ACCOUNTABILITY AND TRANSPARENCY IN PHARMA SUPPLY CHAIN

Presentation to UN 2018 Public Service Forum

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**SICPA: GLOBAL ROLE**

Protection of 85+% world currency (more than 140 B banknotes in circulation) and value documents using security inks

Products authentication and tracking (more than 80 B product units are serialized annually)

**CONTINUOUS INVESTMENT IN R&D**
### Access challenges

| Availability | • Certain essential drugs are unprofitable  
• Public sector rationing (funding, management issues)  
• Pressure to introduce and finance new, expensive drugs |
| Purchasing   | • How to get the best price for quality generics?  
• Private pharmacy prices/margins difficult to regulate  
• How to introduce expensive drugs? |
| Financing    | • What is the right level of spending for drugs?  
• Preventing catastrophic expenditure in OOP payments  
• How to structure co-payments? |

Source: [WORLD BANK GROUP](#)

### Rational use challenges

| Polypharmacy | • Too many drugs at once  
• Too many antibiotics  
• Too many injections |
| Product mix  | • Preference for more expensive drugs?  
• Incentives in the supply chain may antagonize efforts for cost-effective treatment |
| Under-treatment | • NCDs underdiagnosed and/or undertreated  
• Chronic patients may only get short term treatment (affordability)  
• Health and economic benefits of adequate treatment not realized |
### Availability and pricing - three “buckets”

<table>
<thead>
<tr>
<th>Low volume generic</th>
<th>High volume generic</th>
<th>Innovator brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability is key concern</td>
<td>Quality and price are key concern</td>
<td>Pressure on budget growing</td>
</tr>
<tr>
<td>Price needs to be high enough to attract sellers</td>
<td>Many competitors in the market</td>
<td>Priority setting, transparent decision making needed</td>
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<tr>
<td>Active policy needed to ensure supplies (including regulatory side)</td>
<td>For public sector, better procurement is key</td>
<td>Active deal making with manufacturers (EU experience)</td>
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</tbody>
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### On average, as GDP/capita increases...

- Health spending as % GDP increases
- Per capita pharmaceutical spending increases
- % of total health spending for pharmaceuticals decreases, typically...
  - 30%-50% of THE in low-income countries
  - 20%-30% in middle-income countries
  - 10%-20% in OECD
- % private, OOP pharmaceutical spending decreases
- % pharmaceutical spending for high-cost, patented drugs increases
- But lots of variation => policies matter!
Rationale for Price Regulation

- Protecting consumers (vulnerability in the case of illness)
- Staying within limited budget
- Getting more value/volume for the money
- Improving access for the poor

Enforcement of pricing regulation

- Controls and inspections can create opportunity for corruption

Electronic transaction system (for tax collection, reimbursement, tracking of products) makes monitoring of compliance with pricing rules easy
Investing into data collection

• Provider and patient level data on utilization are needed to manage the main cost drivers

<table>
<thead>
<tr>
<th>Patient</th>
<th>Product</th>
<th>Service Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique identifier</td>
<td>Unique identifier</td>
<td>Unique identifier</td>
</tr>
<tr>
<td>Diagnosis (code)</td>
<td>Dosage form, dosage</td>
<td>Date of transaction</td>
</tr>
<tr>
<td>Eligibility criteria</td>
<td>Units dispensed</td>
<td>Units prescribed</td>
</tr>
<tr>
<td>(example age, gender)</td>
<td></td>
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</tr>
</tbody>
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Using data to monitor rational use, adjust rules and inform policy

(Examples)

- Expenditure tracking against budget
- Performance against agreed goals for rational use
- Flagging potential fraud
- Identifying patterns of abuse, overuse
- Measuring cost-effectiveness of prescribing
- Enforcement of price-volume agreements
Europe: Responsibilities of the Supply Chain Partners

Serialization by MAH
Risk based verification by Wholesalers
Verification and check-out at point of dispense

Safety features:
Code ('unique identifier')
+ Tamper evidence

System set up and Governance by MAH together with other stakeholders
Oversight by competent authorities

PHARMA SERIALIZATION

In place
Under way
Decided: Details missing
Decision expected
Non-government more likely
SEE THE SYSTEM

- Serialisation by producers, or third parties
- Repository (database) of serial numbers
- Spot checks by officials
- E-verification by pharmacies (and patients?)

DIFFERENT OBJECTIVES

Counterfeits
- Track and trace in every step
- Include price and transactions
- Requirement for aggregation
- (Link to e-prescribing and reimbursement)

Tax revenues
- Connection to e-prescribing, e-reimbursement and electronic health records
- Interoperability with regulatory systems
- Patients connecting for added services (e-leaflet, adherence) and reporting outcomes (safety and effectiveness)

Different solutions
CAN PRIVATE AND PUBLIC SECTORS AGREE A COMMON GOAL
- BETTER ACCESS TO SAFE MEDICINES