Medical device makers worried over price caps

New price control policy may have a huge impact on industry

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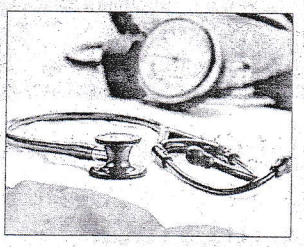

NEW FRAMEWORK

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- This number is expected to go up significantly under the new policy
- Industry feels drugs and medical devices do not fall under the same category, and the government must treat them differently

THE DEPARTMENT OF pharmaceuticals (DoP) has formed a five-member committee to review the pricing framework for drugs and medical devices. The committee will prepare the draft for a new drug (prices control) order (DPCO) that will replace the existing 11-year-old policy that fixes the ceiling price of scheduled drugs and regulates the prices of non-scheduled drugs in the country.

Industry experts suggest that the new policy will have a huge impact on the medical devices industry since a large number of devices will likely come under the price control.

At present, the National Pharmaceutical Pricing Authority (NPPA) controls prices of just a few of the 6,000-odd medical devices sold in the country. This number is expected to go up significantly under the new policy.

Industry feels that drugs and medical devices do not fall under the same category, and the government must treat them differently. "Pricing controls on drugs are less complicated because medicines are made for a limited number of combinations/dosages for the same formulation. But the variations in medical devices is huge as each product size can have many specifications variations. It's not easy to put a blanket price cap on medical devices," said Rajiv Nath, MD, Hindustan Syringes & Medical Devices.

He said that instead of price cap, "we will ask the government to look at price monitoring and price regulation mechanisms wherein the MRP (maximum retail price) of devices which are irrationally high can be brought down in a graded manner."

There are already fears that price caps would discourage large device makers, especially MNCs, to withdraw their life-saving gadgets from the Indian market or not bring them at all into the country.

"We emphasise the importance of striking a balance between affordability and innovation, ensuring that patients have access to life-saving treatments while incentivising continued research and development," said Anil Matai, director general at Organisation of Pharmaceutical Producers of India (OPPI). He added: "Companies investing substantially in R&D must be empowered to recoup their investments."

Since 2020, all medical devices have been notified as "drugs" under DPCO, 2013, which means that their MRPs are monitored by the government to ensure that the manufacturers or importers don't increase MRP by more than 10% annually.

However, some experts believe that medical devices should be put under strict price control because retailers and hospitals are fleecing end consumers. Nath said that MRP of some products is 30 times the ex-factory price. This includes both imported and locally-manufactured devices.

"The end consumers are paying exorbitant prices for a lot of devices due to high trade margins of the retailers and hospitals," said PV Appaji, former director, NPPA.