Patients lose out to patents & profits

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COSTLY PRESCRIPTION: The high cost of drugs often leads to impoverishment, forcing many patients to discontinue treatment. For a small
An increase in public health spending, essential medicines can be given free. Photo: G.N. Rao

A 2012 WHO study ranks India third — behind Myanmar and Bangladesh — among countries that fail to provide health cover to people. A 2011 study reported in The Lancet on ‘Healthcare and equity’ confirms this: every year, at least 39 million people here fall into poverty due to private out-of-pocket health expenditure. A vast majority of Indians do not have access to healthcare or essential drugs. By the government’s own admission, medicines constitute 74 per cent of out of pocket expenditure on health.

Waking up to the crisis, the Centre recently announced measures to bring about alterations to the system — free drugs starting October at state hospitals and price control for patented drugs. Both long-pending proposals require a four-fold increase in public spending on medicines, from 0.1 to 0.5 per cent of the Gross Domestic Product, as recommended by the High Level Expert Group (HLEG) on Universal Health Coverage.

Today, when patients across the country purchase medicines, a substantial portion of the cost includes price margins for drug manufacturers, and numerous middlemen, including wholesalers, retailers, stockists and pharmacists. K.V. Babu, ophthalmologist and Indian Medical Association member, points out that even when doctors prescribe generics, as mandated by the Medical Council of India (MCI), the ‘deal’ is fixed at pharmacies that up their margins by selling expensive branded versions. For instance, the generic version of the popular diabetic medication Glimepride costs less than Rs. 2, while branded version Amaryl costs Rs. 7.

**Price control**

Doctors believe that price control, especially for expensive patented ones, could be a real gamechanger for healthcare.

According to estimates, the proportion of price-controlled drugs has fallen from around 90 per cent in the 1970s to about 10 per cent (now covering 348 essential drugs). This when, as The Lancet study reports, the cost of ‘essential drugs’ rose by 15 per cent, and those not under price control rose by 137 per cent.

Now, the government is considering a formula that uses ‘relative reference pricing’ or prices tagged to per-capita income. This is significant, given that even the generic versions of life-saving drugs are by no means affordable. For instance, Indian generic drug maker Natco’s version of Bayer’s cancer pill Nexavar costing Rs. 2.8 lakh (monthly dose), produced through a compulsory licence, costs Rs. 8,800.

While these reforms are still on the drawing board, Tamil Nadu has over the past 17 years led the way in providing better and equitable access to medicines with its drug procurement and distribution channel. Kerala and Rajasthan are emulating this model.

The basic idea is simple and universal: the Tamil Nadu Medical Services Corporation procures generics and branded
drugs in bulk, driving down prices. By the HLEG’s estimates, this variation could be between 100 and 5,000 per cent. The price advantage is at least 30 per cent, explains K. Senthil, president of the Tamil Nadu State Government Doctors’ Association. “Stock issues don’t exist. And as a result, outpatient numbers have almost doubled over the decade.”

Big pharma, which is betting high on the booming private sector, is irked by the proposed price control and developments in the patents space. Two government decisions have been challenged in closely watched court battles: allowing compulsory licensing for Bayer’s cancer pill, and rejecting Novartis’ patent claim for its cancer drug Glivec to block ‘ever greening’ (legal parlance for drug composition tweaked minimally to extend patent periods). With these bold moves, India follows Brazil and Thailand in countering oppressive IP regimes using TRIPS safeguards.

Another worrying trend is generics majors entering into ‘agreements’ or making licensing pacts with multinationals, points out Shamnad Basheer, IP expert and professor at the National University of Juridical Sciences. So, Indian companies, which once fought tooth-and-nail against MNC patents, are now gradually changing tack.

**Revive State units**

While it may be difficult to counter these trends under existing laws, Prof. Basheer emphasises the need to revive public sector pharmaceutical units. “This is imperative not only to make drugs affordable but also to revive government-sponsored research on diseases that affect the poor. Private drug companies have no incentive to do so,” he says.

A good model to follow is Brazil’s FioCruz, the state-affiliated pharma agency, which not only manufactures drugs of public importance but also does cutting-edge R&D on diseases that affect poor patients.

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