Essential drugs and lower costs

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In little more than three years the use of drugs in hospitals and health centres in the State of Delhi, India, has been rationalized. The strategy for achieving this is outlined below.

The State of Delhi in India runs two teaching hospitals, 15 smaller hospitals and 158 health centres. There are some 4000 inpatient beds in these hospitals, and the outpatient departments are visited by some 4 million people annually. Other health care institutions are run by the central government, and there are many private hospitals and nursing homes.

In December 1993 it was reported that there were serious shortcomings in the procurement, distribution, availability and quality of drugs in the hospitals and health centres, and in the information given to patients about them. The hospitals had their own lists of drugs, most of which were proprietary products. Supplies of drugs were erratic and prescribing was often unrestrained. Not surprisingly, the public was dissatisfied with this situation, which was particularly disquieting because of the very substantial proportion of the health budget spent on medicines. Corrective measures were clearly necessary.

Drug policy statement

In April 1994 the State Government declared that it would endeavour to bring about:

− the availability of essential drugs at all hospitals and health centres;
− a good system of quality control and assurance;
− an improved system of pooled procurement, storage and distribution of drugs;
− prescribing of drugs by their generic names;
− strengthening of health education on drug use;
− research on all aspects of drug use.

A team of experts helped to win acceptance for the new drug policy by explaining it to the hospital doctors and administrators.

Lists of essential drugs

Lists of essential drugs for the hospitals and health centres were prepared by a
committee including hospital doctors, Delhi’s Director of Health Services, drugs controllers of the national government, and other experts. The number of drugs named for the hospitals was 275, of which 177 were to be available for outpatients. A separate list of 75 drugs was established for the health centres. The lists were published and distributed to doctors working in the hospitals and health centres.

The Ministry of Health issued an Order requiring all doctors to prescribe drugs on the essential drugs lists. However, every hospital was permitted to purchase other medicines up to a value of 10% of its drugs budget.

**Pooled procurement**

Separate purchasing by each hospital was replaced by a centralized system for buying essential drugs. A special committee reviewed the quantities procured during the preceding three years and invited bids to meet annual requirements. Bulk buying resulted in reduced prices. It was decided that future estimates would be based on need in accordance with a previously described method (1).

Firms were asked to submit a technical tender and a price tender in separate envelopes. The technical tenders were assessed by the committee in accordance with quality criteria covering manufacturing practices and other matters. For each technical tender that did not fulfil the criteria, the corresponding envelope containing a price tender was returned together with the earnest money. Of 124 firms that submitted tenders in 1996, 84 failed to meet the criteria.

After the remaining price tenders had been reviewed, three suppliers were identified for each drug, and negotiation resulted in two or three of them supplying the required medicine at the lowest possible price. Rate contracts were sent to all the health care facilities, which ordered the drugs they required directly from the designated firms. The new arrangements were comparatively simple for both suppliers and hospitals. The medicines cost hospitals 30%-35% less than they had paid under the open tender system or by purchasing from the government medical depot or the local cooperative.

**Quality control and assurance**

A team of experts checks whether good manufacturing practices are being observed in suppliers’ facilities. Furthermore, samples are sent to selected laboratories for random quality testing in order to determine whether supplies conform to WHO specifications (2).

The new system, involving the use of essential drugs lists, pooled procurement, and quality control and assurance, has significantly increased the availability of reliable drugs. All the hospitals and health centres in the State of Delhi now have adequate supplies of essential drugs because purchasing at highly competitive
prices allows increased quantities to be obtained.

Rational prescribing and compliance are being further improved through training programmes for doctors, nurses and pharmacists and the provision of information about drug use to patients. Since mid-1997 this endeavour has been helped by the publication of:

- the Delhi State Drugs Formulary;
- Standard Treatment Schedules for Primary Health Care;
- the first issue of the Delhi State Drugs Information Bulletin.

References


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**Essential drugs for chronic diseases**

The best way to ensure the availability of and equitable access to essential drugs, including those for chronic diseases, is to develop standard treatment protocols and lists of essential drugs for different levels of health care, and to use these as the basis for the supply of drugs, for the training and supervision of health workers, and for reimbursement schemes. Essential drugs should be selected on the basis of evidence and in accordance with the criteria used for compiling the "WHO Model list of essential drugs", which is updated every two years.

... Health care costs in general, and drug costs in particular, are rising everywhere. Most of the increased drug cost is due to the use of new medicines, and many of these are for chronic diseases. In order to ensure an optimal use of limited resources, a careful evaluation is needed of their cost-effectiveness in relation to existing treatment alternatives. ...

Essential drugs are not for poor countries only or for rural areas only. The concept of essential drugs is just as valid in developed countries, in teaching hospitals, and in health insurance schemes. It is as valid for the treatment of cancer, cardiovascular diseases and metabolic disorders as it is for malaria, acute diarrhoea and pneumonia.