

PRESS CLIPPING SHEET

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Government accused of dragging feet on reform

Regulations for investing in pharmaceutical industry are so discouraging that several operators have left the local market

Despite a recent surge in investment inflow into Egypt's medical sector, relevant laws are still vague and outmoded, experts say. These laws regard private sector hospitals as stock companies. Meanwhile, draft laws regulating governmental healthcare institutions still await the election of a parliament to pass them.

A higher agency for pharmaceuticals, envisaged by the Health Ministry, will be set up to work out laws related to medicines, pharmacies and drug companies. The agency will also be assigned with pricing pharmaceuticals and registration. A relevant draft has already been sent to the health minister to revise and then present to the Cabinet.

According to the minister's aide, Dr Tareq Sulaiman, a piece of land has been allocated for establishing a headquarters for the agency in the Badr City on the outskirts of Cairo.

Pressing need for revamp

Investors in the medical sector, meanwhile, say they have repeatedly asked the Health Ministry to amend laws relating to pharmaceutical factories. At the same time, complaints from private sector hospitals and medical centers virtually do not exist because they are treated as stock companies. Civil society groups are pushing for changing related laws and putting these institutions under efficient governmental supervision.

Regulations for investing in the pharmaceutical industry are so discouraging that several operators have left the local market. A significant number of the Egyptian pharmaceutical firms have been taken over in acquisition deals in recent years as highlighted in a separate story.

This situation has been mainly due to the Health Ministry's refusal to amend laws linked to drug registration and prices, which manufacturers say are outdated and do not cope with the market scene. Moreover, investors complain about other legislation, unrelated to the Health Ministry, such as the Investment Law.

Amendments in the pipeline

According to an official source, suggestions about amending healthcare-related laws are irrelevant at present as Egypt has no parliament. The source said that the Health Ministry has finalized drafting a law on an all-out healthcare insurance and that civil society groups are being consulted on the draft. The health insurance, under the new law, will be financed by a new tax levied on cigarettes expected to generate around LE4 billion a year, the source added.

The Ministry, said the source, is working on other laws such as the one on creating a higher agency for pharmaceuticals, expected to be endorsed later this year. Another draft law is pertaining to expediting the registration of drug products, a demand long made by investors in the pharmaceutical industry. "The ministry has recently amended the registration law, which reduces the period of registering pharmaceuticals and medical requirements to two years instead of five."

The same source acknowledged flaws in laws regulating investment in the healthcare services resulting in a lack of efficient supervision on prices of these services. "The role of the Health Ministry is to monitor medical services only and does not have the authority to regulate their investments," said the source. "The Investment Ministry is the one, responsible for investing in the healthcare sector and related obstacles." The source added that the one-stop shop system in the area of investment will be set into motion.

Heading off monopoly

Dr Mohamed Ezz Al Arab, who heads the non-governmental Ibn Sina Centre of the Right to Medicine, said that Egypt's laws for investment in the medical sector need to be amended in a way that will head off possible monopoly by foreign manufacturers. He accused some drug producers, whom he did not name, of withholding some types of medicines from the market in order to hike up their prices.

He underscored the importance of amending laws related to healthcare services in a manner different from those connected with other sectors such as the iron and cement industries. "The healthcare and medicines are part of the national security, which should not be subjected to rules governing other sectors," he said.

Dr Ezz Al Arab warned against recent acquisitions in the healthcare services such as the Dubai-based Abraaj Capital's takeover of several medical laboratories and top-notch hospitals in Egypt. He proposed changing investment laws for the medical sector so as to make it necessary for foreign investors to partner with Egyptian counterparts. This arrangement, he explained, will ensure that a foreign investor in any medical enterprise will not exceed 50 per cent, thus leaving no room for monopoly.

In the same vein, he called for amending regulations on the private sector hospitals to stop treating them as stock companies and setting a pricing system for these hospitals and clinics depending on the size of the institution and efficiency of the offered services. He said that some medical practitioners at private institutions exact "phenomenal" charges, taking advantage of lack of oversight by health authorities.

Comprehensive reform

Meanwhile, Dr Samir Banub, an ex-health advisor to the US president, said that changing regulations for investment and healthcare services is not the best way for improving the situation. "Rather this requires drawing up a comprehensive policy for the health sector, then devising strategies to implement this policy and charting plans for healthcare reform," he said. "Then comes the stage of amending laws to allow the implementation of these plans starting with a draft law on the healthcare insurance services, which needs overhaul."

Dr Banub described as a failure the state-run General Health for Health Insurance, which is operating to serve a client base of 60 million. The prime minister has recently agreed to expand the agency's services to include farmers. "This move places an extra burden on the agency, which cannot serve other categories of customers," said Dr Banub.

He suggested legislation for providing healthcare services for people not covered by social insurance as well as restructuring the Health Ministry and the General Authority for Healthcare Insurance. Moreover, he called for reconsidering rules on salaries of healthcare professionals, the operation of the private sector medical institutions, occupational health for workers and farmers, and protection of the environment.

Let's wait and see

For his part, Dr Alaa Abdul Hamid, the heads of the Chamber for the Healthcare Providers, said that his agency has suggested changes to the law on investing in the medical sector. "The relevant law has not been made public yet so as to know if these suggestions have been taken into considering while amending this law," he added.