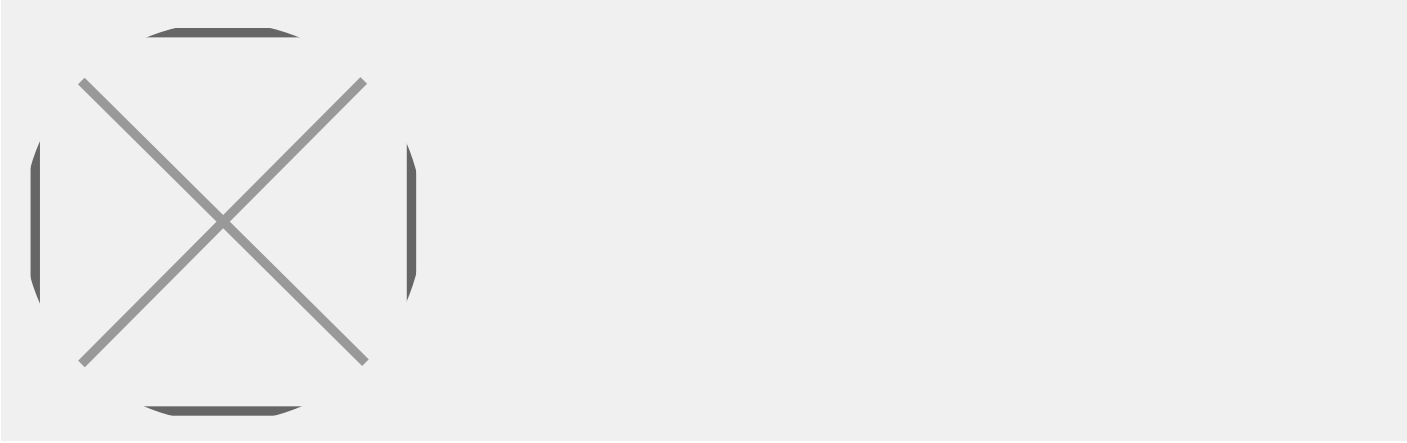
Interview with Roberto Pagdanganan, Chairman, Medicines Transparency Alliance (MeTA) Council – Philippines



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I: Pagdanganan, you were appointed chairman of MeTA in April, after having served as Vice Chairman of the Council. Can you please begin by giving to our readers an overview of MeTA activities and what have been the priorities that you have set?

To give you a brief overview of MeTA, the alliance has been adopted in seven countries, but the Philippines was the first to be organized. We also have the first Coalition for Health Advocacy and Transparency (CHAT), in which there are twenty five different civil society organizations that give access to up to twenty thousand members over the country. We have organized three national forums for MeTA annually where we defined the work plans and we coordinated with MeTA internationally. We have one meeting every year and the Third National Forum was held in January.

With MeTA we want to pursue our main objective, our main goal of making quality medicines accessible, available and affordable to the all the Filipino people. Accessibility to affordable medicines is a big problem in the country. It is estimated that less than one third of the people have regular access to the medicines, mainly because of the prices – it is too expensive. In addition to the issue of prices, there is the issue of distribution and of facilities for health provision, all together. By promoting transparency and accountability we believe that we will be able to improve accessibility to medicines.

There are also other issues. One of the aspects has to do with the supply side: the faster the distribution system, the more transparent it will be. This will encourage companies in the supply side to be more conscious about how they price their goods and in general it will improve the distribution system.

The Government should also openly sanction companies, and should be more conscious about the regulatory functions; meaning improving the sanctions and allocating more funds. You will also empower consumers by promoting accountability and transparency.

One of MeTA's important principles is to get the stakeholders together and give civil society greater involvement. All the sectors are involved in MeTA and this is just one of the things that we were able to achieve, we brought together people that would not even talk to each other at one time. That is our main priority, the overall objective, the principal focus of MeTA.

You have quite an interesting and diverse background, having been Secretary of Agrarian Reform and Secretary of Tourism, Governor of Bulacan, Chairman & President of Philippine International Trading Corporation (PICT) and you have also been involved in Philhealth. How have all these experiences helped you in achieving the MeTA objectives?

My past experiences made me realize the need for accessible healthcare and medicines. As Governor, but also when I was in the Cabinet and when I was head of PITC, I experienced first hand the needs of poor people to have access to medicines. I experienced how the different stakeholders evolve, how the suppliers and the distribution network work. All my past experiences, including the ones in the private sector before, have proved to be very helpful in this job.

MeTA was launched in December 2007. After two years, do you feel that the initial objectives that were set have been achieved?

In the Philippines the objectives have been achieved. We have served not only as a catalyst but we have also been an active participant in the quest for making quality medicines available, affordable and accessible to people. MeTA has served as a forum where people with different interests have been sitting and addressing issues together. Together with the civil society groups, we were very upfront in lobbying for the passage of the Universally Accessible Cheaper and Quality Medicines Act. We have been able to achieve quite a lot in these two years.

It is very interesting to see that all the countries that are members of MeTA are developing nations. They are also the ones that need the most to broaden access to medicines. How is MeTA using this unique international perspective to make changes at the local level in the Philippines?

We have a program that has just been pursued, that is called "Learing Exchange Program". Within this program, representatives from Zambia and Jordan were here in the Philippines, we have a

team going to Ghana in June. We have been attending a number of conferences and we just came back from the worldwide assembly, where we were able to present MeTA Philippine's activities. At the same time we are attending conferences and learning from other participants – it is a good experience of learning from the others and at the same time testing the theories that we have put in place. If other countries are doing things in a better way then we can adapt them in the Philippines.

We think that it is very important to be exposed to what the other countries are doing, not only in terms of making medicines available and affordable but in the total healthcare. This is the main focus that we must have in our country: in order to be able to achieve the reduction medicines' prices we need to have universal healthcare so that there is assistance in place. The problem is that in the Philippines the out-of-pocket expenses are still high, they range from 48 to 60% of the total. Therefore we must get the government to spend more and in a more effective way. We are promoting transparency and accountability, corruption will be hopefully reduced and we will have more effective systems of service delivery. At the same time we need a system that will be more equitable. Ideally all the Filipinos should be covered and we want the current insurance system assessed and reengineered. I think the Philhealth system is not just ineffective, it is inflationary and it has become more of a tool for politicians during the elections – they use the Philhealth card and then after the elections they forget about it. Therefore coverage ranges from a low 38% to a high of 80% during election years. Yet the system does not allow for equitable access and there is also a lot of leakage in the system, the plants have not been used up effectively.

The new President Noynoy Aquino during the election campaign proposed the Aquino Health Agenda, which C58anticipates an increase of the health budget to 5% of the total and provides universal healthcare in three years. What are your expectations on the new administration and on its commitment towards health care reforms? What should be the areas that need to be addressed?

I like to believe that they are serious about it and we will push them to be serious. MeTA will lobby for the implementation of the Universally Accessible Cheaper and Quality Medicines Act and at the same time push for universal healthcare insurance. Universal healthcare is the answer. Social health insurance is the key. All the Filipinos need to be provided with basic health services, and those who have more means should be willing, even compelled by the situation, to pay for insurance. The basics, however, have to be accessible to all; there is no question about that.

The Philhealth system is highly inflationary, it is the one that pushed the cost of the healthcare up. You need to be sick and hospitalized to get the coverage, and then the hospital will charge the patient and the Philhealth. The patients pay more than what the Philhealth does and the hospitals (with some exceptions) will overprice the bill in order to charge more for medicines and for health services. We think this is totally wrong. The FSS, Fee for Service Scheme, should be revised; I do not think it is effective, as it is inflationary. It should be more focused about preventative healthcare

rather than on the curative aspect, it would cost less and therefore you could cover more. I think we should totally reverse the system.

One of the big issues in the Philippines is the high price of drugs. The country has the second highest prices in Asia. What do you reckon as the main reasons behind these high prices?

I think a good number of companies are making too much profit percentage wise, thus limiting the access. From our perspective, the practice of targeting about 10% of the population over the last three decades was wrong. The market is directed towards 10-20% of the population because they have money and whatever the price is they will pay it. Even if you bring the price down, there still remains 80-90% of the population would not be able to buy them anyway.

Unfortunately for the big multinationals, even the market has not grown. Five years ago, when I was Chairman and President of PITC, we monitored the situation and we found out that even if the sales value were moving up 8-10% a year the number of SKUs being sold was declining about 3-4% at that time, so less and less people were able to buy.

Now the situation has changed for the better. Studies shows that sales of medicines, (even if they have not moved up by the 8-10% annual increase in value that they were experiencing before,) in terms of SKUs being sold have increased and therefore more people have access to medicines.

In the past there were various stakeholders involved in this fight, the Government, the private industry, and the civil society; but they were not talking to each other, because each one suspected the others to have their own personal agenda. The biggest accomplishment of MeTA was to put together all the stakeholders, we are now sitting at the same table, setting aside the differences and working towards a common goal, which is to bring healthcare to all the Filipinos. That is our biggest accomplishment.

One of the other reasons why the medicines were expensive at that time (although not the main reason) was because of the expenses for promoting medicines to the professionals, to the doctors, to send them to do continuing education abroad – this is a phenomenon happening everywhere. It was really abused at that time here.

If you look back the transfer pricing was the main component of the high prices. What they were doing was to bring in the active ingredients, then they had it tabletized, converted into capsules here in the Philippines, but because of these materials coming in, price of medicines used to be five times more than what the product was being sold for in other countries. In Thailand you pay about a third of what you pay here for the same kind of medicines, and there are times that some medicines sold here are more expensive than in Japan.

The use of generics has also increased, while back in the days some multinationals were running advertisements implying that if you bought generic medicines you could even die. It was implied that if you bought a low price medicine and it was a generic, which means not an innovator brand, it meant it was of poor quality and you could die for it. They were linking generics with counterfeits products and therefore people would not want to buy generic medicines at that time. Currently the situation has changed, and MeTA has helped, also by improving the relationship between all the stakeholders.

Currently nobody is doing that anymore, now generics are entirely accepted. In fact, one of the fastest growing distribution networks here is called The Generics Pharmacy, that now has more than 800 outlets. They have benefited from the barricading concept. PITC was actually the sponsor of that concept, when we launched the Botika Ng Bayan. Now it has a much more central role, it is accessible and accepted by people, we see a big growth in OTCs, in generic pharmacies and overall in the degree of acceptance.

What have been the main evolutions in the market that you have witnessed in the last three-five years?

The market has really changed over the last three to five years and the changes have been dramatic; there is more acceptance of the generics, there are more players, and the predominance of the innovator brands has been reduced so we see second-tier brands that are now more widespread. The share of the multinational brands have been reduced, which is good for the local industry, since more and more locally produced goods are gaining market share, and there has been a very dramatic growth in the use of generics, not only in the branch stores but also in the hospital pharmacies.

The other aspect is the increased access to the distribution now. One of the problems in the past was the cartelization of the industry, there was a chain, Mercury Drug, who controlled 60% of the market. Now the share of products being sold by the other chains is increasing. Of course they are now themselves looking into how they are marketing it, since it is a different ballgame right now.

The point is that now there is greater awareness among the people and the manufacturers. In the US there has been the introduction of a provision according to which two to three years before the expiration of a patent the generics companies can start experimenting. So now it is perfectly legal, you are not going to be sued, whereas before even if the patent were expired they were still suing people. This is a good example how things have changed. I think it is good for everybody, now the industry is growing so it is good for the industry, it is also good for the people, there is competition and that is why MeTA will continue to promote the openness, the transparency and the accountability.

One of the other things that we would like to pursue at MeTA is a greater involvement for the other major players and stakeholders, principally the local government units (LGU). The LGUs in our country are playing, and should play, a very significant role in making medicines and healthcare accessible to people. They are actually in a better position to appreciate the needs of the people. They also have a bit more in terms of resources there. Having said that, we still need to improve the orientation of people who manage healthcare at the local levels. One of the activities of MeTA is to provide a training program for them, to make them understand the overall pharmaceutical management and the good governance. We would like them to understand more how to manage the quality and the quantity of the medicines – we discovered for instance that many LGUs buy more than what it is needed. Quality assurance will also be improved by having better distribution and storage systems. We should also promote better coordination from the Department of Health at the national level to the Provinces and to the cities. Ultimately if we can have this kind of training, and if we can have this preventive healthcare orientation through a revised healthcare system, then we will be able to get the primary healthcare. The emphasis is really on primary healthcare, preventive and this should be the focus of the local government units, even before the devolution.

MeTA is bringing together the local players, the national players and the international bodies as well. What role would you like the multinationals to play in this context?

I would like the industry to really be more involved, they should not isolate themselves from the overall picture, they should be main players in supporting and developing the market. They can no longer hide behind the shell and dictate what products would be made available into a limited market. The game has changed. It would be a pity if they continue to hide in their glass jar; they should get out and be a major player.

I am personally happy with the attitude that many of them have adopted, they have all opened, they are getting involved even in the generics, they are also getting more involved in the distribution system, and they are now involved in MeTA itself. Reiner Gloor of the PHAP (Pharmaceutical and Healthcare Association of the Philippines) is one of the most active members. Because of him heading he Membership Committee, the professionals are very involved now. Even the doctors are becoming involved, the PMA is a member of ours, they attend meetings, and their President chairs the Advocacy and Pharmaceutical Committee.

As far as we are concerned they should really play a more active role in reaching out because the market is there. It is what I call the base or the bottom of the pyramid, it is a big market that should be approached and served. As the economy improves, there will be more people that buy more medicines. The key is however represented by the social health insurance and by the universal health care issue – once we will succeed in that and we will get the industry involved then we will really fast up a lot of things in the Philippines. We hope the Aquino administration is serious about what they have been saying and that they do not forget what they were saying in the campaign

about having universal healthcare in three years. By law by 2010 we should have had universal health care so if one takes into consideration the two years it took to get the law to start to be implemented, then in three years (in 2012) we should be able to achieve this result.

How is the international support that MeTA received by foreign organizations?

MeTA has several international partners, one is World Health, and the other is UK Department for International Development (DFID), which is the main founder of MeTA international. They are able to share their views, their ideas with us. We hope to continue to work with them and that there are going to be some projects were we can work together in the future.

The MeTA pilot period will end in September this year, however, on June 28th-July 2nd there will be the global conference of MeTA. The big question mark is if the UK DFID will continue to support the project after having changed the government.

If they want to continue supporting MeTA there will be no problems, but if they decide not to then we are without means in the Philippines to continue the project. We are already looking into possibilities on what we can do should the UK DFID not continue support. We are looking into eventually getting other funding and/or support – we have started a very strong advocacy, and we will not stop. We are hoping that they will not cut funding but we are preparing for the worst case scenario. In any case we will move on, we will continue.

Talking about internationalization, something we found very interesting is that MeTA has been implemented first in the Philippines and for the moment this is the only South East Asian member. Do you see the potential for other Asian countries to join MeTA?

Yes I see this potential. I think that especially for the less developed countries or the developing countries it would be very good to join in because we learn from each other a lot, and this is an important aspect. In this cyber-age, with the IT, we should be able to maximize the benefits for our people and MeTA can be a forum for that. Therefore I hope that MeTA, in one form or another, can be a medium for people to work together. With the ASEAN harmonization coming up, it could be good to sit down, talk to each other and really learn from each other. Countries like Thailand, Malaysia, even Taiwan, have a lot to share, but also countries like Pakistan would be important – I think we can all learn from this experience.

On a more general level, what role would you like MeTA to play in the global pharmaceutical arena?

What we do at MeTA is promoting greater transparency, and accountability among all the players. We encourage better communication and interaction among the stakeholders in the different countries, as well as sharing the best practices and learning from the worst ones so they will not happen again. In these days of cyber space, we should be able to share the best experiences and

cut down on the learning curve. With people dying everyday from lack of access to medicines and healthcare, I hope MeTA will prove to be not just a catalyst but a major active player in promoting access to medicines and healthcare, especially for the poor people. Rich people can pay for themselves but the poor people are our concern; they are the ones who should be helped. So MeTA Philippines will continue on this objective and we hope that we will be able to encourage similar activities in the other countries in the ASEAN region. I hope MeTA Philippines will be able to actively get the other countries involved in the Alliance.

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