Drug Price Control - NITI Aayog

Why in news?

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The government has recently authorised NITI Aayog to recommend drugs that could be put under price control.

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What is the existing mechanism?

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- The National Pharmaceutical Pricing Authority (NPPA) enforce prices and availability of the medicines in the country, under the National List of Essential Medicines (NLEM).
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- **Essential Drugs -** The health ministry prepares the list of drugs eligible for price regulation.
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- The department of pharmaceuticals (DoP) then incorporates NLEM into Schedule 1 of the Drugs (Prices Control) Order (DPCO).
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- Following this, NPPA fixes the prices of drugs in this schedule.
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- Drugs which are declared essential by NPPA would automatically come under price control.
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- NPPA regularly publishes this list and their maximum ceiling prices.
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- **Para 19 powers** - NPPA also exercises Para 19 powers in public interest.
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- In 2013, the government had delegated these powers to NPPA, which it can exercise for setting the price cap of scheduled and non-scheduled drugs.
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- These are the same powers NPPA used in 2017 to cap prices of cardiac drugs, stents and knee implants.
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- NPPA also regulates prices of other health products such as stents.

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- Those on the non-scheduled list are allowed a maximum annual price hike of 10%.
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- More than 750 formulations are currently on India's list of essential medicines.
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What are the changes made?

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- **Recommending body** - From now, Standing Committee on Affordable Medicines and Health Products (SCAMHP) housed in the NITI Aayog will decide which drugs should be under price control.
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- SCAMHP has been constituted to act like a recommending body to NPPA regarding prices of drugs and health products.
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- In the new order, the SCAMHP will be a recommending body to NPPA regarding prices of drugs and health products.
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- Also, the committee may take a matter related to pricing for examination, suo motu or on the recommendations of DoP, NPPA and the department of health and family welfare.
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- The power to set price caps on other drugs has also been taken away from the NPPA and given to the committee under the NITI Aayog.
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- **Para 19 powers** - Under the new order, the committee may also encompass the powers under Para 19 of DPCO.
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What are the concerns?

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- The change in regulation gives arbitrary power to the committee to

determine which medicine is sold at which price.
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- Such mechanisms always breed lobbying, even if that is not the immediate intention.
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- By making a standing committee of NITI Aayog to scrutinise NLEM, the government has diluted the mandate of affordability.
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- Hence, all drugs will now undergo the scrutiny of the committee housed in NITI Aayog, of which NPPA is not a member.
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- Also, the changes will weaken the functions of NPPA as an enforcement body.
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- NPPA was taking strict action against those companies found to be overcharging by sending demand notices.
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- With this, the ability to enforce and recovery of overcharging will be curtailed.
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Source: Business Standard, Live mint

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