



## **Increase in market competition will lower costs of medicine —think tank**

**Ted Cordero – February 16, 2018**

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Increasing competition among manufacturers in the domestic market is one way to reduce the costs of medicine in the Philippines, state think tank Philippine Institute for Development Studies (PIDS) said Friday.

Citing data from IQVIA, a global company that offers information, innovative technology, and contract research services on healthcare, PIDS said market shares shifted significantly from originator medicines to generics between 2006 and 2015.

“The market share of originator medicines had declined from 62.3 percent in 2006 to only 22.7 percent in 2015” compared to generic drugs, “whose respective market shares in 2015 reached 33.4 percent for unbranded and 43.8 percent for branded generics,” according to the think tank.

PIDS said the increase in local market competition can be attributed to the implementation of Republic Act No. 6675 or the Generics Act of 1998, which has increased manufacturers of generic drugs giving innovators tough competition and forcing them to cut down their prices to defend their market share.

“In increasing competition forces, both originator and generic manufacturers will likely lower their own medicine prices to compete with each other and defend their market shares,” it said.

PIDS, however, observed that while medicine prices have gone down, the demand of the public for medicines was still low and did not indicate expanded access.

To address the issue, the think tank said the government should expand its pooled procurement of medicines to attract more suppliers in the market to give the public sector leverage in getting medicine prices further down.

“The government can then distribute the medicines it procures to the poorest populations that do not have the purchasing power to acquire medicines even at reduced prices,” PIDS said.

According to the think tank, other measures the government can consider is to promote competition and improve access to medicine through allocation for medicines in the case rates of the Philippine Health Insurance Corp., extension of PhilHealth coverage to outpatient medicine prescriptions initially in public health facilities and eventually in accredited private sector drug outlets, pooling of financial assistance from state-owned corporations and agencies for catastrophic illnesses, provision of incentives to local government units to invest more in primary healthcare with medicines as integral part of their program, and tiered pricing of medicines.