Pharmaceutical Management Considerations for Universal Health Coverage

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Systems for Improved Access to Pharmaceuticals and Services
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Background

- Medicines save lives and improve health, but they can be costly to health systems and can impoverish individuals.\(^a\)

- Many low- and middle-income countries (LMICs) spend a substantial proportion of their Total Health Expenditures (THE) on medicines.\(^b\)

- In LMICs, 45% to 60% of medicines are purchased out-of-pocket despite an increasing number of financial risk protection schemes.\(^c\)

- Medicines contribute substantially to health system inefficiencies. Inefficiencies account for 30% to 40% of all health expenditures.

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[a] Managing Access to Medicines and Health Technologies, MSH
[b] WHO 2010
Moving Toward UHC: Implications for Pharmaceuticals

Height
What proportion of the costs are covered?

Breadth
Who is covered?

Depth
Which benefits are covered?

# Moving Toward UHC: Implications for Pharmaceuticals

More people and more services require more money and more efficiencies within the broader health system and the pharmaceutical sub-system.

<table>
<thead>
<tr>
<th>Increase population coverage</th>
<th>Services coverage</th>
<th>Proportion of cost covered</th>
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<tbody>
<tr>
<td>• Increased utilization</td>
<td>• May lead to demand for newer services–newer formulations e.g., pediatric and geriatric forms</td>
<td>• Improved strategies for active purchasing of pharmaceuticals</td>
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<tr>
<td>• More medicines–old and new</td>
<td>• Increased demand for traditional services implies more or newer drugs</td>
<td>• Payment and reimbursement mechanisms</td>
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<tr>
<td>• Larger volumes of procurement</td>
<td></td>
<td>• Positive and/or negative incentives for pharmaceutical system</td>
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<td>• Extended or expanded geographic distribution systems</td>
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Ensuring Access to Essential Medicines

- Paying for a basket of essential medicines promotes sustainable access for all.
- Making essential medicines affordable is necessary to achieve equity in access.
- Ensuring the quality and safety of medicines is needed to prevent harm to patients.

Promoting quality use of essential medicines leads to better health outcomes and can achieve considerable efficiencies.

Pharmaceutical Expenditures: Budget vs. Actual

Cost Drivers:
- Better access to care, higher utilization
- Sense of entitlement; “more is better” attitude
- Financial incentives may favor overuse/use of expensive medicines
- Clever industry marketing, price increases
- Fraud, cheating, and collusion
- Aging populations, more chronic diseases
- Increasing patient literacy and demands
- Courts ordering coverage of costly biologics
- Innovation creates new options and demands

Graph showing Actual and Budget expenditures over years 1 to 4.
A Pharmaceutical System is a Sub-system Within a Broader Health System

Comprises all the **structures, people, resources and processes** and their **interactions** within the broader health system that aim to ensure equitable and timely access to safe, effective, quality-assured pharmaceutical products and related services that promote appropriate and cost-effective use to improve health outcomes.

Source: Miralles 2010; RPM Plus Program 2005
Pharmaceutical System Challenges

- Poor medicines selection
- Inefficient or corrupt procurement practices
- Excessive prices
- Poor storage and distribution processes
- Inadequate regulation of quality
- Low utilization of generic medicines
- Irrational prescribing and dispensing
- Poor patient adherence

Inadequate systems to monitor medication safety
Regulator: insurance supervisor or program that sets guidelines for MBP

Sponsor: e.g., Ministry of Health, Ministry of Finance

Medicine Benefit Program: outlines guidelines of benefits patients are entitled to

Manufacturer: can include local and int’l pharmaceutical companies active in the country

Wholesale Distributor: serves as intermediary

Dispensing Facility: e.g., pharmacist, handles day-to-day dispensing of drugs

Prescriber: Physician/care provider

Beneficiary: patients

Accreditation Entity: ensures all medicines handlers have necessary credentials
What are the key pharmaceutical management issues for UHC?
Tailoring Pharmaceutical Management Efforts to Meet UHC Objectives

Pharmaceutical system functional areas:

- Policies, laws, and governance
- Financing
- Human resources
- Pharmaceutical products and services
- Regulatory systems
- Innovation, R&D, manufacturing, trade
- Information

Tailoring Pharmaceutical Management Efforts to Meet UHC Objectives: Practical Steps

1. Advocate for the inclusion of pharmaceutical system stakeholders in the UHC strategy development process to ensure buy-in and ownership of a common UHC vision.

2. Assess and understand the current functionality of the critical areas of the pharmaceutical system.

3. Identify options and prioritize interventions based on characteristics of context, existing legal/regulatory framework, and cost implications.

4. Develop robust monitoring and evaluation systems that promote learning, adapting, and continual improvement.
Policies, Laws, and Governance

Developing policies and legislation

Strategic Vision
Participation
Transparency
Consensus-Oriented
Rule of Law

Good Governance

Equity
Efficiency and Effectiveness
Responsiveness
Accountability

Strengthening organizational structures for appropriate decision making, authority and oversight

Improving human resources management to enhance performance and ethical practices

Incorporating good governance practices into systems and processes

Policies, Laws, and Governance

Key pharmaceutical management issues

- Are there policies to enhance equitable access to medicines for underserved populations (e.g., if significant segments of the population cannot access licensed pharmacies, what changes in laws and regulations are needed to allow non-pharmacy outlets to dispense a limited range of public health priority medicines)?
- What governance and administrative structures are needed to manage a medicines benefits program?
- Are national medicines policies consistent with UHC and health financing policies?
Pharmaceutical Financing

Revenue Sources
- Foreign donors and lenders
  - loans, grants
- Private firms/employers
  - taxes
- Individuals/households
  - taxes
  - out-of-pocket payments (OOP)

Revenue Collection
- in-kind donations
- budget allocations
- premiums

Intermediaries and Revenue Managers
- NGO’s
- Ministry of Health
- Social Security and other government agencies
- Private and social insurers

Purchasing
- Providers of Products and Services
  - Health Facilities
    - For-profit
    - Non-profit
    - Public
  - Retail Outlets
    - Pharmacies
    - Other retail outlets
  - Individuals
    - Local healers
    - Other

Access
- Individuals
- Household

Expected Outcome
- Equitable Access
- Financial Protection
- Improved Health

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Pharmaceutical Financing

**Key pharmaceutical management issues**

- What are the current sources of funding for medicines and pharmaceutical services?
- What proportion of government pharmaceutical expenditure is recovered through user out-of-pocket fees?
- How much does the lowest population quintile pay out of pocket for a set of essential tracer medicines?
Selection, Procurements, Distribution, and Use

Governance, Organization, and Management of Pharmaceutical Services

Pharmaceutical Supply
- Product selection
- Procurement
- Distribution and inventory management
- Compounding and repackaging
- Quality assurance

Dispensing and Supply to Individuals
- Sale or supply of pharmaceuticals with or without prescription
- Support for self-care
- Provision of medication-related information and counseling

Pharmaceutical Services

Safe, Appropriate, Cost-Effective Use
- Optimization of prescribing and use
- Preservation of medicine effectiveness
- Promotion of medicine safety
- Provision of pharmaceutical care

Health Promotion and Disease Prevention
- Provision of information and advice to promote public health and prevent disease
- Public health campaigns
- Provision of or referral for health screening

Education Research

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Pharmaceutical Products and Services

Key pharmaceutical management issues

- How do we set priorities for the selection of medicines for coverage of populations with different needs, given the competing objectives of availability of quality generic and innovator products, equitable access, appropriate use, and affordable costs?
- What are the barriers and constraints to utilizing private-sector pharmaceutical service providers?
- What is the national and subnational availability of essential tracer medicines?
- What is the level of adherence to treatment guidelines?
- How can we use the financing lever to improve adherence to guidelines?
Pharmaceutical Systems Information

Key pharmaceutical management issues

- Are supply chain and logistics information management strategies and systems in place?
- Are there robust systems to generate and disseminate timely information for estimating medicine procurement, tracking pricing, product registration, quality and safety, pharmaceutical financing, and medicine prices?
- To what extent are the existing health, financing, and logistics information systems integrated?
Pharmaceutical Human Resources

Key pharmaceutical management issues

- What is the current distribution (types, numbers, geographic) of pharmaceutical cadres per capita and per insured person?
- What pre- and post-qualification pharmaceutical service training programs exist?
- Is there a strategy to address the deficit in available pharmaceutical professionals, and is task shifting included?
Dominican Republic: Evidence-based strategies for the rationalization of the list of high-cost medicines

In 2014, the midterm review of the Health, Population, and Nutrition Sector Development Program 2, 2011–2016, revealed that the SCMP was a “game changer” in improving procurement and supply chain efficiency.
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