Exploring the Impact of Generic Substitution and Insurance Drug Formulary Policies on Medication Coverage Decisions and Prescribing in Saudi Arabia Private Healthcare Sector

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INTRODUCTION

- As of Q3 2025, private health insurance covered 14 million beneficiaries in Saudi Arabia; health insurance gross written premiums reached SAR 42.2 billion in 2024, 55% of total insurance premiums. [1,2]
- Saudi Arabia is estimated to be the largest pharmaceutical market in the Middle East and North Africa (USD 14–16 billion in 2024), with generics representing approximately 38% of the market. [3]
- The Daman Drug Formulary (DDF) evolved as a tiered mechanism that balances evidence-based clinical and economic values, financial sustainability, and equitable patient access to rationalize pharmaceutical coverage and control costs in the Saudi private healthcare sector.
- In its first year, the Council of Health Insurance (CHI) national value-based insurance drug formulary reviewed 200 indications across 14 therapeutic areas, resulting in more than 5,700 drug–indication additions, 3,300 prescribing edits, and 380 delistings. [4]
- A national claims-based study found that, within 10 months of CHI Circular No. 289 (2022) incentivizing generic use, generic utilization rose from 70% to 76%, with savings of approximately SAR 330 million. [5]

AIM

To explore how generic substitution and the Council of Health Insurance (CHI) DDF policies shaped formulary decision-making in Saudi Arabia's private healthcare sector, and to identify the behavioral, structural, and regulatory factors influencing implementation, medication access, and health system value.

METHODS

- Qualitative semi-structured interviews were conducted.
- Purposeful sampling targeted individuals with direct formulary or policy decision-making authority, including regulators, policy-makers, private insurers, healthcare providers, pharmacy and therapeutics committees, physicians, pharmacists, and pharmaceutical industry representatives.
- A validated topic guide, developed from the literature, was used to guide the discussion.
- Interviews explored medication listing processes, co-payment design, formulary tiering, and generic substitution practices following DDF implementation.
- All interviews were audio-recorded and transcribed verbatim.
- Data were analyzed using reflexive thematic analysis. Two researchers independently coded the data to enhance trustworthiness.

RESULTS

- Twelve interviews were completed (Table 1).
- Data saturation was reached by the ninth interview and confirmed in subsequent transcripts, with no new themes emerging.
- Five themes emerged from the analysis (Figure 1).

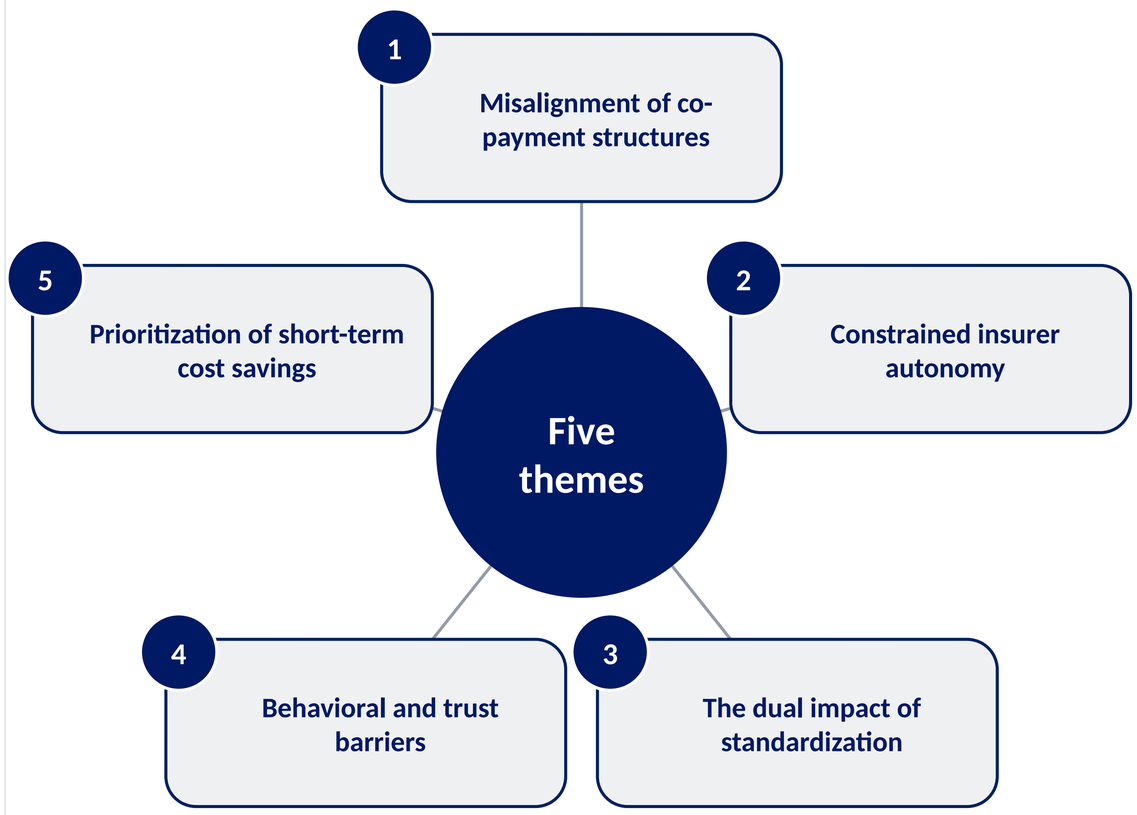
Interview Process and Data Saturation

Table 1. Interview process and data saturation

Indicator	Finding
Interviews completed	12
Data saturation reached	9th interview
Saturation confirmed	Subsequent transcripts
New themes after saturation	None
Themes identified	5

Emerging Themes

Figure 1. Themes emerging from the thematic analysis



CONCLUSIONS

CHI policies have strengthened formulary equity and rationalized prescribing. Nevertheless, co-payment design inconsistencies, restricted insurer decision-making authority, and underdeveloped data infrastructure continue to limit policy effectiveness.

Policy reforms, including revision of co-payment ceilings, expansion of insurer-led tiering authority, and the development of a national e-prescription infrastructure, are recommended to advance value-based healthcare in line with Saudi Vision 2030.

Such reforms would enhance policy uptake among all stakeholders and improve the long-term sustainability of pharmaceutical access in the private sector.

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