



Global Health

Supply Chain Summit

[ABSTRACT # 92]

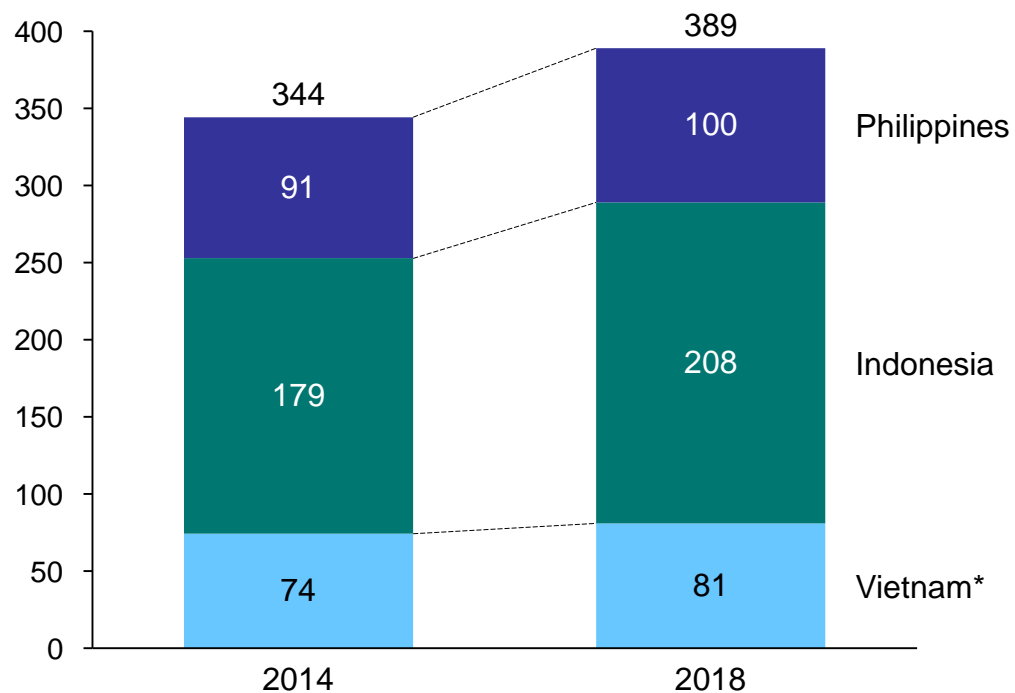
Diagnosing the quality of medicines and health of supply chains in pursuit of UHC:
Multi-country study approach

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[20 to 22 Nov 2019]

While UHC initiatives have expanded care, national health insurances are under pressure to provide high quality care at affordable costs

Population coverage of National Health Insurance scheme (in millions)

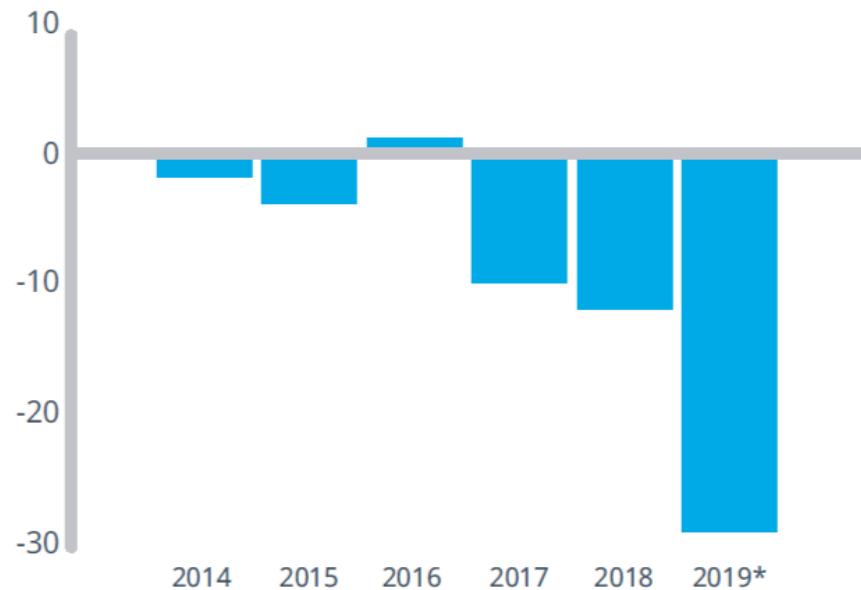


* Note: Vietnam's latest available data is as of 2017

- Between 2014 and 2018, Indonesia, Vietnam, and the Philippines have enrolled **over 40 million** people in their respective national health insurance schemes, and increased population health coverage to a total of about **389 million** people
- While national health insurance efforts are broadening access to healthcare, we recognize the **political pressure on government budgets to provide high quality care at affordable costs.**
- This effort can be actively **undermined if these medicines do not work as they are intended to**, mostly because they are either **substandard or falsified**

At the same time, we witness that stress on national health insurance is impacting health systems and production of quality medicines

Indonesia's widening health insurance deficit
(in trillions of rupiah)



* Third party estimate

Source: BPJS Kesehatan

¹Tani, SHOTARO, and Ismi DAMAYANTI. "Indonesia Struggles to Pay for Huge Universal Health Care Program." *Nikkei Asian Review*, August 14, 2019. <https://asia.nikkei.com/Economy/Indonesia-struggles-to-pay-for-huge-universal-health-care-program>.

²<https://www.todayonline.com/world/asia/thailands-national-healthcare-scheme-hits-financial-trouble>

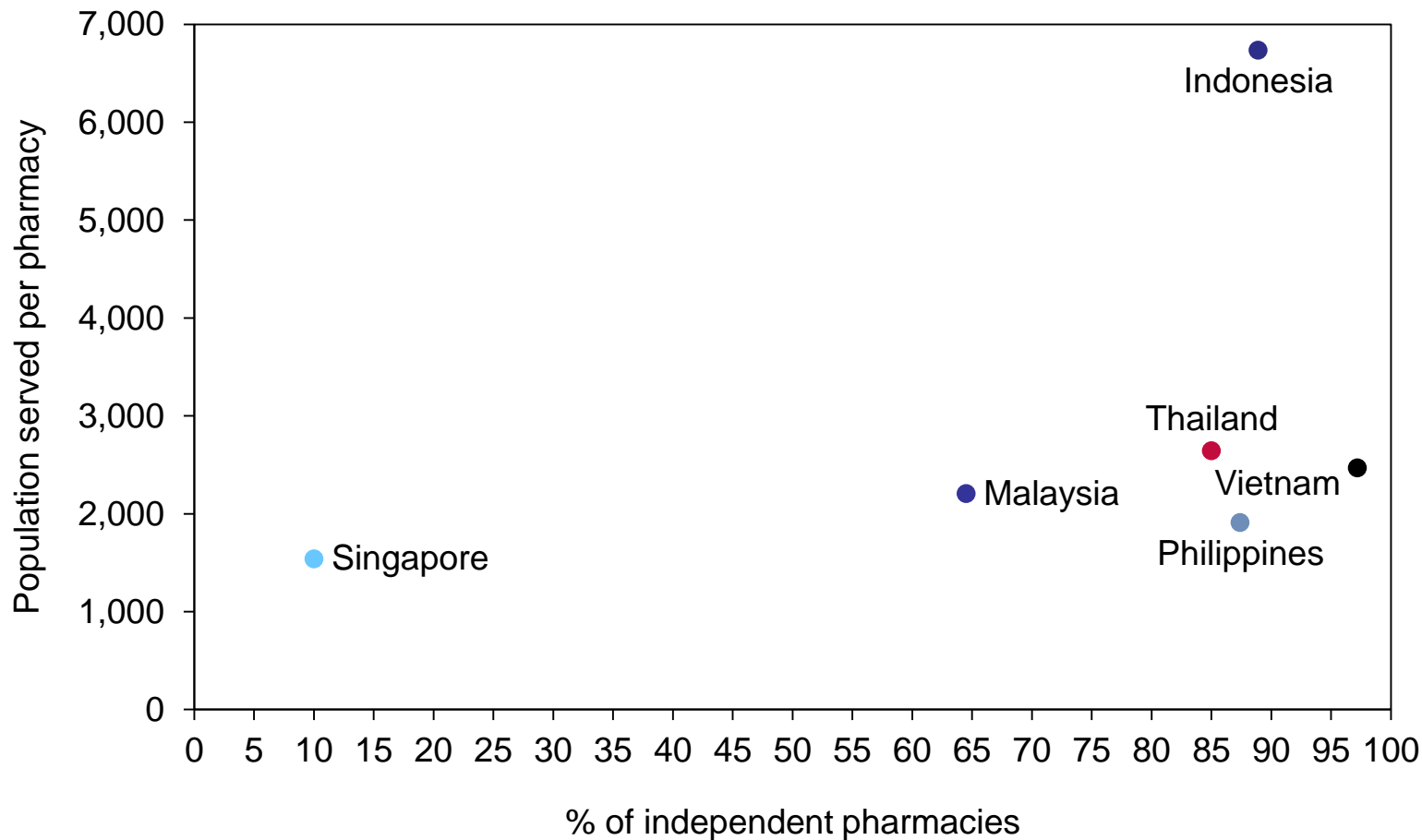
- Governments may not be able to afford the package of care they promised under UHC
 - In Indonesia, BPJS Kesehatan suffered deficits in 5 of the 6 years since the system was introduced in 2014¹
 - In Thailand, there is reported long waiting times and overuse of health systems, with 18 state hospitals suffering deficits²
- Increased **downward pressure on prices of medicines** under UHC cause tough choices to be made by manufacturers about the **quality of medicines being produced**
- At the same time, evidence suggest that **substandard^a and falsified medical products^b** exist in the market today and undermine public health in many ways

^a**Substandard medicines** are authorized medical products that fail to meet either their quality standards and/or specifications

^b**Falsified medical products** are those that deliberately/fraudulently misrepresent their identity, composition or source

The overall low reach of mostly independent pharmacies could result in a greater information gaps on falsified or substandard medicines to patients

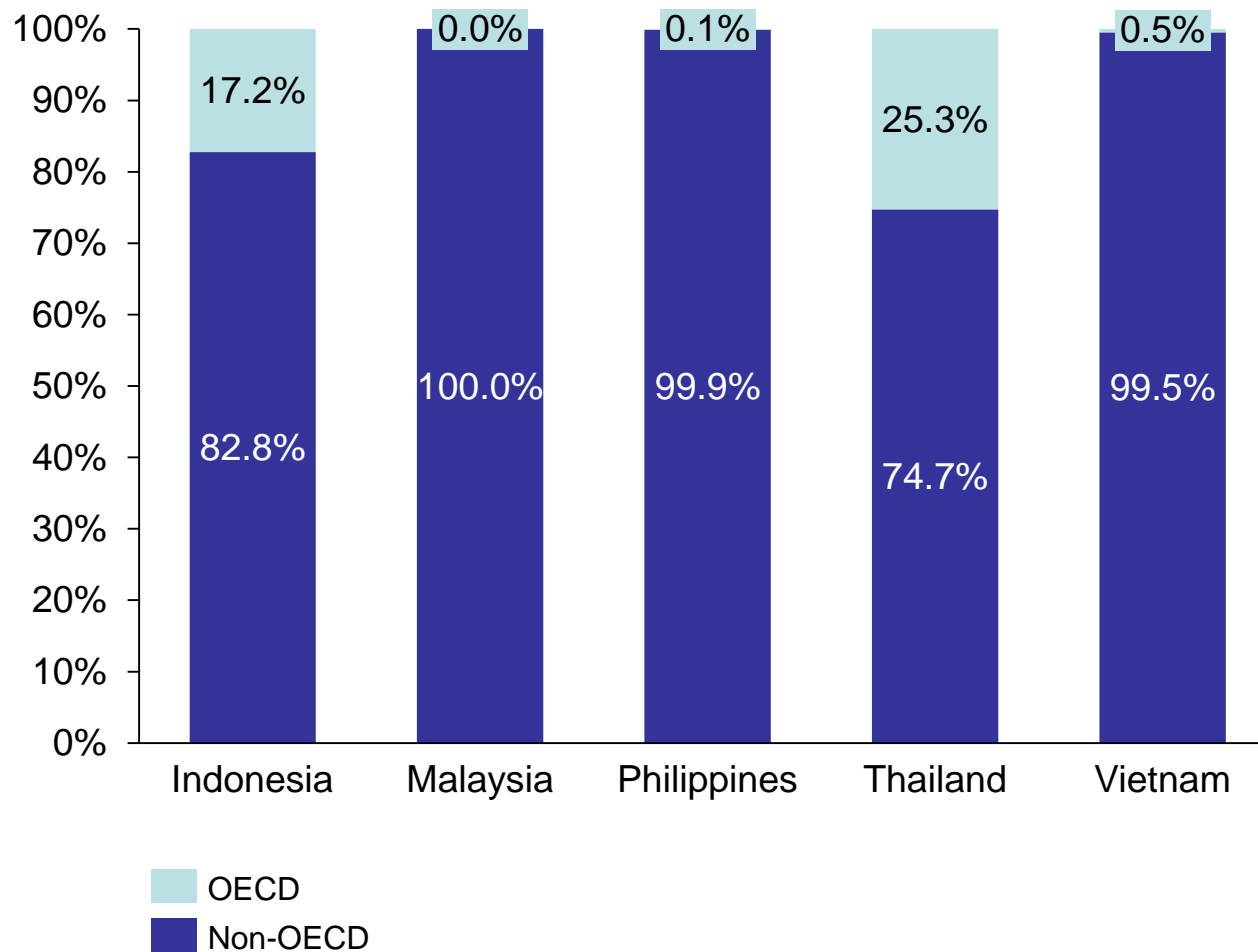
Pharmacy penetration and share of independent pharmacies
(# population served per pharmacy; % of independent stores)



- Significant presence of independent or non-chain pharmacies in SEA
 - **Difficult for authorities to monitor and regulate** the distribution of quality drugs
- Low market reach of pharmacies in SEA
 - People **turn to convenient channels to purchase medicines** which they believe to be the most reliable, affordable and best-known quality

The abilities of manufacturers to export to OECD countries is one potential indicator of the ability to meet international quality standards

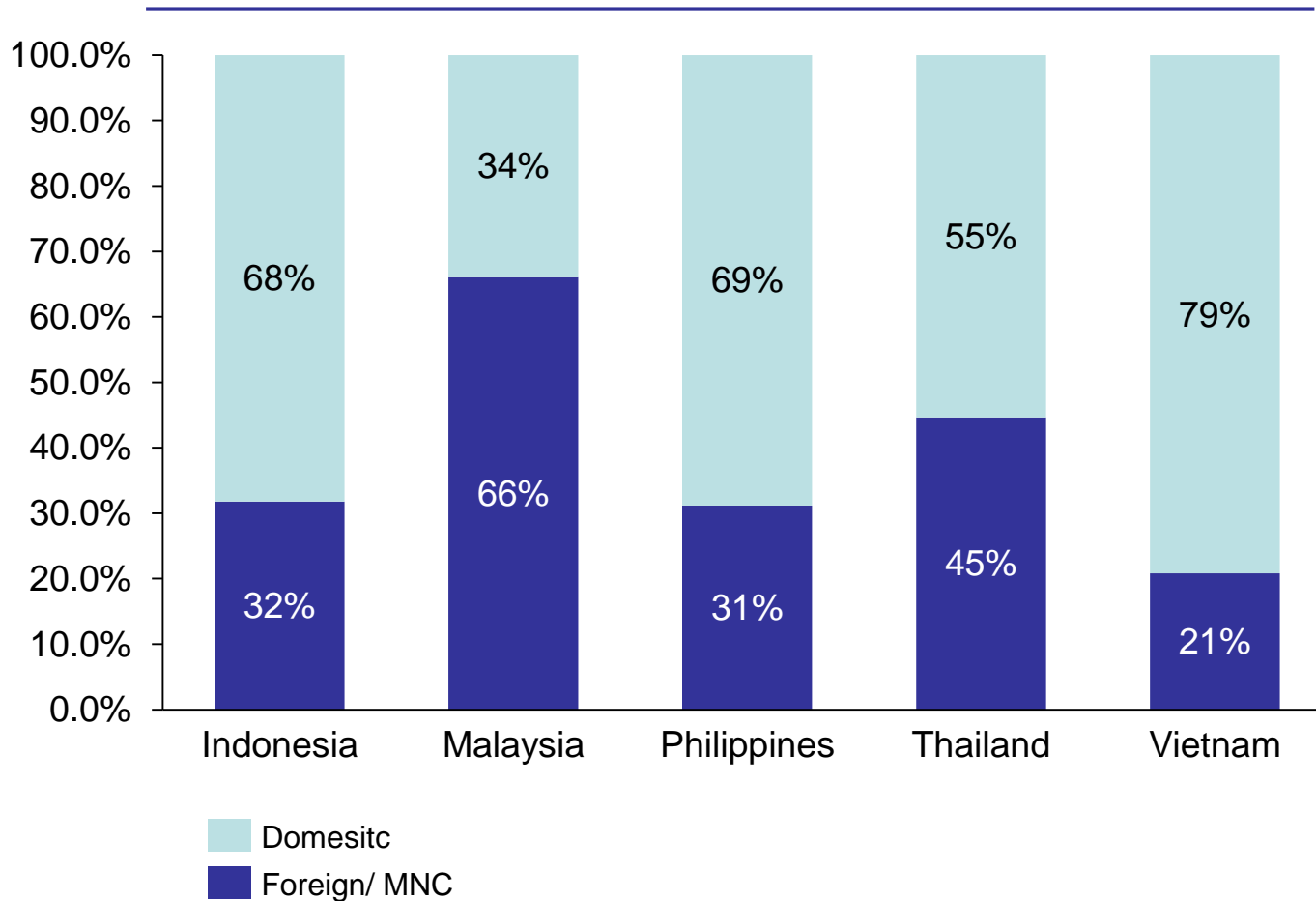
% of Exports to OECD vs non-OECD countries in 5 ASEAN markets



- We used **exports to OECD markets as a proxy for manufacturers' capabilities to meet quality standards**
 - Thailand and Indonesia have made strong progress, while other markets may benefit from interventions
- Among the local manufacturers that are exporting to OECD countries, it is pertinent to ensure their products meet the highest global drug standards

High share of domestic manufacturers, who produce locally and are not subject to global regulations, results in fewer ways to validate quality

% of domestic vs MNC manufacturers



- High share of domestic manufacturers in each SEA market (except Malaysia) may result in **lower visibility to quality risks**
- For some markets, domestic **consumption and production of medicines may be outpacing their domestic regulatory systems**

IQVIA is currently working with researchers in Indonesia on a list of available data, to try to examine measurable indicators to flag potential risks to medicine quality

Measure for risk flagging indicators

- | | |
|---|--|
| <ul style="list-style-type: none">• List price of product by dose form and manufacturer• Cost of imported API• Volume of imported API• JKN price compared to reference countries (e.g. New Zealand list price)• Difference between e-catalogue and desired price• Difference between e-catalogue and raw transaction price• Raw transaction price of product by dose form• Costs of distribution by product and region• Corporate governance structure• Entry of new manufacturers | <ul style="list-style-type: none">• GDP certification & inspection• GMP certification & inspection• Production integrity• Degree of international export• Failed e-catalogue auction• E-catalogue RKO volume demanded per manufacturer• Estimate of manufacturer capacity in units• Number of manufacturers per dose form• Estimate of national sales volume• Difference between highest vs lowest cost per CU by dose form• Outstanding accounts receivable (debt) for manufacturer |
|---|--|

- These indicators will help us to lay the ground in quantitatively determining levels of risk for production of sub-standards, degradation, repackaging, or production of fake medicinal products
- IQVIA and Ternyata are currently working on a research collaboration with Indonesia's BPOM, as well as getting the support of the relevant government, industry and NGO stakeholders

Thanks to our generous sponsors



2019 Global Health Supply Chain Summit, Johannesburg, S. Africa

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