Drug Pricing & Reimbursement in Qatar

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Drug Pricing in Qatar - History

• Law No. (7) of 1990, by the Pharmacy and Medical Control Department at the Ministry of Health in Qatar
  • The Pharmacy and Drug Control Department at the Supreme Council of Health (SCH) is the sole authority to fix the prices for medicines

• Drug pricing considerations:
  • Original value for medicines
  • Value of insurance for the goods
  • Wages of freight to the port in Qatar
  • Value of custom fee
  • Expenses of unloading excluding the demurrage
Drug Pricing in Qatar - History

• Pricing to include:
  • 10% profit margin to importers
  • Nearly 30% margin to retailers

• The retailers were getting the stocks from wholesalers with the prices printed on each pack of medicines
  • Retail outlets were bound to keep the printed prices

• The foreign currency exchanging rate was fixed
Drug Pricing in Qatar - History

- Initial registration law of 1986, by Pharmacy and Medical Control Department, SCH
  - Products have to be registered with the Pharmacy and Drug Control Department at the SCH
  - Licensed dealers were allowed to import medicines only from the country of origin
  - Monopoly held by 18 licensed agents
  - Qatar's pharmaceutical market is heavily import-reliant
    - Imported products are, by default, more expensive
Drug Pricing in Qatar - History

• The problem:
  • The Qatari market has been facing a shortage of certain drugs
  • High drug prices, which were said to be among the highest in the region

• Suggested solution:
  • Liberalize imports and open market to the competition in order to:
    • Allow more businessmen to enter the industry, which could result in:
      • Increased availability of all types of medicines
      • Fall in prices
Drug Pricing in Qatar - Current

- Pharmaceutical market free trade
Drug Pricing in Qatar - Current

• April 2011: Cancellation of Law No. (7) of 1990 by the Pharmacy and Medical Control Department
  • Ended government control over retail prices of all medicines sold in Qatar allows importers to establish their own prices
  • Free pricing has paved the way for supply chain players to increase their margins and counter foreign-exchange fluctuations
  • Drug prices in Qatar have *swiftly risen by as much as 30%*
Drug Pricing in Qatar - Current

<table>
<thead>
<tr>
<th>Selected Products Seeing Price Increase in Qatar</th>
<th>Previous Price (QR)</th>
<th>Post April 2011 Price (QR)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lipitor (atorvastatin; 10 mg)</td>
<td>163.75</td>
<td>219.00</td>
<td>33.7</td>
</tr>
<tr>
<td>Norvasc (amlodipine; 5 mg)</td>
<td>85.50</td>
<td>92.00</td>
<td>7.6</td>
</tr>
<tr>
<td>Januvia (sitagliptin; 100 mg)</td>
<td>323.75</td>
<td>400.00</td>
<td>24.0</td>
</tr>
<tr>
<td>Augmentin (amoxicillin and clavulanate)</td>
<td>140.00</td>
<td>154.00</td>
<td>10.0</td>
</tr>
</tbody>
</table>
Drug Pricing in Qatar - Current

- Blank stickers on medicine packets, so retailers are free to fix prices based on prices shown on lists issued by the wholesalers

- On long-term, the number of products on the market could increase as firms take advantage of the free pricing and reducing prices

- The compounding factors for Qatar include:
  - Small market size
    - Manufacturers cannot benefit from economies of scale
  - High income per capita
    - There has been scant demand for low-cost drugs
Drug Pricing in Qatar - Current

- Other drug price-lowering mechanisms performed currently by the Qatari government include:
  - To form and secure strategic trade partners for low-cost generic drug distribution and manufacturing
Drug Reimbursement in Qatar - Current

• Public health system coverage
  • Covers management at ‘public’ hospitals and medical centers only
  • ‘Optional’ coverage for all residents or visitors in Qatar
  • Overseas treatment not covered

• Private health insurance
  • Covers management at ‘private’ hospitals only
  • Employer-provided insurance for selected employees
  • Overseas treatment covered

• The public health system coverage does not include services by the private health system and vice versa
Drug Reimbursement in Qatar - Future

- National Health Insurance Scheme
  - A health insurance company will be established by SCH
  - ‘Mandatory’ cover for all residents and visitors in Qatar
  - The government will fund coverage for Qatari nationals
  - All employers will be responsible for insuring non-national employees
  - Public and private health care providers will participate equally in the scheme (ICD-10-AM will be mandatory across all hospitals)
  - Overseas treatment is not covered in the scheme basic benefit package; optional supplementary package will be available
Drug Reimbursement in Qatar - Future

- Stages of Health Insurance Scheme implementation

**Stage 1:**
- **Enrolled population:** Female nationals (approximately 5% of population)
- **Scope of Service:** All women’s services
- **Timeline:** Pilot start

**Stage 2:**
- **Enrolled population:** All nationals (approximately 14% of population)
- **Scope of Service:** All services in private providers; inpatient services at selected HMC facilities
- **Timeline:** 9 months after Stage I commences

**Stage 3:**
- **Enrolled population:** All nationals
- **Scope of Service:** All services in private providers; inpatient services at all HMC facilities
- **Timeline:** 3 months after Stage II commences

**Stage 4:**
- **Enrolled population:** All nationals
- **Scope of Service:** All services in private providers, inpatient services at all public providers, 50% of outpatient services at public providers
- **Timeline:** 9 months after Stage III commences

**Stage 5:**
- **Enrolled population:** All residents and visitors in Qatar
- **Scope of Service:** All services at all hospital providers
- **Timeline:** By December 2014