

# Implementation of medicine pricing policies to improve equitable access to essential medicines: Insights from four medicine pricing policies in Ghana

## Key findings

Key systemic problems which led to high medicine prices:

- ⇒ multiple organizations involved in supply chain
- ⇒ delayed payments for contracts
- ⇒ fragmented procurement contracts.

Policy approaches to managing medicine pricing:

- ⇒ National competitive tendering for essential medicines;
- ⇒ Standard tender documentation from Public Procurement Authority;
- ⇒ At least 30% reduction in NHIS medicine prices;
- ⇒ Absorbing bills from the exempted medicines & manufacturing inputs
- ⇒ National Medicine Price Committee
- ⇒ National Health Commodity Supply Agency to coordinate actors in supply chain.

Policies driven by strong political will within a favourable context

- ⇒ Stakeholders from health, finance, service provision, trade and industry from the public and private sectors are involved in the design and implementation.

## I. Introduction

Improving the availability and affordability of essential medicines targeting local diseases is critical to strong health systems and improved health outcomes.

We summarize how and why four medicine pricing policies were designed and implemented in Ghana since 2012.

## II. What we did

We analyzed the four policies and reports of the Value Added Tax (VAT) exemption and National Medicine Pricing Committees (NMPC), Health Sector Annual Program of Work (Draft 2020), report on the VAT exemption for local manufacturing, national medicines policy (2017).

Specific questions explored were:

- ⇒ How was the problem was defined and framed, by whom and why?
- ⇒ Which stakeholders were involved?
- ⇒ How are the policies situated in broader national policy and legislative environment?
- ⇒ Which implementation approaches were planned, and how these compare to practice?

## III. How the medicine pricing policies were framed

- ⇒ **Health commodity supply chain master plan (HCSCMP) (September 2012)** was designed by government to address the myriad of challenges in the supply chain including multiple organizations involved with overlapping tasks and charges and payment delays in the procurement processes all contributing to high medicine prices. The policy sought to streamline the whole procurement systems to reduce medicines prices.
- ⇒ **Framework contracting for high demand medicines (2017)** outlines a centralised procurement process which supports bulk purchase and negotiation of medicine prices. This policy is a recommended strategy from the HCSCMP and sought to address increasing prices of medicines due to fragmented procurement contracts for medicines.
- ⇒ **Value Added Tax (VAT) exemptions for essential medicines (2017)** reflects Government's removal of 17.5% VAT component for imported essential medicines to reduce price build up along the supply chain. In return, importers agreed to reduce prices of medicines listed on the National Health Insurance medicines list by a minimum of 30%.
- ⇒ **VAT exemption for active pharmaceutical inputs (API), manufacturing inputs and packaging materials (2012, 2017)**. Government initiated this policy to remove cost build up due to taxes and ring-fenced specific medicines for local manufacturing. The policy was to develop local pharmaceutical companies capacity and also to reduce medicines prices. The list of API and inputs were revised in 2017.



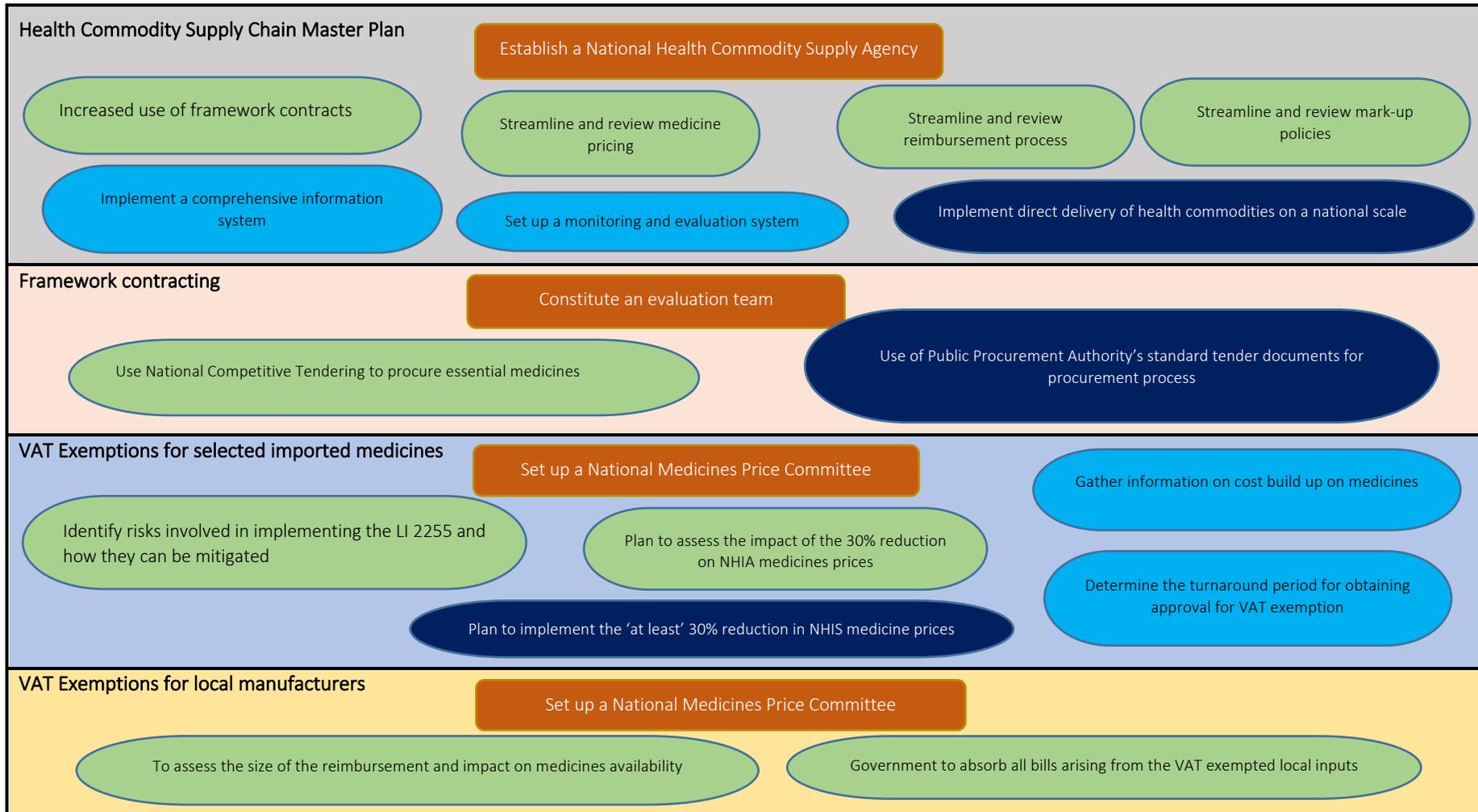
## IV. Stakeholders involved and the broader contexts of policies

Stakeholders from the private and public sectors were involved in the design and implementation of the medicine pricing policies. The four medicine pricing policies were situated in the existing national medicine policy which seeks to improve supply and management of medicines by rationalizing the procurement system and improving medicines manufacturing, distribution and pricing at all levels.

### Summary analysis of four medicines pricing policies

Thematic area	Policy 1: Health Commodity Supply Chain Master Plan	Policy 2: Framework contracting	Policy 3: VAT Exemptions for Selected imported medicines	Policy 4: VAT Exemptions for local manufacturers
<b>Evidence used to inform the policies</b>	Internal and external assessments on Ghana's health sector supply chain, and a strategic review undertaken by USAID in May 2011	Evidence of high medicine cost and its implication for NHIS reimbursement and expenditure	Price component studies and medicines price and availability surveys.	Price component studies and medicines price and availability surveys.
<b>Actors involved in policy design (Government &amp; Non-government)</b>	Office of the Director Pharmaceutical Service Ministry of Health (MOH), Food and Drugs Authority (FDA), Ghana Health Service (GHS), National Health Insurance Authority (NHIA) and Public Procurement Authority (PPA)	MOH, Regional Health Administrations, Teaching Hospitals, NHIA, FDA and GHS	MOH, Ministry of Trade and Industry (MOTI), Ministry of Finance (MOF), FDA, NHIA	MOH, MOTI, FDA, NHIA
	Chamber of Pharmacy USAID and the WHO	Global Health Supply Chain-Procurement and Supply Management (GHSC-PSM)	Pharmaceutical Society of Ghana (PSGH), Chamber of Pharmacy, WHO, Pharmaceutical Manufacturers Association of Ghana (PMAG)	Chamber of Pharmacy, PSGH and the PMAG.
<b>Actors roles in policy implementation</b>	<ul style="list-style-type: none"> <li>a) National Health Commodity Supply Agency to oversee policy implementation</li> <li>b) MOH Pharmaceutical Services to ensure pharmaceutical standards are developed, maintained, and adhered to.</li> <li>c) MOH Procurement and Supply Directorate to procure and manage contracts</li> <li>d) MOH Human Resources Department to provide training and pre-service education</li> <li>e) FDA to ensure overall quality in medicines</li> <li>f) GHS Stores, Supplies and Drug Management to implement the policy and guide GHS health facilities</li> <li>g) NHIA to ensure the financial sustainability of NHIS</li> <li>h) PPA to harmonize the procurement process</li> </ul>	<ul style="list-style-type: none"> <li>a) The Technical Working Group (multisectoral) to provide expert support in procurement, finance administration and regulation</li> <li>b) GHSC-PSM to provide technical support</li> </ul>	<ul style="list-style-type: none"> <li>a) The Director of Pharmaceutical Services to coordinate and oversee the policy implementation</li> <li>b) Chamber of Pharmacy to compile and submit the new price list reflecting the 'at least' 30% reduction</li> <li>c) The MOH and MOF to develop a list of selected imported pharmaceutical products not manufactured in Ghana for exemption from VAT</li> </ul>	<ul style="list-style-type: none"> <li>a) A Technical Working Committee (multisectoral) to put measures in place for the implementation of the LI 2255</li> <li>b) MOH and MOF to develop a list of selected imported pharmaceutical products not manufactured in Ghana</li> </ul>

V. Approaches taken to implement the four policies



Key:

Establish new structures

Regulate prices

Monitoring & information gathering

Direct implementation

## VI. Conclusions

Overall, the four policies benefited from good stakeholder participation from the start, including collaboration with international organisations and the technical and administrative capacity of the Pharmacy Directorate of the Ministry of Health. The active role and contributions of the private sector such as the Chamber of Pharmacy also contributed to the implementation of this policy.

Different assessments of medicines prices and supply chain informed all four policies, some undertaken by international organisations.

Complementary approaches were used in implementing the four policies. Policies were driven by strong political will and implemented within a favourable institutional environment contributing to fast implementation.

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