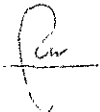


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SENATE

S.B. No. 2960

RECEIVED BY: 

Introduced by SENATOR MANNY VILLAR

EXPLANATORY NOTE

This bill proposes to establish the Drug Price Regulatory Board to regulate the prices of drugs and medicines in the Philippines thereby amending RA 9502, otherwise titled as the "Universally Accessible Cheaper and Quality Medicines Act of 2008."

Notwithstanding the fact that the law as signed is already considered "watered down" by concerned sectors, big pharmaceutical firms are adamant in its effort to diminish its effectiveness by questioning the setting of a Maximum Retail Price (MRP) on 22 essential drugs out of the 1,600 drugs earlier identified for price regulation. What is alarming is that the 22 drugs under consideration for price reduction do not even include medications for some of the most common ailments and medical needs of the citizenry. Thus, it is clear that contrary to its objective, RA 9502, will not redound to the benefit of the millions of poor and indigent Filipinos.

Present events prove that without the Drug Price Regulatory Board to regulate prices of drugs and medicines, it is impossible to lower the prices of essential medicines. It is recalled that the original bill in the House of Representatives (House Bill No. 01) filed during the 14th Congress by the undersigned as the principal author contained the Drug Price Regulatory Board.

The version of the bill as passed by the House of Representatives with an overwhelming majority votes expressed the solid sentiment of the House for the establishment of the Price Regulatory Board. The House version establishing a regulatory mechanism was not contained in the Senate version authored by Senator Mar Roxas. The Senate version only called for amendment of the intellectual property law and parallel importation, hoping that prices of medicines will be lowered by competition.

The conference committee reconciling the provisions of the two bills eliminated the Drug Price Regulatory Board. In its place, a weak regulatory mechanism was provided by allowing the Secretary of Health to recommend to the President of the Philippines the lowering of the prices of essential medicines. This procedure is circuitous and takes a longer time to lower the prices of essential medicines.

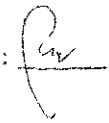
Since present events proved the superior wisdom of the House version, the undersigned proponent is persuaded by honest conviction that the present law is not enough and the best interest of the people can be served by reviving the Drug Price Regulatory Board in the amendment.

In view of the foregoing, passage of this bill is earnestly sought.


MANNY VILLAR

'11 SEP -8 P1:58

SENATE
S.B. No. 2960

RECEIVED BY: 

Introduced by SENATOR MANNY VILLAR

AN ACT
ESTABLISHING THE DRUG PRICE REGULATORY BOARD TO REGULATE THE
PRICES OF DRUGS AND MEDICINES IN THE PHILIPPINES AMENDING FOR THE
PURPOSE REPUBLIC ACT NO. 9502, OTHERWISE KNOWN AS THE "UNIVERSALLY
ACCESSIBLE CHEAPER AND QUALITY MEDICINES ACT OF 2008" AND FOR OTHER
PURPOSES

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

1 **SECTION 1.** Chapter 3 of Republic Act No. 9502 will be now be titled, "DRUGS AND
2 MEDICINES PRICE REGULATORY BOARD".

3
4 **SECTION 2.** Section 17 to Section 22 of Republic Act No. 9502 will be amended to
5 read as follows;

6
7 **SECTION 17. *Creation and Composition of the Drug Prices Regulation***
8 ***Board.***

9
10 (a) There is hereby created the Drug Prices Regulation Board, which shall be
11 attached to the Department of Health and composed of seven (7) members
12 as follows:

- 13
14 (1) Secretary of Health or his duly designated representative as chairperson;
15 (2) Secretary of Trade and Industry or his duly designated representative as vice
16 chairperson;
17 (3) Director, Food and Drugs Administration or his duly designated representative as
18 member;
19 (4) Chairman, Philippine Health Insurance Corporation as member;
20 (5) One (1) economist from the academe as member; and
21 (6) Two (2) representatives from the consumers' sector as members.

22
23 (b) The members of the Board representing the academe and the consumers' sector
24 shall be appointed by the President of the Philippines and shall serve for a term of two (2)
25 years: Provided that the representatives from the consumers' sector shall not be eligible for
26 reappointment for another term.

27
28 **SECTION 18. *Powers of the Board-*** The Board shall have the following
29 powers:

1 (a) Power to Determine the Maximum Retail Price of Drugs or Medicines Subject to Price
2 Regulation - (1) Upon application or *motu proprio* when the public interest so requires,
3 the Board shall have the power to regulate the retail prices of drugs and medicines listed
4 under Section 19 hereof, including their dosage form and packing, and, in order that
5 they shall be made available to the public at affordable retail price from the different
6 manufacturers, importers, traders, distributors, wholesalers or retailers and after a
7 proper determination as the Board may deem fit, fix from time to time, by publication the
8 maximum retail price at which such formulations shall be sold;

9
10 (2) No retailer shall sell drugs and medicines at a retail price exceeding the
11 maximum retail price fixed by the Board; Provided that, until the maximum retail
12 price of drugs and medicines subject to price regulation is fixed by the Board, the
13 retail price thereof shall be the price which prevailed immediately before the
14 effectivity of this Act and no manufacturer, importer, trader, distributor, wholesaler or
15 retailer of such drug or medicine shall sell the same at a retail price exceeding the
16 price prevailing immediately before the effectivity of this Act.

17 For purposes hereof, drugs and medicines shall include but not limited to
18 single- and multi-ingredient medicines included in the Philippine National Drug
19 Formulary (PNDF) Essential Drug List and sold under their generic and brand
20 names.

21
22 (b) Power to Include Other Drugs or Medicines in the List Subject to Price Regulation. -
23 Upon application or *motu proprio* when the public interest so requires and after proper
24 determination, the Board may order the inclusion of drugs and medicines to the list
25 subject to price regulation under Section 19 hereof.

26
27 (c) Power to Implement Cost-Containment and Other Measures. -

- 28 1. The Board shall have the power to determine the fair price of drugs or medicines for
29 purposes of public health insurance and government procurement; and
30
31 2. The Board shall have the power to implement any other measures that the
32 government may avail of to effectively reduce the cost of drugs or medicines that
33 shall include, but not limited to, competitive bidding, price-volume negotiations, and
34 other appropriate mechanisms that influence supply, demand, and expenditures on
35 drugs and medicines.

36
37 (d) Power to Impose Administrative Fines and Penalties. - After due notice and hearing, the
38 Board shall have the power to suspend or revoke the license to operate (LTO),
39 professional or business license, as the case may be, of any person, manufacturer,
40 importer, trader, distributor, wholesaler, retailer,, or any other entity, and impose
41 administrative fines in such amount as it may deem reasonable which shall in no case
42 be less than Fifty Thousand pesos (P50,000.00) nor more than Five Million pesos
43 (P5,000,000.00) for violations of the maximum retail price fixed pursuant to this section.

44
45 **SECTION 3.** Section 19 to Section 22 will be deleted and Section 23 thereof will
46 become Section 19 and the corresponding numbering for the subsequent sections adjusted
47 accordingly.

48
49 **SECTION 4.** Section 26 of RA 9502 will be amended to read as follows:
50

1 SECTION 26. *Display of Maximum Retail Price Fixed by the Board for*
2 *Drugs or Medicines Subject to Price Regulation.* – (a.) Within a reasonable period as
3 may be determined by the Board, and: *Provided*, That it conforms to existing drug
4 product labeling requirements, every manufacturer, importer, distributor, wholesaler,
5 trader, or retailer of a drug and medicine intended for sale shall display the retail price
6 which shall not exceed the maximum retail price fixed by the Board. The maximum
7 retail price shall be printed on the label of the immediate container of the drug and
8 medicine and the minimum pack thereof offered for retail sale with the words “**RETAIL**
9 **PRICE NOT TO EXCEED**” preceding it, and “**UNDER DRUG PRICE REGULATION**”
10 on a red strip provided that in case of a container consisting of smaller saleable packs,
11 the retail price of such smaller pack shall also be displayed on the label of each smaller
12 pack and such price shall not be more than the pro-rata retail price of the main pack
13 rounded off to the nearest centavo.
14

(b) Within a period as may be determined by the Board from time to time, every
manufacturer, importer, or trader shall issue a price list to wholesalers, distributors, retailers
and to the Board, indicating the retail price, the maximum retail price, and such other
information as may be required by the Board.

15
16 **SECTION 5.** Chapter 8 on Miscellaneous Provisions will be amended and will be read
17 as follows:

18 Chapter 8: Amendments to Republic Act 9994 or the Expanded Senior
19 Citizens Act of 2010.

20
21 Section 42. *Exemption of drugs and medicines under price regulation*
22 *from the “Expanded Senior Citizens Act of 2010”* – Drugs and medicines under price
23 regulation as fixed by the Board will not be included in the grant of twenty percent (20%)
24 discount and exemption from the value-added tax (VAT) to senior citizens availing the
25 provisions of Republic Act 9994 or the “Expanded Senior Citizens Act of 2010”.
26

27 **SECTION 6. Separability Clause.** – Any portion or provision of this Act that may be
28 declared unconstitutional or invalid shall not have the effect of nullifying other portions and
29 provisions hereof as long as such remaining portion or provision can still subsist and be
30 given effect in their entirety.
31

32 **SECTION 7. Repealing Clause.** – All laws, decrees, executive orders, proclamations
33 and administrative regulations or parts thereof inconsistent herewith are hereby repealed or
34 modified accordingly.
35

36 **SECTION 8. Effectivity Clause.** – This Act shall take effect fifteen (15) days after its
37 publication in at least two national newspapers of general circulation.
38
39

40 Approved,