

Drug Price Control - NITI Aayog

Why in news?

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The government has recently authorised NITI Aayog to recommend drugs that could be put under price control.

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What is the existing mechanism?

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- The National Pharmaceutical Pricing Authority (NPPA) enforce prices and availability of the medicines in the country, under the National List of Essential Medicines (NLEM).

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- **Essential Drugs** - The health ministry prepares the list of drugs eligible for price regulation.

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- The department of pharmaceuticals (DoP) then incorporates NLEM into Schedule 1 of the Drugs (Prices Control) Order (DPCO).

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- Following this, NPPA fixes the prices of drugs in this schedule.

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- Drugs which are declared essential by NPPA would automatically come under price control.

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- NPPA regularly publishes this list and their maximum ceiling prices.

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- **Para 19 powers** - NPPA also exercises Para 19 powers in public interest.

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- In 2013, the government had delegated these powers to NPPA, which it can exercise for setting the price cap of scheduled and non-scheduled drugs.

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- These are the same powers NPPA used in 2017 to cap prices of cardiac drugs, stents and knee implants.

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- NPPA also regulates prices of other health products such as stents.

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- Those on the non-scheduled list are allowed a maximum annual price hike of 10%.
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- More than 750 formulations are currently on India's list of essential medicines.
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What are the changes made?

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WATCHDOG ON A LEASH

■ Current ■ Change

Essential medicines automatically fall under price control
Essential medicines delinked from price control

Health ministry prepares the list of essential medicines, DoP incorporates it into Schedule 1, NPPA fixes the prices
NITI Aayog panel to be recommending body to NPPA on pricing

NPPA fixes prices for medicines on the non-scheduled list
The new panel to be recommending body on pricing

NPPA exercises Para 19 powers in public interest
The new committee may encompass Para 19 powers



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- **Recommending body** - From now, Standing Committee on Affordable Medicines and Health Products (SCAMHP) housed in the NITI Aayog will decide which drugs should be under price control.
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- SCAMHP has been constituted to act like a recommending body to NPPA regarding prices of drugs and health products.
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- In the new order, the SCAMHP will be a recommending body to NPPA regarding prices of drugs and health products.
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- Also, the committee may take a matter related to pricing for examination, suo motu or on the recommendations of DoP, NPPA and the department of health and family welfare.
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- The power to set price caps on other drugs has also been taken away from

the NPPA and given to the committee under the NITI Aayog.

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- **Para 19 powers** - Under the new order, the committee may also encompass the powers under Para 19 of DPCO.

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What are the concerns?

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- The change in regulation gives arbitrary power to the committee to determine which medicine is sold at which price.
- Such mechanisms always breed lobbying, even if that is not the immediate intention.
- By making a standing committee of NITI Aayog to scrutinise NLEM, the government has diluted the mandate of affordability.
- Hence, all drugs will now undergo the scrutiny of the committee housed in NITI Aayog, of which NPPA is not a member.
- Also, the changes will weaken the functions of NPPA as an enforcement body.
- NPPA was taking strict action against those companies found to be overcharging by sending demand notices.
- With this, the ability to enforce and recovery of overcharging will be curtailed.

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Source: Business Standard, Live mint

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