

PRESS CLIPPING SHEET

PUBLICATION:	Al Mal (Supp)
DATE:	7-September-2015
COUNTRY:	Egypt
CIRCULATION:	145,000
TITLE :	In the Doldrums – Pharmaceutical Firms Incur Heavy Losses Over Pricing
PAGE:	29
ARTICLE TYPE:	Health Corporate News
REPORTER:	Staff Report

In the doldrums

Pharmaceutical firms incur heavy losses over pricing

Calls for setting clear rules for private hospital services

Prices of healthcare services in Egypt glaringly differ between the governmental and private sector hospitals. Prices of the services offered by the governmental facilities are fixed and set by a relevant agency. This is true for the government-run health insurance and university hospitals.

The debate usually rages over prices related to private sector facilities and medicines they provide. Although there are pricing laws, the private hospitals and medical centers often do not comply because they do not agree with them in the first place, or due to lack of governmental oversight.

The pharmaceutical sector in Egypt is presently in the grip of an acute crisis, triggering a dispute between manufacturers and the Health Ministry over the pricing law. The Chamber of the Pharmaceutical Industry at the Federation of Industries estimates that fixed pricing has caused heavy losses for pharmaceutical firms. The pricing law has banned any hike in prices of medicines for more than 10 years. As a result, the state-owned Holding Pharmaceuticals Company posted more than 170 million Egyptian pounds (12.7 million dollars) in losses, according to figures obtained by Al-Mal.

Drug industry teetering
"The years-old law on pharmaceutical prices has virtually led to the collapse of the drug industry because it has failed to cope with the rises in the dollar exchange rates," said Dr Hesham Hagar, the head of the Chamber of Pharmaceuticals Industry at the Union of Industries.

"Pharmaceutical factories operate with imported equipment. In addition, imported raw materials have sent production costs going up by 70 per cent. The Health Ministry has refused to amend the law, a matter that has resulted in huge losses for some firms and has driven others out of the field, which is a vital sector that state authorities should be interested in promoting."

How to weather the storm
He added that pharmaceutical firms need an increase of 50 per cent in prices so as to weather the financial storm. "The Health Ministry has yet to raise prices. It is dragging its feet on approving increases in prices of some medicines requested by manufacturers," Dr Hagar said.

According to him, the ministry has endorsed "slight" increases, which he said do not keep abreast of the hikes in production costs and the dollar exchange rates at the local market. Producers are pushing for modifying the pricing law itself to drastically improve the situation. "The companies' requests to increase prices of their products may take up to seven months before they are approved."

Manufacturers, he added, want prices of medicines still being retailed for up to LE10 to increase by 50 per cent so that they can curb their losses, Dr Hagar said.

"The Chamber of the Pharmaceutical Industries has recently requested Health Minister Dr Adel Adawi to increase prices of certain categories of medicines," Dr Hagar explained that the official request



Adel Adawi

is based on a suggested division of medicines available at the local market into three categories with different increases in their prices. For example, the first category covers all medicines currently retailed for less than LE10; the second related to medicines selling at LE10 to LE20; and the third at more than LE20. The proposed increases in prices are proportional, with pharmaceuticals of the first category topping the list. "The increases in prices of the third category will be the least, estimated at lower than 20 per cent of their current prices," said Dr Hagar.

Private medical bills
The problem is worse in the private sector hospitals where medical services are not subjected to clear rules. According to Dr Khaled Samir, a member of the Doctors' Association and the head of the Health Committee at the Liberal Egyptians Party, there are around 60,000

private clinics and 20,000 private hospitals as well as medical centres operating in different specializations. They do not follow certain pricing rules, he said.

Meanwhile, there are around 663 governmental hospitals, 82 university hospitals and 25 others affiliated to different ministries. Dr Samir said that university hospitals make up 43 per cent of the simple and medium-scale medical services in the country. The hospitals, run by the Health Ministry, provide 47 per cent of these services. In terms of complicated healthcare services such as surgery, the university hospitals make up 70 per cent of the services while the remaining 30 per cent is provided by the Health Ministry hospitals. The services by both categories of hospitals are offered for free.

Flawed system
"The pricing system of medical services is flawed whether in low salaries of the

doctors working at governmental hospitals, or in prices of services at the private sector hospitals. They do not observe any rules and the Health Ministry fails to exercise any supervision on them," Dr Samir said. He proposed forming a committee of representatives of healthcare professionals, the Health Ministry and medical facilities to devise an obligatory system for prices of different services and fees of healthcare providers, depending on their years of experience.

He added that the system should include a profit margin of 20 per cent for any healthcare service. "There is already a list of prices set single-handedly by the Health Ministry. But private hospitals and clinics do not abide by it because it is unrealistic and not subjected to official supervisions."

Dr Samir also noted that a cabinet law, obliging hospitals to offer free emergency services in the first two days is proving mere ink on paper. "The bill of treating the patient during this duration is high because it is related to an ICU service," he said. "When private sector hospitals approached the Health Ministry for paying such bills, the ministry refused, saying that their prices are too high. For example, emergency services for some patients may cost up to 150 days within the two-day duration at a private hospital. But the ministry is ready to pay 10 per cent of the bill only. The situation has prompted the private sector to refrain from treating patients at the emergency department for fear of financial losses and instead offer them some care until they are taken to governmental hospitals."

Dr Mohamed Mueet, the first aide to the health minister for financial and administrative affairs, said that more than LE1 billion has been allocated for repaying hospitals offering free emergency services.

Meanwhile, Dr Ghada el-Ganzouri, a managing director of the privately owned el-Ganzouri Hospitals, described the government's decision on emergency services as incomprehensible. She said that some people, injured in road crashes, would come to hospitals four days after the accident and insist on being treated for free in line with this decision. "This causes a problem between the patient and the hospital," she said.

"Some hospitals have not asked the Health Ministry to repay them and continue to offer the [emergency] service for free," added Dr el-Ganzouri, a member of the Chamber of the Healthcare Service Providers. According to her, there are no binding regulations on prices for services at the private sector hospitals. "There should be no specific prices by the Health Ministry for the private sector hospitals in view of the difference in efficiency of the service from one hospital to the other."

However, she called for expediting the work of a committee set up jointly from the Health Ministry and the Chamber of the Healthcare Service Providers to draw up pricing rules.