

A Study on Factors Influencing Drug Prices Among National Public Hospitals

Wong, John Q., Apostol, Geminn Louis C., Modina, Cheyenne Ariana Erika M., Bagas, Joy, and Fowler, Krizelle Cleo. (2017).

INTRODUCTION

Essential medicines are medicines that meet the health needs of majority of the population. They should be **available and accessible at all times, in the appropriate dosage forms, and at prices affordable to all**. The Philippine National Drug Policy (PNDP) is a response to ensure the provision. However, issues remain. **Medicine purchase still accounts for a significant portion of out-of-pocket expenditures for people**.

OBJECTIVES

This study determines the factors associated with the variation in drug prices. It aims to uncover the different gaps in the drug management cycle, to identify key stakeholders involved in decision-making of drug prices, and to describe the current challenges in implementing the Drug Price Reference Index (DPRI).

METHODOLOGY

Two tools were adapted in this **mixed-method research**. These tools are based on the Management Sciences for Health (MSH)'s Rapid Pharmaceutical Management Assessment for price ratio and the World Health Organization (WHO)'s Good Pharmaceutical Practices (GPP) for a checklist to gauge the compliance of hospitals using the GPP.

RESULTS

Results showed that the **compliance with the DPRI is low** among hospitals given that **only 44% follow the index**. There are several factors behind this:

1. Lower drug prices are **associated with the use of staff with appropriate expertise** (WHO GPP 1) in the selection phase.
2. Hospitals with an **existing system to order drugs and regularly reports** on the purchases procure drugs cheaper than others (WHO GPP 3).
3. The use of **competitive bidding** as mode of procurement is also associated to lower drug prices.

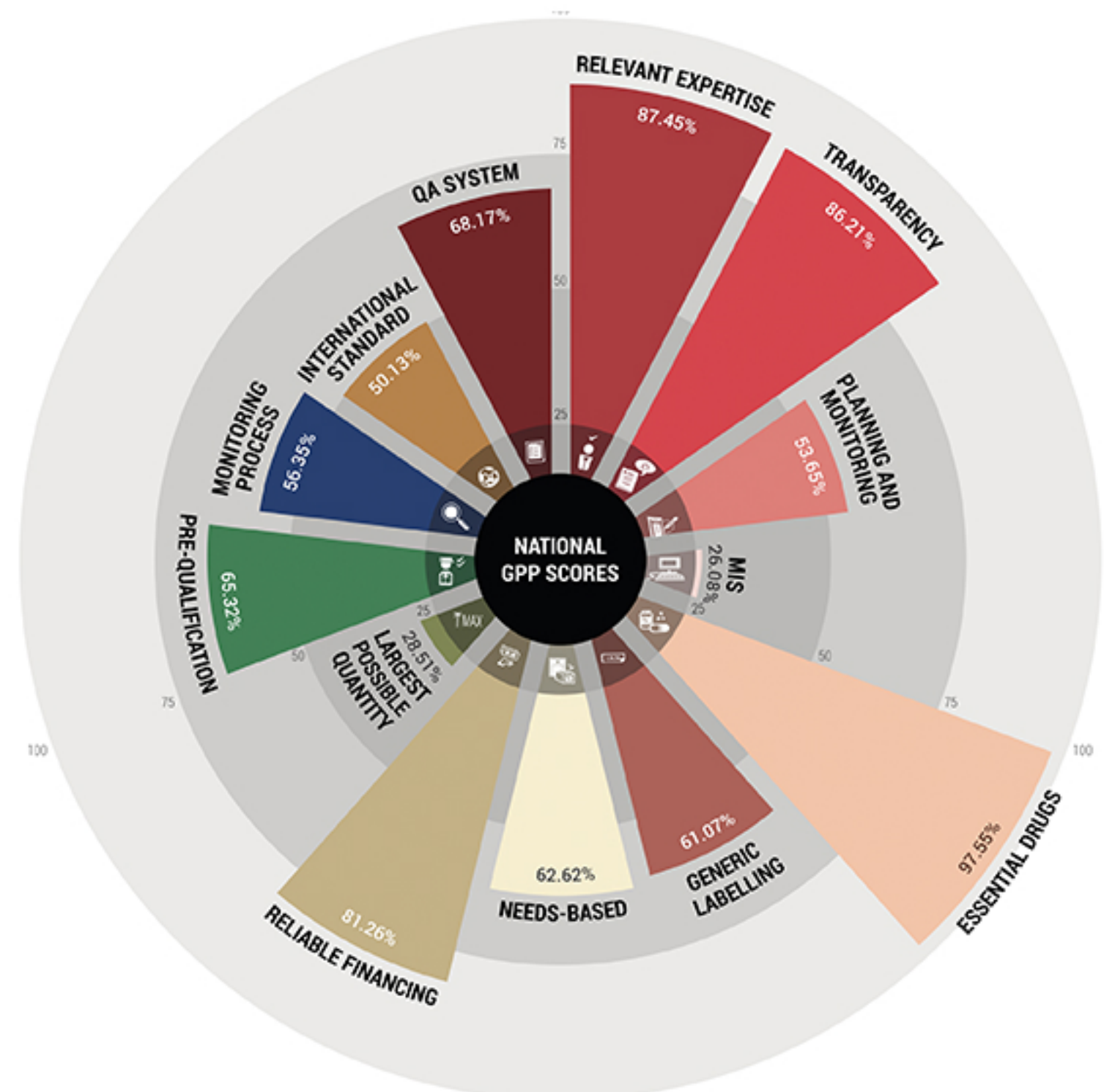


Figure 1. GPP results.

LESSONS

1. **Review the effects of the DPRI** on other factors of affordability
2. Enforce **appropriateness of Bids and Awards Committee** composition, competitive tendering, and generic procurement
3. Implement **pooled procurement**
4. **Develop systems** for procurement planning and performance monitoring

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