


THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

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SENATE

P.S. Res. No. 218

INTRODUCED BY THE HONORABLE MAR ROXAS

A RESOLUTION

URGING THE SENATE COMMITTEE ON HEALTH AND DEMOGRAPHY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE EXORBITANT PRICING OF ESSENTIAL DRUGS IN THE PHILIPPINES AND THE HIGH COST INCURRED BY PHARMACEUTICAL COMPANIES IN THE PROMOTION AND ADVERTISING OF BRANDED MEDICINES;

WHEREAS, the Constitution, Article 2, Section 12 provides that "The State shall protect and promote the right to health of the people and instill health consciousness among them;"

WHEREAS, R.A. No. 6675, also known as the Generics Act of 1988, Section 2 provides that the States shall "ensure the adequate supply of drugs with generic names at the lowest possible cost and endeavor to make them available for free to indigent patients;"

WHEREAS, R.A. No. 7394, also known as the Consumer Act of the Philippines, Section 2 declares that it shall be the policy of the State "to protect the interest of the consumer, promote his general welfare and to establish standards of conduct for business and industry." The same section further declares that the State shall provide "protection against deceptive, unfair and unconscionable sales acts and practices;"

WHEREAS, studies by the World Health Organization (WHO) Department of Essential Drugs and Medicines Policy showed that there is low access to affordable essential drugs in the Philippines. WHO estimated that only 50 to 79% of the population had continuous and affordable access to essential drugs in 1999;

WHEREAS, data from the National Statistical Coordination Board indicated that the biggest share, estimated at 40%, of total health expenditures came from private out-of-pocket payments in 2002. Another 12% was sourced from other private sources such as health maintenance organizations, private insurance, private schools and employer-based plans. Only 30% and 9.2% of health expenditures came from the government and social insurance respectively.

WHEREAS, studies made by the Department of Trade and Industry (DTI) and the Department of Health (DOH) in 1999 showed that 5 out of 9 drugs sampled cost more in the Philippines than in Malaysia and Indonesia. The DOH acknowledges that the cost of medicines in the Philippines remains high today and is higher by 40% to 70% compared to other ASEAN countries;

WHEREAS, a study presented to the Philippine Council for Health Research and Development of the Department of Science and Technology (PCHRD-DOST) by Dr. Emma Valencia of the Executive Net International in 2002 claimed that total mark-ups added to the cost of drugs along the importation-manufacturing-distribution chain averages from 47 to 75%, with the biggest mark-up of 20 to 35% attributed to drugstores;

WHEREAS, the same study showed that multinational corporations incur huge expenses in promoting and marketing branded medicine, thereby raising the cost of medicines. The promotional expenses of multinational corporations involved in the manufacture and sale of essential drugs ranges from 12 to 45% of total sales;

WHEREAS, a study conducted by the Consumer Assistance Facilitation Project (CAFP) in 2001 also showed that pharmaceutical companies jack up their prices because of kickbacks and expenses incurred due to massive advertising campaigns to entice even poor patients to use branded medicine;

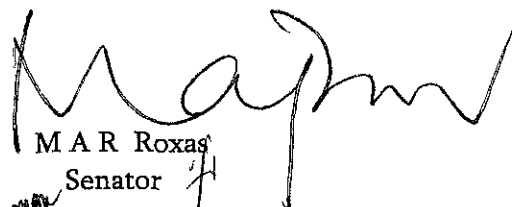
WHEREAS, the lack of government pricing policy for the sale and advertising of essential drugs has encouraged pharmaceutical companies to engage in opportunistic pricing practices. Uninhibited by any strong regulatory policies, drug companies have been able to maximize profits at the expense of their patient-customers, without regard to fair pricing;

WHEREAS, President Gloria Macapagal-Arroyo made a commitment in her 23 July 2001 SONA to lower the prices of drugs and medicines frequently bought by the poor to 50%;

WHEREAS, the prohibitive cost of essential drugs in the Philippines has been a longstanding problem that should finally be addressed to ensure that health care is possible for all Filipinos;

NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that the Senate direct the Committee on Health and Demography to conduct an inquiry, in aid of legislation, on the exorbitant pricing of essential drugs in the country and the high cost incurred by pharmaceutical companies in the promotion and advertising of branded medicines.

Adopted,


M A R Roxas
Senator