

## Financing Strategies to Improve Access to Medicines for Non-Communicable Diseases

The Lancet reports that non-communicable diseases (most of which are chronic) will account for 69% of all global deaths by 2030 with 80% of these deaths in low and middle-income countries (LMICs).<sup>1</sup> Drug costs make up a substantial part of the direct costs of programs for chronic diseases and access to cost-effective interventions is often limited by the high costs of medicines, especially in settings where services are funded through out-of-pocket expenditure. Such out-of-pocket payments account for 60% of health financing in LMICs. A study of affordability and availability of medicines in six LMICs found that, in Malawi, 1 month of combination treatment for coronary heart disease cost 18.4 days' wages for the lowest paid government worker.<sup>2</sup>

Exposure to such expenses, combined with the long-term nature of chronic disorders, puts patients and families at especially high risk of incurring catastrophic health care costs. The prospect of impoverishment is a disincentive to health seeking behavior and contributes to poor treatment adherence – e.g., 63% of patients in Nigeria failed to adhere to chemotherapy for cancer because, at least in part, of the cost of the drugs.<sup>3</sup>

Most LMIC public sector procurement systems cannot ensure adequate availability of essential medicines for chronic diseases. Even countries that have funding to procure medicines cannot always manage the flow of funds and ensure availability because of weak supply management systems. There are numerous health system constraints that impact access to medicines. For example, many LMICs lack key linkages between clinical, laboratory and pharmacy services. Laboratory tests and medications for chronic diseases are rarely prioritized or affordable by national programs, secured by strong procurement systems or subsidized at the point of service, making them expensive for patients and vulnerable to stock-outs.<sup>4</sup>

Additional donor funding is needed to support developing-country efforts to incorporate NCDs into their existing health care programs. Donor funding plays a particularly important role in health systems of low-income countries, where almost one in every six dollars spent on health comes from external sources.<sup>5</sup> In a few countries, external resources contribute as much as 40-50 percent of total health expenditures (WHO 2009). The Center for Global Development conducted an analysis of donor spending

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<sup>1</sup> B. Samb, N. Desai, Sanita Nishtar, S. Mendis, H. Bekedam, A. Wright, J. Hsu, A. Martiniuk, F. Celletti, K. Patel, F. Adshead, M. McKee, T. Evans, A. Alwan, C. Etienne, "Prevention and management of chronic disease: a litmus test for health-systems strengthening in low-income and middle-income countries" *The Lancet*, Volume 376, Issue 9754, p. 1785-1797 (2010)

<sup>2</sup> *ibid*

<sup>3</sup> *ibid*

<sup>4</sup> M. Rabkin, W. El-Sadr, "Why reinvent the wheel? Leveraging the lessons of HIV scale-up to confront non-communicable diseases, *Global Public Health*, Vol. 6, No. 3, April 2011, p. 247-256

<sup>5</sup> R. Nugent, A. Feigl "Where have all the donors gone? Scarce Donor Funding for Non-Communicable Diseases" Center for Global Development, Working Paper 228, Nov. 2010

on NCDs in developing countries from 2001 to 2008 that reveals that less than 3 percent (\$503 million out of \$22 billion) of overall development assistance for health was dedicated to NCDs in 2007.<sup>6</sup>

Financing strategies broadly covers resource mobilization, resource pooling, and payment and purchasing. Achievement of an effective, efficient, and equitable system will depend on a balance between the collection of revenues, the pooling of prepaid revenues in ways that allow risks to be shared, and the selection and purchase of interventions.

Key interventions to promote affordable prices of medicines include:

- Generic policies and social marketing of generic essential medicines through the private sector;
- National clinical guidelines that recommend essential medicines for which generic products are available;
- Improved public procurement through strategies such as competitive procurement with price transparency, national pooled purchasing and purchasing by generic name; separating the prescribing and dispensing; controlling the wholesale and retail mark-ups through regressive mark-up schemes;<sup>7</sup> and
- Exempting essential medicines from import tax and VAT and using the flexibilities of international trade agreements to introduce generics while a patent is in force.

To promote government spending on essential medicines, countries need support in documenting specific medicine needs, analyzing gaps between needs and expenditure trends, calculating per capita pharmaceutical budgets and comparing them to benchmarks, and highlighting the fact that medicine availability increases public satisfaction with government services. By helping MOHs develop evidence as to what funding is really needed for chronic disease medicines, they can advocate for budget increases.

Countries also need support to conduct analyses to inform policy decisions that remove financial barriers such as reducing out-of-pocket spending and finance mechanisms such as subsidies and pharmaceutical benefits management/insurance programs.

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<sup>6</sup> *ibid*

<sup>7</sup> M. Mourik, A. Cameron, M. Ewen, R. Laing, Availability, price and affordability of cardiovascular medicines: A comparison across countries using WHO/HAI data” BMC Cardiovascular Disorder 2010; 10:25