Impacts of NPPA’s Decision

What is the issue?

\n\n

\n
- In February 2017, National Pharmaceuticals Pricing Authority (NPPA)announced the price-cuts in stents and orthopaedic implants.
\n
- NPPA’s intent is to make healthcare affordable, but the tactics are not actually helping the goal.
\n

\n\n

What are the flaws in NPPA’s decision?

\n\n

\n
- NPPA’s movebrought stents under **the National List of Essential Medicines**and effected a sharp cut in prices.
\n
- NPPA’s decisions are based on market data, analysis, facts and figures.
\n
- The NPPA, based on a technical report, ruled that all stents were to be capped at the same price as there was no ‘differentiation’.
\n
- This seems to have also pushed the department of pharmaceuticals to impose restrictions on withdrawal of some high-end stents.
\n
- Market data is sketchy, so there may never be an objective answer on the degree of impact.
\n
- The actions of NPPA are suggestive that everyone must comply with the rules, and rules may be applied selectively.
\n

\n\n

\n
- NPPA seems to be wary, as it doesn’t want some companies to exit, tacitly

acknowledging the high-end stents are the ‘first among equals’, even when it isn’t allowing a higher price for these products.
\n

\n\n

Whatare the actual impacts of NPPA’s tactics?

\n\n

\n
- This new pricing regime has brought in low-cost price warriors, Chinese companies.
\n
- A few months after companies are pulling the plug on the innovative medical devices, wanting to exit because of they cannot sustain the prices set by NPPA.
\n
- The device industry has had applications for price revisions rejected, and companies wanting to withdraw products have been stalled.
\n
- The general reason is that withdrawal would go against interest of public health safety, as it would create sudden shortage.
\n
- Hospitals are using their complex pricing structures to make up for the loss of margin on stents, knee and hip implants, evident in that the charges incurred by the patient remain the same.
\n
- The industry’s confidence is shaken, hospitals are spending more time looking at the line items on bills rather than patients, and doctors are uncertain about which products to use.
\n

\n\n

Way forward

\n\n

\n
- The pharma-pricing regulator’s recent tactics have temporarily stalled the exit of high-end medical devices from India.
\n
- But the arm-twisting does little to address the issue of overall healthcare costs.
\n
- The NPPA must bring everyone concerned to the table, and be a

conscience-keeper, friend and partner the industry, rather than be at odds.
\n
- The industry must also realise that it is the primary cause for the failure to self-regulate, abandonment of responsibility and lack of transparency.
\n

\n\n

\n\n

Source: Financial Express

\n

