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Drug patents

A sturdy model

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Tamil Nadu attempted to make drugs affordable to everyone nearly 20 years ago when it set up the Tamil Nadu Medical Services Corporation (TNMSC).

Following a serious spurious drugs bust in 1994, the State decided to set those stables in order, and the resultant company, the TNMSC, set out to ensure that essential drugs were available to the public without disruption.

The Corporation adopted the World Health Organisation's concept of an essential drug list (EDL). The WHO defines essential medicines as those that satisfy the priority health care needs of the population, and intended to be available at all times, in adequate amounts, in the appropriate dosage forms, with assured quality and at a price the individual and the community can afford.

Consultations among expert groups yielded an EDL that seemed adequate for the needs of the population then. "This is a dynamic list, it is being modified every year and will meet 90 per cent of the requirements of those coming to government hospitals," says R. Poornalingam, a retired IAS officer, who was among the architects of the TNMSC. The initial allotment was Rs. 80 crore, and this has been hiked by 5-10 per cent every year since.

For the rest, there is a specialised drug list. District and teaching hospitals are provided 10 per cent of their allotment in cash to procure drugs locally, depending on the need. Subsequently, successive governments started offering health insurance (with income criteria) to cover treatment for certain conditions, including cancer.

"The three big advantages that the creation of the TNMSC immediately facilitated were: buying generics under the EDL; the freedom to go in for local purchases for specialty drugs (generics only); and reducing the prices of drugs procured by the State," explains Health Secretary J. Radhakrishnan. The market prices, too, came crashing down, once the government started buying generics in bulk for the EDL. For instance, the price of ciprofloxacin which was then being sold for over Rs. 500 dropped well below Rs.100, adds M. Bhaskaran, retired director, State Drugs Control.

A sturdy warehousing infrastructure was put in place in the districts for efficient distribution of the drugs which were quality tested initially, and subsequently at random. "Warehousing and Information Technology [to take care of the supply chain] were the key game changers," Mr. Poornalingam says.

The model clicked. The High Level Expert Group on Universal Health Coverage, in its recent report, posited the TNMSC as a model for the rest of the country. The report said: "The procurement model of the TNMSC has stood the test of time over the past 15 years, and has been hailed as the most efficient, reliable, transparent and replicable model."

The possibilities of stock-out are technically low. And yet, a serious stock-out occurred last year, putting the essential diabetes drugs, such as metformin, out of stock. A health researcher says the error occurred owing to an interpretation of the Tender Act. About 30 drugs were sourced from one supplier, and when he failed a quality test, none of the drugs could be used.

Clearly, while the model is replicable, one needs to keep watching and fine-tuning systems within the TNMSC to ensure that it runs without disruption, according to Mr. Bhaskaran. "In the Indian context, the TNMSC is a benchmark, but we need to reinvent ourselves constantly in order to address even minor challenges," Mr. Radhakrishnan adds.

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