AN ANALYSIS OF THE 2014 MOROCCAN DRUG PRICE CUTS

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OBJECTIVE
In 2013, the Moroccan government implemented Decree 2-13-852, which introduced a major overhaul of drug-pricing policy in the country. Under the decree, the ex-manufacturer price of originator products was set at the average ex-manufacturer price from a basket of countries, including Belgium, France, Portugal, Saudi Arabia, Spain, and Turkey. Generic medicine prices could not exceed those of comparators, and the decree introduced a set price difference between generic and comparator. The extent of this difference is tied to ex-manufacturer prices of the originator (see table).

On top of the ex-manufacturing price, pharmacist margins and wholesaler margins are applied—wholesaler margins being 2% for drugs priced over MAD588 and 11% for drugs with ex-manufacturer prices below MAD588. Pharmacist margins are 57% for drugs with ex-manufacturer prices below MAD166, whilst pharmacist margins of 47% are placed against drugs priced between MAD166 and MAD588, a flat MAD300 margin is placed on drugs priced over MAD588, and a flat margin of MAD400 if for drugs priced over MAD1,766.

In April 2014, the Moroccan government announced new hospital and public prices for 5,308 drugs, reflecting large-scale reform of drug prices in Morocco brought about by the implementation of Decree 2-13-852. This study seeks to examine the scale of price cuts seen in the implementation of the decree and to determine the impact of these on pharmaceutical companies operating in the Moroccan market.

METHOD
Standard statistical methods were used to analyze government-provided data in order to identify general trends within the April 2014 pricing notification. Secondary sources were then examined to determine the general scope of the price cuts.

RESULTS
We examined the prices of 5,308 drugs published in the notification (including duplications where brand names were included in different formulations). Some 390 of the 5,308 drugs were newly listed for public purchase. A further 2,968 saw no price decrease, while 2 drugs saw modest price increases. The remaining 1,948 drugs saw price declines from 0.006–78.600%. The average public price decline was 13.6%, while the median decline was 6.5%. When public price declines are broken down into ranges, by far the most declines were in the range of 0.01–5.00%, with 925 drugs seeing price declines in this range. Conversely, 61 drugs saw price declines greater than 50%, of which 18 were greater than 60%.

All of the 5,308 drugs were previously listed with hospital prices, although 114 of these drugs saw no pricing decline. Of those that did see a price decline (5,194), the declines ranged between 0.001% and 79.800%. The 5,194 drugs saw an average decline of 9.3%, while the median decline was 5.8%. Despite a range of different percentages, 3,060 drugs saw price declines in the 0.01–5.99% range. This implies that although more drugs were included for price cuts in this category than listing price, the overall scale of the cuts was smaller. 84 drugs saw price declines greater than 50%.

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CONCLUSION
Decree 2-13-852 might have been implemented with the aim of bringing down drug prices, which until that point were significantly higher than in France, Switzerland, and Turkey. This is especially significant considering that access to drugs is typically poor in Morocco’s public healthcare system, often necessitating patients to procure medicines out of pocket through private sources and creating an economic burden for many Moroccans.

The vast bulk of the price cuts were in the 5.01–10.00% range for hospital prices, while the majority of public price cuts were in the 0.001–5.000% range. Pharmaceutical companies that supply the hospital sector are, thus, likely to experience relatively low price declines for their products on average. Pharmaceutical companies supplying drugs outside of the hospital system would be much less likely to have experienced a price cut; although, where price cuts occurred, they would have been somewhat larger than in the hospital setting.

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