

Improving access to affordable essential drugs:

the experience of Sri Lanka

Presentation by

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General Information

- Sri Lanka is a small island with a land area of approximately 62,705 square kilometers with 19.5 m of population. Sri Lanka has a parliamentary democratic system of government in which, sovereignty of the people and legislative powers are vested in parliament. The executive authority is exercised by a Cabinet of Ministers, presided over by an Executive President. The President and Members of the Parliament are elected directly by the people.
- For the purposes of administration, Sri Lanka is divided into 8 provinces, 25 Districts and 315 Divisional Secretary areas. The provincial administration is vested with Provincial Councils, Composed of elected representatives of the people, headed by a Governor who is appointed by H.E. the President.

General Information cont...

- Per Capita income of the country is around 850.0 US\$. With this comparatively low per capita income we are able to maintain reasonably good health status. I.M.R is 12.2 per 1000 LB. M.M.R. is 56.3 per 100000 LB Life expectancy at birth for male is 70.7 and for female is 75.4. It was 43 years in 1945.
- Our literacy rate is around 90.7%. Here difference between male and female literacy is 3.0, but 1946 it was 26.3

Background

- Health policies were part of a *social welfare package*, including free education and rice rations
- Essential drugs policies introduced *under wider umbrella* of policies to improve *access to health services*

Essential drug policies: key features

- Pioneering the concept of "*essential medicines*" list:
 - ✓ specifying medicines available at primary, secondary and tertiary levels with generic name
 - ✓ government purchase of drugs from these lists from 1960s through Ceylon Hospital Formulary
- *State controlled monopoly* in procurement through State Pharmaceutical Corporation (SPC) in the 1970s
- Provision of *drugs free of charge* through public sector facilities

Essential drug policies: key features (contd.)

- Changes after 1977: continued government control of types of drugs imported but permission to private sector to import multiple brands
- Setting up of *State Pharmaceutical Manufacturing Corporation* (1987), to import raw materials and manufacture generic essential drugs
- Continued centralized procurement (through SPC) for government. Continued SPC supply to private sector

Outcomes of chosen policies

- Reasonably good availability of essential drugs free of charge through public sector
- Quality, and prices kept under control—even in private sector—due to:
 - *SPC role as an affordable supplier in private sector and focus on Essential Drugs*
 - *SPMC's role: SPMC has escaped pressures for privatization*
- Efforts to impose flat stamp duty for health services, including drugs in 1970s - short-lived.
Had the potential for increasing cost sensitivity among prescribers and patients

Possible reasons for success

- Universal education:
 - greater awareness of importance of health and *strong demand* for health services
 - mutual reinforcement of government's welfare package across health and education
- Health professional education and training tailored to national drug supply policy and system, including essential drugs concept

Current challenges

- *Shortages* in supply, especially late each year. Private sector is an expensive fallback option.
- *Wastage*: free riders, because drugs are free. A small, flat fee for all drugs supplied through public facilities could help curb wastage and irrational behaviour among providers and patients.
- *Standard treatment guidelines* available, but effective *monitoring* system lacking: little quality assessment, no incentive for rational use.

Current challenges (contd.)

- **Before:** centrally controlled system had the advantage of enabling effective monitoring.
Later: decentralization of drug supply system; *hampered effective monitoring of prescribing practices* below the provincial level.
- Prolonged civil conflict: *eroded social sector budgets*

Current challenges (contd.)

- *Expansion of for-profit private sector:* SPC remains strong player, ensuring good and affordable drug supply. Private providers have to compete, cater to consumers' preferences.
- *Growing pressure to privatize SPMC (A victim of success)*
- *TRIPS and change to patent system:* drugs will become more expensive; other likely impacts unknown. Sri Lanka relatively weakly prepared.

- The GOSL is ensure that effective and safe drugs of good quality are available at affordable prices to cover the health needs of the people and to ensure that drugs are rationally prescribed and used.

Key strategies are

- **Selecting drugs based on an assessment of need in the country**
- **Retaining and improving the efficiency of centralized drug procurement**
- **Encourage local manufacture of essential drugs**
- **Enforcing strictly the regulation under cosmetic device and drug act**
- **Controlling drug prices and protecting the consumer from exposure to false and misleading drug advertising.**

Thank you