of reimbursement (million €)

<table>
<thead>
<tr>
<th>Year</th>
<th>Kui EHK ostaks avaliku hinnaga</th>
<th>Kui EHK aktsepteerinuks 1. pakkumist.</th>
<th>uute ravimite tegelik 1. aasta kulu</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1.73</td>
<td>1.59</td>
<td>2.19</td>
</tr>
<tr>
<td>2016</td>
<td>2.46</td>
<td>2.04</td>
<td>2.92</td>
</tr>
<tr>
<td>2017 (progn.)</td>
<td>2.91</td>
<td>2.85</td>
<td>2.18</td>
</tr>
</tbody>
</table>
Thank you!
Pharmaceutical pricing to ensure affordable access in Suriname

Miriam Naarendorp, Pharmacist
WHO webinar series on Country pharmaceutical pricing policies
Webinar 06 July 2021
Agenda:

- Some demographic data
- Small size challenges
- Causes of Death, Disease burden, cost
- National and Regional Initiatives
- PAHO Revolving Fund & PAHO Strategic Fund
- CARPHA/ Caribbean Regulatory System
SURINAME – Where is That?
Suriname

- Area: 63,251 sq mile
- Inhabitants: 606,000 (estimated mid-year pop. NRP)
- Rural (Capital Paramaribo and surrounding districts): 66% habitants
- Life Expectancy 2013-2015: 72.7 years (GBS)
  (females: 75.3, males: 70.1 years)
- GDP: US$ 2.1 billion
- GDP/capita: 3,527 (NRP 2020-2022)
- Average population growth rate: 1.49% (GBS)
- Dutch speaking; multiethnic
Small Middle-Income Country in Transition
Suriname GDP per capita
Small size challenges?

- Not confined to market size
- Human resources
- Manage an increasingly complex global market
- Double burden of disease
- Access (few people over a relatively large landmass)
Top 10 Causes of Death in Suriname 2013
(BOG/MOH 2013)

cirrhosis/chronic liver diseases
chronic respiratory diseases
diseases of the urinary system
HIV/AIDS
acute respiratory infections
diabetes mellitus
perinatal period
external causes of death
malignant neoplasms
cardiocirculatory causes of death

>40%
Increased spending related to morbidity profile Suriname - examples
## Where do we spend for what?

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>DDD’s</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>32.2%</td>
<td>75.7%</td>
</tr>
<tr>
<td>India</td>
<td>44.2%</td>
<td>12.0%</td>
</tr>
<tr>
<td>America’s</td>
<td>4.6%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>15.8%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Other</td>
<td>3.2%</td>
<td>1.7%</td>
</tr>
</tbody>
</table>
National and Regional Initiatives increase access and affordability

**National**
- Essential Medicines List
  - UHC; by law; reimbursement

**International**
- Increase common market
  - Pooled procurement initiatives
    - PAHO Revolving Fund
    - PAHO Strategic Fund
    - (OECS Pharmaceutical Procurement Service)
  - Harmonization of Regulatory Requirements
    - CARPHA Caribbean Regulatory System
What is the PAHO Revolving Fund?

The Revolving Fund is a technical cooperation mechanism of the Pan American Health Organization (PAHO).

It works for the well-being of the populations served by the National Immunization programs and is a part of PAHO’s collaborative efforts to protect human right to health.

By consolidating demand forecast from National Immunization Programs the RI leverages economies of scale to improve its purchasing power.

The Fund has facilitated the rapid and equitable introduction of new vaccines and the achievement of regional elimination goals.

42
Countries and territories pool their resources through the Revolving Fund to procure high quality vaccines, syringes and related supplies for their populations at the lowest price.

1st
Of the six WHO regions to eliminate polo, measles and rubella, and its infant mortality rate is low.

95%
95% of Member States vaccination costs covered with their own national budgets.

84%
84% of vaccination coverage attained in the Americas.
PAHO Revolving Fund – PAHO Strategic Fund

- > 40 years old; important role in reducing/eliminating vaccine-preventable diseases
- Access to safe and quality vaccines @ affordable single prices (credit line)
- TA for countries (42)
- Consolidating demand from National immunization Programmes
- Single point of access for manufacturers – LTAs & prompt payment
- SIMPLICITY
- Plays important role in COVAX (QA)

- Created in 2000
- Pooled procurement of Essential Medicines & health supplies (35 countries & 14 health agencies)
- Slightly more complex
- Has evolved from Hard to Source products (EML) to establishing LTAs for ie Cancer & HIV treatments
- Supports member states
  - Forecasting & inventory management
  - Procurement planning
  - Initiatives in Price negotiations
    - Direct acting antivirals; daclatasvir
Sustainability

- Ensures access; quality; price
  - Especially with hard to source products
- Evolving portfolio to match MS needs
- Gives TA
- For smaller countries; vaccine quality & procurement is essential
- Suriname procures all of its vaccines through the RF
- Uptake with SF has been less; limited mainly to hard to source
  - Timeliness; slightly more complex
CARPHA Caribbean Regulatory System

• Created in 2016
• Initiative of the Caribbean Community & Common Market (CARICOM)
• Born out of lack of regulatory systems in the Caribbean Subregion
  • Ensure quality
• Reviews medical products (Essential Medicines, vaccines, diagnostics)
• Recommends for Marketing Authorization in/ Import by MS
• Apply for market entry among CARPHA Member State markets of over 17 million people.
• Experience faster market access, particularly for WHO Prequalified medicines and vaccines
• Still evolving; some MS use it more than others
Welcome to Suriname
The United Nations of the Caribbean
Next webinar

August

To be confirm

Is the grass always greener on the other side?
The dos and don’ts of external reference pricing
New publications

**Handbook of case studies**

Country pharmaceutical pricing policies

A handbook of case studies (March 2021)

https://apps.who.int/iris/handle/10665/341188

**Plain language summaries**

https://apps.who.int/iris/bitstream/handle/10665/341901/978924670-eng.pdf