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Jan Aushadhi to lower healthcare cost?

Cheap generic drugs may not be popular

THE government has taken upon itself a very ambitious task of delivering drugs to weaker sections at special prices. This is a part of its overall programme of reaching modern healthcare to masses. It is a daunting task. The programme will need a very large number of outlets and hundreds of product-packs in order to be effective and to create an impact on the healthcare costs of the people. However, this magnitude of outlets-product mix serviced by a large number of vendors from across the country would require sophisticated tools for the demand forecast and inventory control by outlet to ensure an efficient service level. This is necessary to attract customers to these outlets and retain them. It is, however, a moot point if the public sector enterprise and the civil society can achieve what is a nightmare for many private sector companies.

This complex business process may get further compounded by inability to get doctors to prescribe the medicines in their generic names. It may be easy for some commonly used medicines, but it would take a great deal of persuasion and effort to get them to write all prescriptions in the generic names. As if these hurdles are not enough, the officials will have to address the issue of acceptance by the very people that they wish to serve. The cheap generic products, even among the illiterate people, are suspect for their quality, efficacy and safety.

Nevertheless, the private industry has offered to support the initiative by offering technical help to public sector units to produce these drugs. It would serve two purposes, help make PSUs viable by access to ready market and meet the needs of the weaker section of the society. The private industry would like this project to succeed because once needs of weaker section are met; the current regime of the rigid cost-based price control and its further expansion as proposed in the National Pharmaceutical Policy 2006 may become irrelevant.

However, for the project to succeed and help lower healthcare cost to the people, the government would need committed people with professional expertise and experience, rapid expansion of the outlets to cover larger population, and credibility. Can we do this?

(Indian Pharmaceutical Alliance)*

Need to extend its reach for greater impact

THE recent announcement of the government to set up Jan Aushadhi stores is a welcome step. However, the decision needs to be seen in the context of the situation of access to medicines and impact on healthcare costs in the country. Over half of India's population does not have access to essential medicines. Studies show that about 80% of healthcare costs are accounted for by medicine costs, and the proportion increases in the poorest sections. In volume terms India is the fourth largest producer of medicines and exports medicines to over a 100 countries. So local availability is not the issue that compromises access. The constraint is primarily financial — the poor who are likely to need medicines the most are unlikely to be able to pay for them.

FACE-OFF

D G SHAH
Secretary General
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The UPA government, in its CMP, had promised to control the prices of all essential drugs. Two years ago it announced the new drug policy without the portion that deals with drug prices. Since then the issue of drug price control has been referred to various committees and now lies with the group of ministers chaired by Sharad Pawar. Given this, suspicions of back-room deals being worked out with drug companies may not be unfounded. Recent reports suggest that the Jan Aushadhi outlets shall sell medicines at a quarter to less than one-tenth of the present retail prices. This is a clear indication of profiteering, which the government does not wish to acknowledge.

While the move is welcome, a 100 outlets in a Rs 30,000-crore retail market for medicines is a drop in the ocean. At the least, all tuition outlets should, over a period of time, have attached Jan Aushadhi outlets that sell all essential medicines for primary and secondary levels of care. Unless this is done and followed up with drug price control mechanisms that cover all retail sales, the move may take the shape of an election gimmick. In which case the larger issue of drug price control would be put on the back-burner and the Jan Aushadhalayas would be just another top that is capable, at best, of making a marginal impact while at the same time safeguarding the interests of drug companies by not imposing comprehensive price controls. It is hoped that such is not the case, but past experience provides little room for optimism.

(All India People's Science Network)*