

# Reproductive Health Supplies Pricing in Nepal and Nicaragua:

Equity, Availability, and Affordability



# Introduction

- Poor reproductive health (RH) contributes to overall disease burden.
- Availability of essential RH supplies is constrained by:
  - Insufficient resources
  - Insufficient commitment
  - Systems inefficiencies
- Price of RH medicines affects access for the poor.



# Background

- WHO/UNFPA published: *The Interagency List of Essential Medicines for Reproductive Health*:
  - <http://www.who.int/medicines/publications/essentialmedicines/WHO-PSM-PAR-2006.1.pdf>
- PATH and JSI: adapted WHO/HAI essential medicine (EM) price measurement approach to RH medicines.
- PATH and JSI: piloted approach in Nicaragua and Nepal, with these research objectives:
  - Identify gaps in understanding of RH medicines pricing and availability.
  - Inform RH medicines policy and program development.



# Research Questions

- ✓ How efficient are public and private *procurement systems*?
- ✓ What are the *price components* and their *cumulative mark-up* effect on patient prices?
- ✓ What is the difference between the prices of lowest- and highest-cost generic equivalents (*brand premium*)?
- ✓ How *available* and *affordable* are essential reproductive health medicines?








# Approach

- Adapt WHO/HAI price measurement methodology for RH medicines.
  - MSH/WHO median reference prices: <http://erc.msh.org/dmpguide>
- Develop RH medicines product tracer list and adapt to each country.
- Convene country-based TAGs and train pharmacy students as data collectors.
- Gather and analyze price and availability data.
  - High- and low-priced generics.
  - Public and private sectors.
  - Multiple regions of Nicaragua and Nepal.
  - Combined 121 public, NGO, and private outlets.

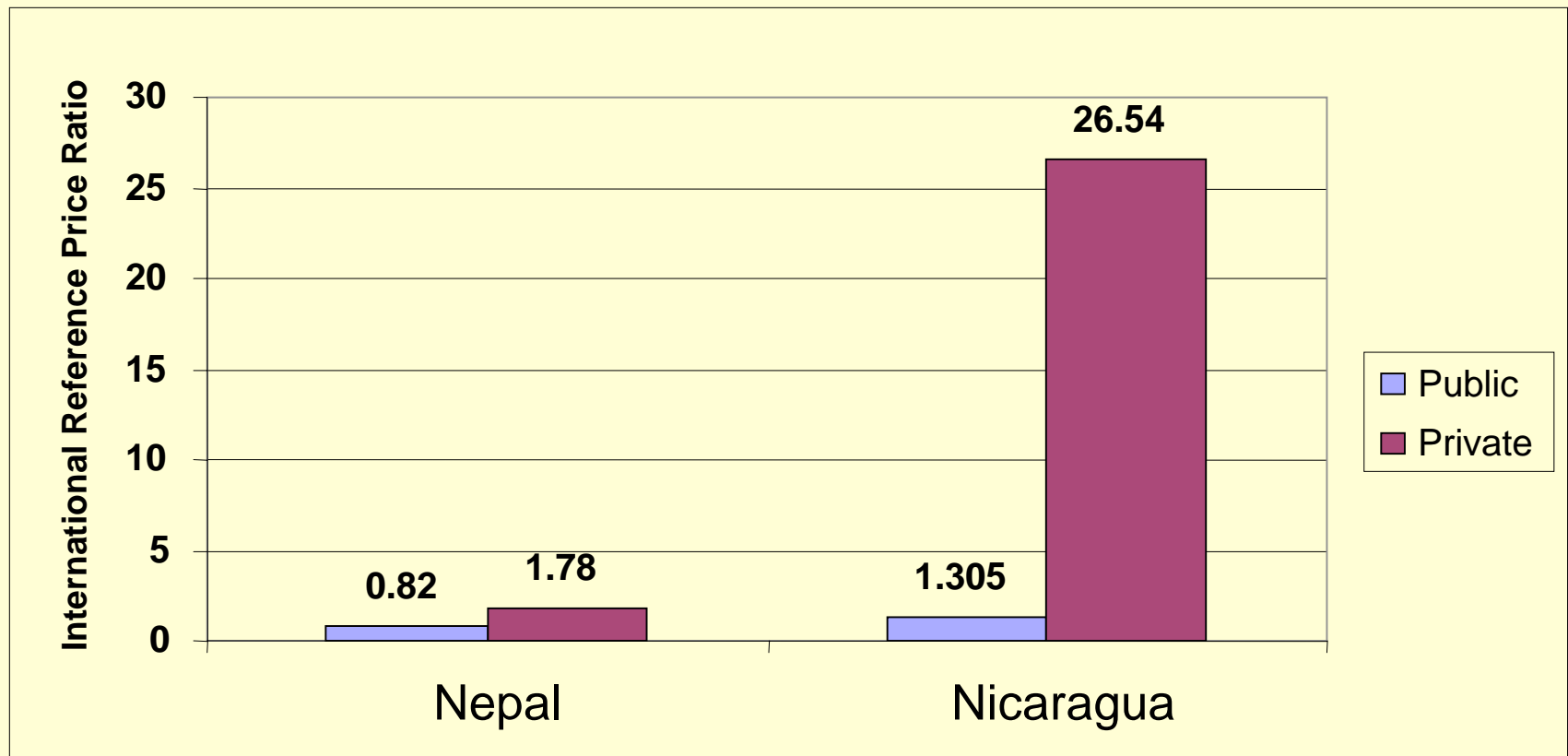


# Key Findings

-  **Efficiency:** Public-sector procurement relatively efficient in both countries.
  - ✓ Large gap in private-sector procurement efficiency between the two countries.
-  **Generics:** High-priced generics (HPG) vastly more expensive than low-priced generics (LPG).
  - ✓ Nepal (95%); Nicaragua (836%)
-  **Availability:** Limited availability of essential RH medicines in both public and private sectors.
  - ✓ Combined (26% public; 39% public)
-  **Affordability:** treatment costs (based on days' wages) higher in Nicaragua.
-  **Margins:** Significant cumulative price margins; exceed government guidelines in Nepal.
  - ✓ >400% of procurement cost.

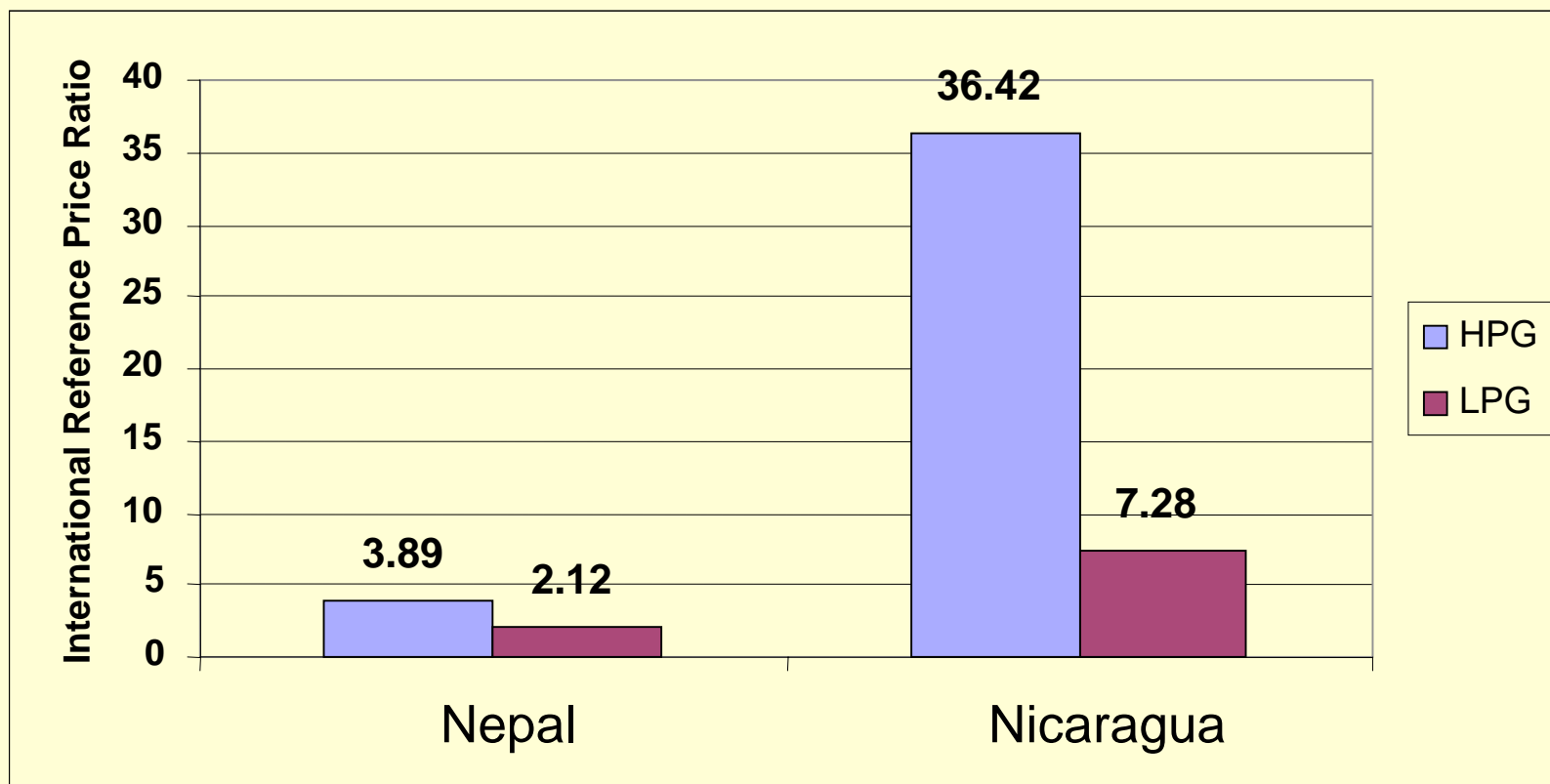


# ✓ Procurement Efficiency: Sector Comparison





# Patient Prices (all sectors)







# RH Product Availability

- **Public-sector outlets:**
  - LPG availability 25% (Nicaragua) and 28% (Nepal)
  - HPG availability <4%
- **Private-sector outlets:**
  - LPG availability 40%
  - HPG availability 28% (Nicaragua) and 14% (Nepal)



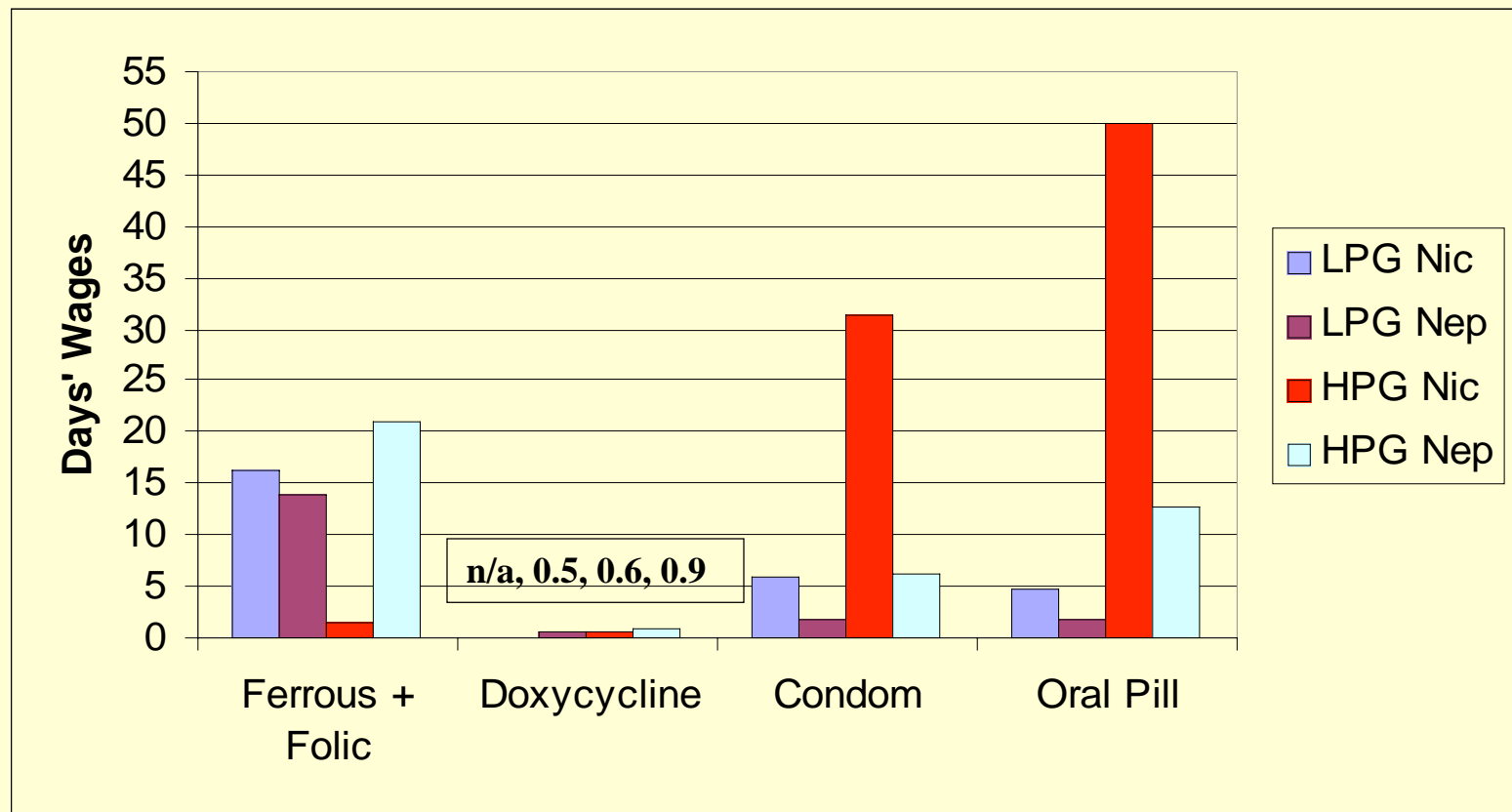
# ✓ RH Product Availability

- Average availability of all (HPG and LPG) products across sectors: 21%, Nepal; 24%, Nicaragua.
- Availability Ranges:
  - 92% LPG male condoms in Nepal.
  - 100% LPG amoxicillin in the public sector in Nicaragua.
  - 2.0% LPG Oxytocin across all sectors in Nepal.
  - 0% LPG progestin-only minipill across all sectors in Nicaragua.





# Product Affordability





# Cumulative Price Margins

## Nepal

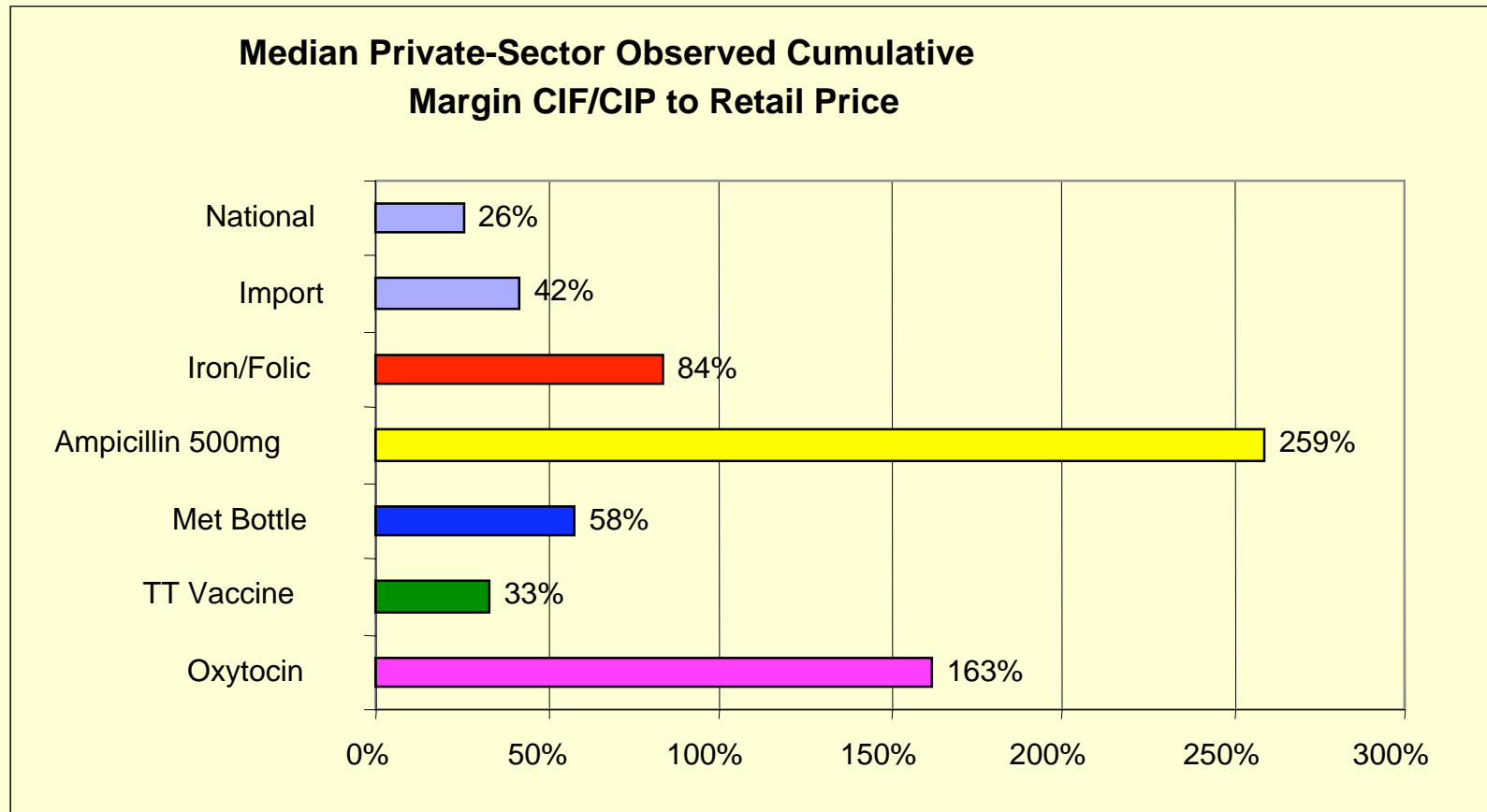
ENTITY	PRICE COMPONENT	% Mark-up	Cumulative Price and Margin
International	CIF/CIP Index Price	0%	100.0
HMG Nepal	Import Tax	5%	105.0
Importer	Distribution Margin	2.5%	107.6
Importer	Profit Margin	4.5%	112.5
Wholesaler	Profit Margin	8.5%	122.0
Retailer	Profit Margin	16%	141.6
Cumulative Markup		37%	42%
Final Retail Price			141.6

## Nicaragua

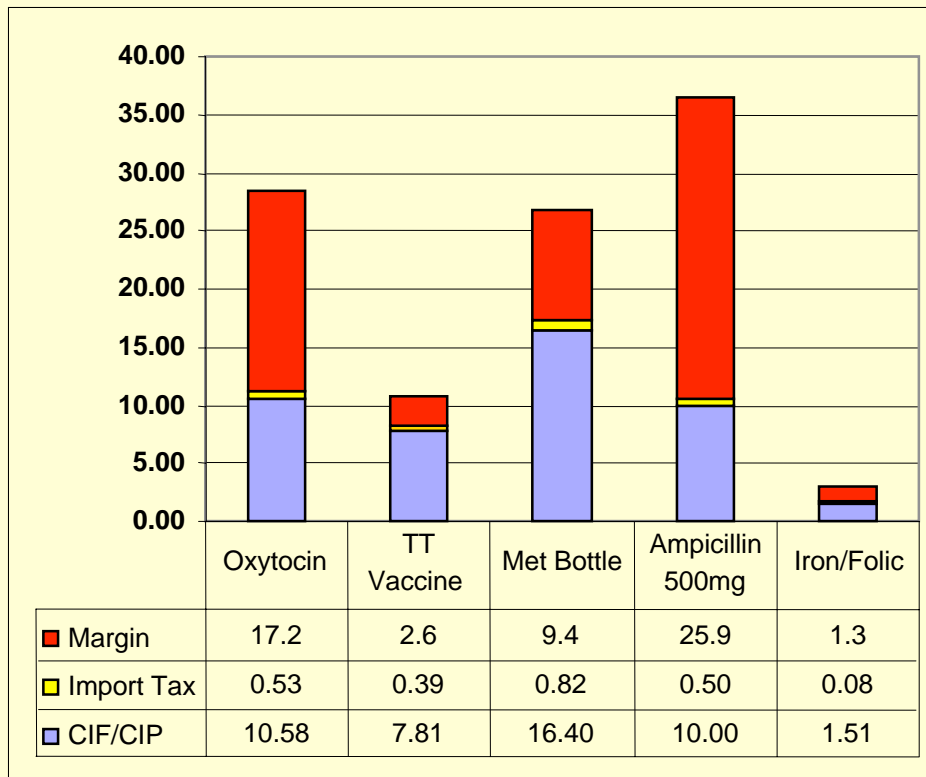
- Ministry of Promotion, Industry and Commerce is responsible for enforcing pricing policies and regulations.
- Importer and distributor margins (30 – 35%), retail (30 – 35%).



# Cumulative Price Margins (Nepal): Select RH products



# Nepal: How are the margins distributed?



Margins as a component of price:

- Oxytocin – 61%
- Ampicillin – 72%
- TT vaccine – 25%

What is the proportion of that margin each actor is levying within the distribution system?





# Conclusions & Next Steps

- Availability of essential RH medicine is low in both Nicaragua and Nepal.
  - Steps need to be taken to increase availability of essential RH products across sectors.
- Product margins in Nepal (profits, distribution, taxes) are leading to high retail costs of essential RH medicines that many cannot afford.
  - Drug control authorities should enforce existing regulations governing allowable margins.
- Public-sector and NGO programs should promote good-quality, low-priced generic products.
- Expectations of commercial-sector supply of RH medicines must be tempered with data on affordability.
- Similar research is needed in additional countries to identify trends and inform planning and decision-making.



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