



Negotiating Antiretroviral Drug Prices to Increase Access: Challenges and Opportunities

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Background: Prices and Access

- ❖ Price of ARV therapy is an important barrier to access**
- ❖ Companies' listed prices decreased after generic entry since early 2000's**
- ❖ Developing countries continue to pay high prices, depleting scarce resources**
- ❖ Negotiations can reduce prices and increase quality**

Background: Price Negotiations

- ❖ **Brazil (1996)**
- ❖ **Accelerated Access Initiative (2000)**
- ❖ **Clinton Foundation (2003)**
- ❖ **Multinational**
 - **Caribbean countries (2002)**
 - **Central American countries (2003)**
 - **Andean countries (2003)**
 - **South American countries (2005)**

Andean Region Price Negotiation

❖ Signed June 2003

❖ 10 Latin American Countries

➤ **Bolivia, Chile, Colombia, Ecuador, Peru, Venezuela**

➤ **Argentina, Mexico, Paraguay, Uruguay**

❖ Objective improve access: reduce price and improve quality

❖ Coordinated by the Andean Community

❖ Technical support by WHO & UNAIDS

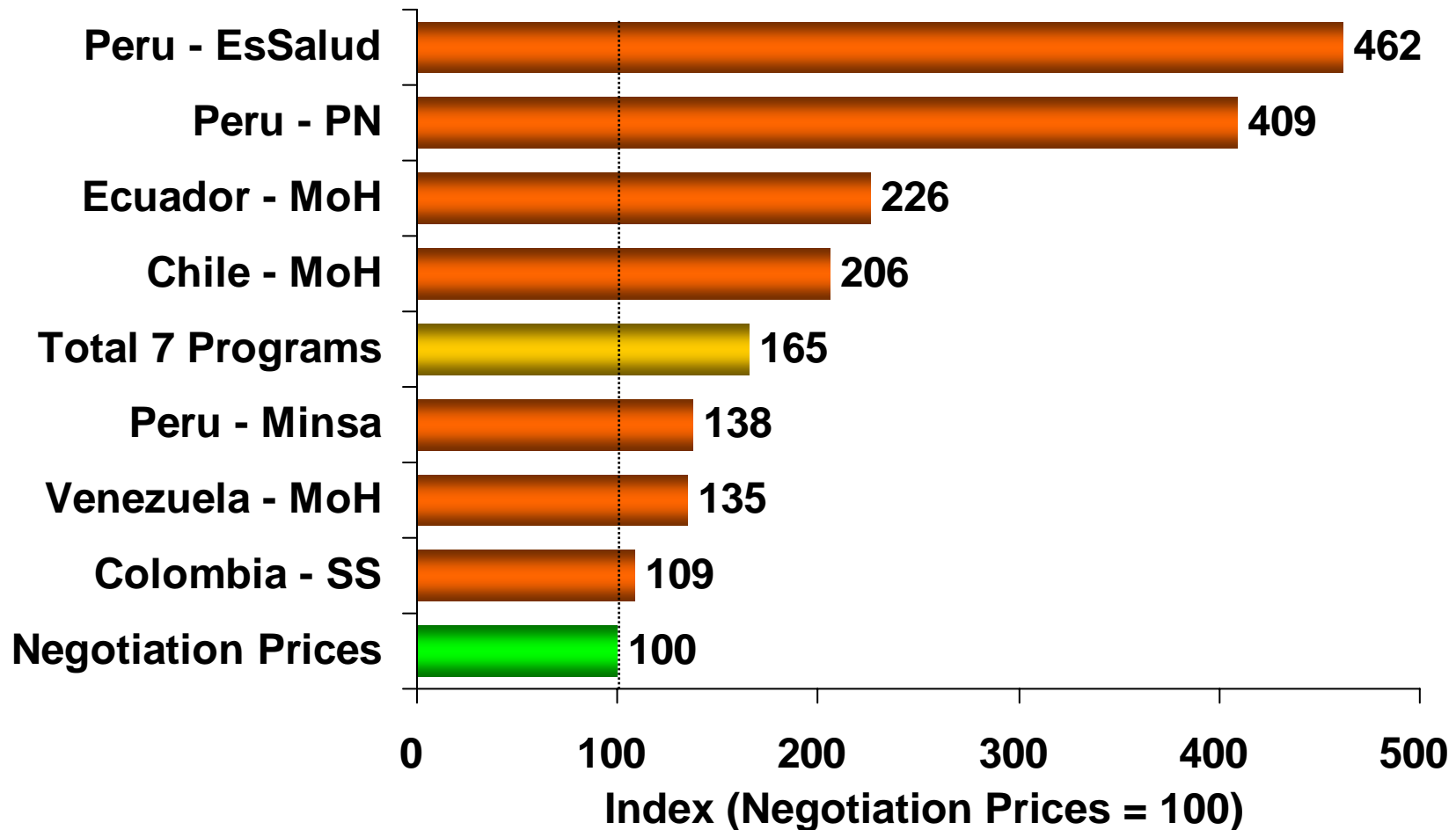
Study Objectives

- ❖ **To evaluate the negotiation impact on prices paid by the public sector**
- ❖ **To identify factors that made it difficult for countries to purchase ARVs at the negotiated prices and quality standards**

Methods

- ❖ **Sources of data: Ministries of health**
- ❖ **Domestic, originator, and foreigner generic companies**
- ❖ **Comparison of actual and negotiated prices**
 - **Average weighted price =
Expenditures at negotiated prices /
Actual expenditures**

Results: Price Comparison. Average Weighted Prices (2004)



Source: Estimated with data from Ministries of Health and PAHO-WHO.

Note: EsSalud= Social Security; PN = National Police; MoH= Ministry of Health; Minsa= Ministry of Health; SS= Social Security

Challenges: Regulation and Policy

- ❖ **Conditions of the negotiation were not compatible with national regulations**
 - **Intellectual property**
 - **Drug registration**
 - **Certifications**
 - **GMP and bioequivalence**
 - **Procurement**
 - **International trade**

Challenges: Market Competition

- ❖ **8 Companies signed the final agreement**
 - 7 generic companies
 - 1 originator company
- ❖ **Domestic companies did not participate in the negotiation**
 - Did not meet the agreement's standards
- ❖ **Originator companies**
 - Asked to base prices on purchasing volume and purchasing power or human development index

Challenges: Procurement System

- ❖ Negotiation resulted in a voluntary agreement**
- ❖ Direct purchasing from participating companies not allowed by regulation**
- ❖ New domestic biddings were made**
- ❖ Lack of coordination of procurement processes for public programs**
- ❖ Different prices and quality and bioequivalence standards**

Opportunities: Multinational Price Negotiations

- ❖ Increase leverage in negotiations with the industry**
- ❖ Encourage competition**
- ❖ Improve quality**
- ❖ Reduce prices**
- ❖ Improve transparency**
- ❖ Share expertise and technical resources**

Policy Recommendations

- ❖ **Coordinate regulations and policies of participant countries**
- ❖ **Negotiation of prices and specifications resulting in contractual obligations (e.g. international competitive bidding)**
- ❖ **Coordinate procurement of countries and national public health programs**

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