

THIRTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
Second Regular Session

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SENATE
2078

Bill No. _____

RECEIVED BY: _____

INTRODUCED BY HON. MANNY VILLAR

EXPLANATORY NOTE

Recently, the Philippine International Trading Corp. (PITC) chairman and president appeared before media to counter allegations that government-imported medicines are less than genuine, and to accuse multi-national pharmaceutical firms of overpricing medicines distributed in the Philippines. In support of his accusation, he showed price comparison of multinational corporation-distributed medicine in India and the Philippines – proving that medicines (mostly prescription drugs) distributed in the Philippines are priced more than those sold in India.

The PITC also cited an Association of South East Asian Nations survey, which showed that the retail prices of medicine in Indonesia, Malaysia and Thailand are 40 to 70% lower than in the Philippines.

In response to high drug prices in the market, the government embarked on the distribution and sale of drugs in Botikas ng Bayan, Philhealth-DOH hospitals, and NFA rolling stores at discounted prices by as much as fifty per cent (50%). The PITC undertakes the importation of the drugs from multinational sources.

While government programs that involve the distribution of cheaper drugs is commendable, it is not a long-term solution to the high drug prices in the country. At the instance the programs are discontinued, Filipinos would again face regular market prices for medicines.

The programs also make government a competitor of players in the pharmaceutical distribution and retail industry – a role government must not be into.

This bill seeks to establish a long-term solution to regularizing drug prices in the country by providing power to the Department of Health, as the government agency mandated to approve licenses of retail drug stores in the country, to make part of their standard functions the monitoring of price movement of drugs sold in these retail stores, and publish a regular "Pharmaceutical Market Retail Store Audit" which lists out all major brands, prices, and their sale estimates on a nationwide basis. Such practice of transparency will compel pharmaceutical players to be more prudent in their pricing schemes. It will also enable government to identify specific bulk drugs for price regulation by ascertaining the mass consumption nature of the drugs.

The prompt and immediate passage of this bill deserves utmost attention.


MANNY VILLAR
Senator



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Senate Bill No. _____

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**AN ACT MANDATING THE DEPARTMENT OF HEALTH TO UNDERTAKE AUDIT OF
DRUG RETAIL PRICES IN THE COUNTRY, PUBLISHING RESULTS IN A REGULAR
"PHARMACEUTICAL MARKET RETAIL STORE AUDIT" REPORT, AS PART OF
THE DEPARTMENT'S STANDARD OPERATING PROCEDURE.**

*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

Article 1. *Title.* - This shall be known as the "Drug Price Audit Act of 2005."

Article 2. *Purpose.* - The purpose of this Act is to establish a long-term solution in managing drug prices in the country by providing power to the Department of Health (DOH) to monitor price movement of drugs sold in the country. Other than being the government agency responsible for the management of health services in the country, the DOH is also the government agency tasked to approve licenses of drug retail stores in the country. Hence, it shall be within its power to compel the fair audit of retail drug prices.

Article 3. *Scope.* - This Act covers tasking the Department of Health (DOH) and providing basis for a mandatory order to all drug retail stores to furnish necessary information to the DOH that shall be used in preparing the Pharmaceutical Market Retail Audit Report to be published quarterly by the DOH.

Article 4. *Assignment of Personnel and Funds.* - No special office needs to be created to perform the task. Regular DOH personnel in the Bureau of Health Facilities and Services shall be assigned, in coordination DOH local offices, the Department of Trade and Industry, and other concerned government agencies. Funds for this purpose shall be apportioned from the DOH's operating funds and/or its incomes.

Article 5. *Implementing Rules and Regulations.* - The DOH is tasked to formulate the implementing rules and regulations within thirty (30) days of signing of this Act.

Article 6. Repealing Clause. - All laws, decrees, rules and regulations or portion thereof inconsistent with this Act are hereby repealed or modified accordingly.

Article 7. Effectivity Clause. - This Act shall take effect on the fifteenth day following the publication in at least one (1) national paper of general circulation.

Approved,