Medicines Prices in Uganda: Wholesale and Retail Prices and Markups

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Objective

- Procurement prices for NMS and JMS to the international reference prices
- Mark ups for NMS and JMS
- Competitiveness of NMS and JMS selling prices with local wholesalers
- Price differences between retail pharmacies and Hospital private wings.
Sample

- Selection of 51 EMHS (42 medicines and 9 non supplies)

- Items primarily selected from NMS Order Form and included in the EMLU.

- 76% can be ordered by all levels of care 24% for Hospital and HC IV.
Data Sources

- International Drug Price Indicator Guide (IPDIG) - 2008

<table>
<thead>
<tr>
<th>7 Districts</th>
<th>Hospital</th>
<th>20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private</td>
<td>Wing</td>
</tr>
<tr>
<td></td>
<td>Pharmacies</td>
<td></td>
</tr>
<tr>
<td>3 Wholesalers</td>
<td>Gov’t -3</td>
<td>3 Drug</td>
</tr>
<tr>
<td></td>
<td>PNFP - 6</td>
<td>Shops</td>
</tr>
</tbody>
</table>

- All prices are calculated in UGX per unit (tablet, capsule, tube, ampoule, vial, etc)
Do NMS and/or JMS get better prices than the international reference price?

Average buying prices of NMS and JMS measured against IDPIG reference prices

- NMS and JMS prices were found to be more competitive with better buying prices than the international prices.
- JMS appears more efficient in their procurement with a lower buying price than NMS. (25% cheaper)
- Note: Procurement efficiency based on the dimension of price
How do NMS and JMS Markups Compare?

Average markup for NMS and for JMS calculated from provided buying and selling prices

- NMS markup (incl. distribution) = 31%
- JMS markup (cash & carry) = 14%

- JMS applies a lower mark up indicating that it’s less expensive buying from JMS than NMS.
- NMS Markup is “virtual”, no cash payments are made
- Mark ups (Range 0% to 100%)
- Excluding distribution, the NMS markup will be 23%
How do private wholesaler prices compare with JMS and NMS prices?

NMS and Local (WS) prices measured against JMS selling prices

- JMS and NMS prices were found to be more competitive than the local wholesalers
- Note: JMS is used as a reference for this comparison based on the dimension of price
What are the costs the patients have to pay?

Percentage mark up of market prices compared to JMS selling price as a baseline

- Retail Pharmacies have the highest mark up.
- Markups range from (10%-300%)
- Note: This is a reflection of the relative cost of medicines to patients/consumers measured against the JMS sales prices as a reference.
## Findings compared to previous studies

<table>
<thead>
<tr>
<th>Study Authors (Year)</th>
<th>Price Mark Up’s (Private sector)</th>
<th>Buying Price (NMS and JMS)</th>
<th>Selling Price (Private Sector)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uganda medicine pricing survey report (April 2004)</td>
<td>20%-300%</td>
<td>• 85% of the medicines at NMS cost less than IDPIG</td>
<td>• Private pharmacy prices almost doubled along the distribution chain</td>
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<tr>
<td></td>
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<td>• 72% of the medicines at JMS cost less than IDPIG</td>
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<tr>
<td>SURE price study (2010)</td>
<td>10%-300%</td>
<td>• 90% of the medicines at NMS and JMS cost less than IDPIG</td>
<td>• Similar finding</td>
</tr>
</tbody>
</table>
Conclusion

- It appears as we move down the distribution chain prices seem to more than double.

![Diagram showing price increase from Central Suppliers to Retail Outlets]

- Study shows that medicine prices are high in the private sector creating financial barriers for access and affordability to essential medicines.
Free medicine or out of stock

10-300% added cost to consumer price

Public Hospital

Private Sector

What Can I Afford?