Measuring medicine prices, availability, affordability and price components

2ND EDITION
Measuring medicine prices, availability, affordability and price components

2ND EDITION
Contents

Abbreviations ix
Foreword xi
Acknowledgements xiii

1 INTRODUCTION 1
1.1 Why measure the price and availability of medicines? 1
1.2 The WHO/HAI Project on Medicine Prices and Availability 2
1.2.1 Background and project objectives 2
1.2.2 Development, testing and use of the manual 3
1.2.3 Survey results 4
1.2.4 Evidence for policy development and implementation 5
1.2.5 Related surveys and initiatives 6
1.3 The Medicine Prices and Availability survey manual – second edition 6
References 7

2 SURVEY OVERVIEW AND PRE-SURVEY PLANNING 9
2.1 Survey overview 9
2.1.1 Survey objectives 9
2.1.2 Key elements of the survey design 10
2.1.3 The standard approach to measuring medicine prices and availability 13
2.1.4 Steps in the survey 13
2.2 Pre-survey preparation 13
2.2.1 Establishing an advisory committee 15
2.2.2 Clarifying the specific survey objectives 16
2.2.3 Collecting information on the health system and pharmaceutical sector 16
2.2.4 Selecting survey personnel 18
2.2.5 Securing the technical and financial resources required 20
2.2.6 Seeking endorsement for the survey 22
2.2.7 Preparing a survey schedule 22

3 PREPARATION 23
3.1 Determining the survey scope 23
3.1.1 Planning where to conduct the study – national or regional? 23
3.1.2 Identifying sectors to be surveyed 24
3.1.3 Identifying survey areas 27
3.2 Selecting the sample 28
3.3 Developing the list of medicines to be surveyed 34
3.3.1 Global and regional core lists of medicines to be surveyed 35
3.3.2 Supplementary list of medicines to be surveyed 37
11.5 Controlling mark-ups is always difficult 188
11.6 Dealing with rebates and discounts is even more difficult 189
11.7 Monitoring and evaluation 190
11.8 Summary of policy options 190
11.9 Limitations of price controls 190
11.10 Conclusion 190
References 192

12 REPORTING 193
12.1 Survey report 193
12.1.1 Standard Report template 195
12.2 Disseminating the findings 196
12.3 Reporting to HAI and WHO 197

13 USING THE EVIDENCE AND GETTING THE MESSAGES OUT 198
13.1 Advocacy and influencing processes 198
13.2 Developing an advocacy strategy
   13.2.1 Analyse the problem and define your objectives 201
   13.2.2 Identify and understand those actors you want to influence 201
   13.2.3 Build a strong case 204
   13.2.4 Identify allies and experts who share your views 205
   13.2.5 Identify and understand potential opponents 205
   13.2.6 Develop a long-term plan 206
   13.2.7 Take advantage of strategic opportunities 206
13.3 Communication 206
   13.3.1 Media 207
   13.3.2 Networking with civil society organizations 207
   13.3.3 Communicating internationally 207
13.4 Materials – what needs to be produced
   13.4.1 Survey report 208
   13.4.2 Summary report 208
   13.4.3 Policy briefing paper 208
   13.4.4 Journal articles 209
13.5 Monitor and evaluate your activities 209
References 209
Background reading 210

14 MONITORING MEDICINE PRICES AND AVAILABILITY 211
14.1 Introduction 211
14.2 Background
   14.2.1 Why monitor medicine prices? 212
   14.2.2 Medicine-price reporting systems 212
   14.2.3 Medicine price trend monitoring systems 213
14.3 How can medicine prices and availability be monitored in resource-poor countries?
   14.3.1 What prices to monitor? 214
   14.3.2 Ex-factory or ex-manufacturer price 214
   14.3.3 Procurement price 215
14.3.4 Private sector patient price 215
14.3.5 Public sector patient price 215
14.3.6 Prices paid by patients at other access points 215
14.3.7 Important methodological considerations 216
14.3.8 Basic matters to consider 216
14.4 Overview of a methodology for routine monitoring of medicine prices and availability and pilot testing in three countries 220
14.4.1 Background 220
14.4.2 Overview of proposed methodology 220
14.4.3 Pilot testing 221
14.5 Medicine Price and Availability Monitoring Protocol – Kenya (Updated June 2007) 221
14.6 Medicine Price and Availability Monitoring Protocol – Malaysia 223
14.7 Medicine Price and Availability Monitoring Protocol – Pakistan 225
14.8 Results of pilot studies 227

15 NEXT STEPS IN THE WHO/HAI PROJECT ON MEDICINE PRICES AND AVAILABILITY 228

15.1 Undertaking research to inform policy interventions related to medicine pricing, availability and affordability 228
15.2 Evaluate policy interventions and expand the evidence base on effective policies for lowering medicine prices, increasing availability and improving affordability 229
15.3 To implement and evaluate advocacy strategies aimed at stimulating national, regional and global action to increase the availability of affordable medicines 229

GLOSSARY 231

ANNEXES 237

Annex 1 Abridged questionnaire on structures and processes of country pharmaceutical situations 239
Annex 2 Example of a letter of endorsement 254
Annex 3 Trainer’s Guide for training area supervisors, data collectors and data entry personnel 255
Annex 4 Example of a letter of introduction from the survey manager 275
Annex 5 Checklist for manual check of survey data 277
Annex 6 Price Components Interview Guide 280
Annex 7 Price Components Data Collection Form 286
Annex 8 International comparison of MPRs: adjustment for reference price year, inflation/deflation and purchasing power parity 289

CD-ROM

Please refer to the accompanying CD-ROM for the full text of the manual in .pdf format, the automated data workbooks and other survey tools, resources and background materials.
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATC</td>
<td>Artemisinin-Based Combination Treatment</td>
</tr>
<tr>
<td>AIDS</td>
<td>Acquired Immunodeficiency Syndrome</td>
</tr>
<tr>
<td>ARVs</td>
<td>Antiretrovirals</td>
</tr>
<tr>
<td>CIF</td>
<td>Cost, Insurance and Freight</td>
</tr>
<tr>
<td>CMS</td>
<td>Central Medical Stores</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td>CSO</td>
<td>Civil Society Organization</td>
</tr>
<tr>
<td>DDU</td>
<td>Delivered Duty Unpaid</td>
</tr>
<tr>
<td>DFID</td>
<td>Department for International Development (UK)</td>
</tr>
<tr>
<td>EML</td>
<td>Essential Medicines List</td>
</tr>
<tr>
<td>EXW</td>
<td>Ex-Works</td>
</tr>
<tr>
<td>FOB</td>
<td>Free on Board</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GST</td>
<td>Goods and Services Tax</td>
</tr>
<tr>
<td>HAI</td>
<td>Health Action International</td>
</tr>
<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
</tr>
<tr>
<td>ID</td>
<td>Identification</td>
</tr>
<tr>
<td>INF</td>
<td>Insurance and Freight</td>
</tr>
<tr>
<td>IUD</td>
<td>Intrauterine Device</td>
</tr>
<tr>
<td>INN</td>
<td>International Nonproprietary Name</td>
</tr>
<tr>
<td>IRP</td>
<td>International Reference Price</td>
</tr>
<tr>
<td>Km</td>
<td>Kilometre</td>
</tr>
<tr>
<td>LoC</td>
<td>Letter of Credit</td>
</tr>
<tr>
<td>LPG</td>
<td>Lowest-Priced Generic</td>
</tr>
<tr>
<td>MDGs</td>
<td>Millenium Development Goals</td>
</tr>
<tr>
<td>MPR</td>
<td>Median Price Ratio</td>
</tr>
<tr>
<td>MeTA</td>
<td>Medicines Transparency Alliance (UK)</td>
</tr>
<tr>
<td>MoH</td>
<td>Ministry of Health</td>
</tr>
<tr>
<td>MMV</td>
<td>Medicines for Malaria Venture</td>
</tr>
<tr>
<td>MRP</td>
<td>Maximum Retail Price</td>
</tr>
<tr>
<td>MSF</td>
<td>Médecins Sans Frontières</td>
</tr>
<tr>
<td>MSH</td>
<td>Management Sciences for Health</td>
</tr>
<tr>
<td>MSP</td>
<td>Manufacturer’s Selling Price</td>
</tr>
<tr>
<td>NA</td>
<td>Not Available</td>
</tr>
<tr>
<td>NEML</td>
<td>National Essential Medicines List</td>
</tr>
<tr>
<td>NGO</td>
<td>Nongovernmental Organization</td>
</tr>
<tr>
<td>NMP</td>
<td>National Medicine Policy</td>
</tr>
<tr>
<td>OB</td>
<td>Originator Brand</td>
</tr>
<tr>
<td>OCP</td>
<td>Oral Contraceptive Pill</td>
</tr>
<tr>
<td>PBS</td>
<td>Pharmaceutical Benefits Scheme (Australia)</td>
</tr>
<tr>
<td>PHARMAC</td>
<td>Pharmaceutical Management Agency (New Zealand)</td>
</tr>
</tbody>
</table>
PPP: Purchasing Power Parity  
THE: Total Health Expenditure  
USD: U.S. Dollar  
VAT: Value Added Tax  
Vs: Versus  
WHO: World Health Organization
Access to essential medicines is part of the fulfilment of the right to the highest attainable standard of health (in short: the right to health). So why do millions of people across the globe go without the treatments they need? The reasons are now becoming clearer – and the price and availability of medicines to those who need them are crucial factors. Prices for poor people are simply too high and products are often not available. This may not be news to the sick and poor, but it has been news for those whose responsibility it is to ensure the health of citizens.

In 2001, the World Health Assembly passed resolution 54.11 which requested the Director-General “to explore the feasibility and effectiveness of implementing, in collaboration with nongovernmental organizations and other concerned partners, systems for voluntary monitoring drug prices and reporting global drug prices with a view to improving equity in access to essential drugs in health systems, and to provide support to Member States in that regard.”

The first edition of Medicine prices – a new approach to measurement was published in 2003 as a working draft for field-testing and subsequent revision. Since then, more than 50 medicine price and availability surveys have been conducted in all regions of the world, using the recommended standard method. The results have exposed many problems of poor access to medicines, for example, people having to work 15 days or more to afford one month’s treatment for a chronic disease; important medicines simply not being available locally to patients; governments not passing on low procurement prices to their citizens; excessive mark-ups in the private sector, and taxes and duties being applied to essential medicines. From the evidence that has resulted from use of the WHO/HAI survey tool, medicine affordability and availability issues show no boundaries. Crucially, it is the poor who are really paying the price – both economically and with their health.

The wealth of experience gained from four years of use of the WHO/HAI survey tool has led to a number of improvements in this second edition of the manual. We believe that the method is rigorous, facilitating reliable data collection and valid analysis. With the publication of the new edition, we encourage countries and organizations to not only undertake surveys, but also to implement systems for the regular monitoring of medicine prices, availability and affordability.

Gathering evidence is, of course, only the first step – data alone cannot improve access to treatment. That takes commitment – from governments, civil society, international organizations, health professionals, industry and many others, all working together to overcome the barriers. The work of the WHO/HAI Project on Medicine Prices and Availability and the survey teams across the globe has generated an extensive network of advocates, policy-makers, academics and others who are now focusing world attention on improving medicine affordability and availability.

Producing this manual is the latest activity in the implementation of the 2001 World Health Assembly resolution. The work that has been done has resulted from the
joint efforts of the World Health Organization and Health Action International with their many partners. We hope the new edition of the manual will further encourage others to tackle this challenge of ensuring universal access to affordable medicines.

Equitable access to essential medicines is the goal – it is the people’s right.

Dr Hans Hogerzeil  
Director  
Medicines Policy and Standards/  
Acting Director  
Technical Cooperation for Essential Drugs and Traditional Medicine  
World Health Organization  
Geneva

Dr Tim Reed  
Director  
Health Action International Global  
Amsterdam
Acknowledgements

Health Action International (HAI) and the World Health Organization (WHO) would like to thank all project members who over the years have so willingly given their time and expertise, and who continue to do so, thereby ensuring the success of the project. We are indebted to you all. We are also extremely grateful to the advice provided by WHO’s Regional Pharmaceutical Advisers. Your experience on pricing and related issues at the national and regional levels has been invaluable. We would also like to thank the project’s donors. Without your support this work would not have been possible.

We especially want to thank all the survey teams, and in particular the survey managers, who undertook surveys using the 2003 methodology. Your advice on how to improve the manual and workbook has been very helpful. Most importantly, it is because of your efforts that we now know much more about the price, availability and affordability of medicines across the globe.

WHO/HAI Project on Medicine Prices and Availability

Project Management Group
Margaret Ewen, HAI Global, the Netherlands; Richard Laing, Medicines Policy and Standards/Technical Cooperation for Essential Drugs and Traditional Medicine (PSM/TCM), WHO, Switzerland; Alexandra Cameron, PSM/TCM, WHO, Switzerland.

Advocacy: Akke-Jeanne Klerk, HAI Global, the Netherlands.

Country support: Gilles Forte, PSM/TCM, WHO, Switzerland.

Project Advisory Group
Martin Auton, South Africa; Kumaraiah Balasubramaniam, HAI Asia Pacific, Sri Lanka; Douglas Ball, Philippines; Jorge Bermudez, UNITAID, Switzerland; Andrew Chetley, Healthlink Global, UK; Dennis Ross-Degnan, Harvard Medical School, USA; Jerôme Dumoulin, University of Grenoble, France; Yves-Antoine Flori (In Memoriam); Claudia Habl, ÖBIG, Austria; Lorraine Hawkins, London, UK; David Henry, University of Toronto, Canada; Panos Kavanos, London School of Economics, UK; Jeanne Madden, Harvard Medical School, USA; Barbara McPake, UK; Elias Mossialos, London School of Economics, UK; Kirsten Myhr, Ullevål University Hospital, Norway; Aarti Patel, University of Otago, New Zealand; Carmen Perez-Casas, Médecins Sans Frontières, Canary Islands; Anthony So, Duke University, USA; Klara Tisocki, Philippines; Brenda Waning, Boston University, USA.

Project Steering Group
Daphne Fresle, formerly with WHO; Ellen t’Hoen, Médecins Sans Frontières, France; Zafar Mirza, WHO Eastern Mediterranean Regional Office, Egypt; Lander van Ommen, the Netherlands; Raffaella Ravinetto, Médecins Sans Frontières; Harry van Schooten, the Netherlands; Mohga Kamal-Yanni, Oxfam, UK.
Consultants
Rania Bader, Jordan; Simona Chorliet, Burkina Faso; Andrew Creese (also former project co-ordinator), France; Pierrick Gonnet, France; Anita Kotwani, India; Libby Levison, USA; Patrick Mubangizi, Kenya.

Pricing Policy Group
Dennis Ross-Degnan, USA; Jaime Espin, Spain; Claudia Habl, Austria; Lorraine Hawkins, UK; David Henry, Canada; Catherine Hodgkin, the Netherlands; Kees de Joncheere, Denmark; Panos Kavanos, UK; Zafar Mirza, Egypt; Andy Oxman, Norway; Anban Pillay, South Africa; Joan Rovira, Spain; Brenda Waning, USA; Krisantha Weerasuriya, India.

Global Advocacy Group
Andrew Chetley, UK; Ellen t’Hoen, France; Ravi Narayan, India.

Administrative support
Lisa Greenough, PSM/TCM, WHO, Switzerland; Rose de Groot, HAI Europe, the Netherlands; Patricia Stimpson, PSM/TCM, WHO, Switzerland.

Project Sponsors
Ministry of Foreign Affairs, the Netherlands; The Rockefeller Foundation, USA; Swedish International Development Cooperation Agency, Sweden; Department for International Development, UK; European Union DG Development; Open Society Institute, USA; WHO; and HAI’s Global Programme of Work (funded by the Netherlands Ministry of Foreign Affairs, Swedish International Development Cooperation Agency and the Finnish International Development Agency).

Revision of the manual
HAI and WHO would like to thank Kirsten Myhr, Simona Chorliet, Libby Levison Douglas Ball, Andrew Chetley and Klara Tisocki who drafted specific chapters in the manual.

Comments on chapters of the revised manual were sought from many experts. Responses were received from Martin Auton, Kirsten Myhr, Douglas Ball, Anita Kotwani, Patrick Mubangizi, Klara Tisocki, Dennis Ross-Degnan, Andy Gray, Panos Kavanos, Dele Abegunde, Andrew Creese, Edson Meza, Kees de Joncheere, Abayneh Desta, Catherine Hodgkin, Anthony So, Carmen Perez-Casas, Daisy Carandang, Nathalie Van De Maele and Charu Garg. We are grateful for your advice.

Thank you to Pierrick Gonnet who revised the workbook, and Martin Auton, Douglas Ball and Libby Levison who tested it.

Editor
Mary Falvey.