

Best Practices **DRUG MANAGEMENT SYSTEMS**

The cost of drugs has become a sensitive issue as well as a rallying point for this administration. Efforts to address this problem have been evident since the time of President Aquino when the Generics Law was passed. However, progress has been slow and erratic beset by social, political and economic drawbacks. The inclusion of drug management reforms as the key strategy for the Health Regulation component of HSRA implementation reflects the importance of reducing drug cost and ensuring their availability to the health system.

This document the processes that make up best practices of drug management and supply observed in areas that have participated and received the technical assistance of the MSH convergence strategy. This also indicates the influence of the MSH strategy on the performance of these practices. In no way will an evaluation of the processes be attempted, although commentaries may become inevitable. The process documentation tools used were document review, key informant interviews and observation

Pangasinan is chosen to have the best practices for drug management and supply with Capiz a close second. Pangasinan is strong on hospital reforms, which favors better drug management at least at the hospital setting. It has also a well-established system for drug procurement and management, which was created through collaboration and felt need. Description of similarities and differences in the various processes related to drug management and supply between the two provinces will predominate the discussion.

Formation of Provincial and Hospital Therapeutics Committees

By virtue of provincial executive orders, Provincial Therapeutics Committees (PTCs) were formed in all sites. In many hospitals, this meant reactivating existing but dormant groups. However, at the provincial level, this meant creating new committees. The composition of PTC includes the governor and PGSO to ensure political will and facilitate efficient coordination with the procurement office. In addition to the therapeutics committees (TCs), provincial formularies are to be developed by adapting the Philippine National Drug Formulary (PNDF) to local health needs and resources. The TCs and the formularies are intended to provide technical guidance in the selection of drugs for procurement. Only Pangasinan appears to have developed a provincial formulary with Capiz still in progress. The other LGUs still have to follow suit. The system appears doable at the provincial and hospital levels.

In Pangasinan, hospital (HTC) and provincial therapeutics committees (PTC) were organized. The respective HTCs review the annual procurement plans of the 14 hospitals and oversees the quality of drugs delivered to these health facilities. In turn, the PTC reviews the drugs requested by the hospitals to be purchased and sees to it that drugs procured are in accordance with the provincial drug formulary (PDF), which is subset of the national drug formulary (PNDF). Processing and approval are facilitated because

purchase requests conformed to the national guidelines embodied in the PNDF and the Generics Act.

Bulk Purchasing of Drugs

A number of procedural changes have been implemented under the convergence strategy. These are reducing the number of signatories, advocacy among Provincial General Services Officers to explain the need for fast processing of drug requests, parallel drug importation and pooled or bulk procurement.

Most of the LGUs have considered bulk procurement for the province-run facilities and the system is in place in a number of them. However, there are many problems with this process that are often contextual in nature. For example, the timing of requests appears to be crucial and needs to be made when funds are available. If the LGU has a recent big expense, funds for drugs may run out earlier than expected. Provinces like Pangasinan have mastered this process of anticipating drug needs way ahead of the budgetary cycle. This can serve as a model for the others.

Problems related to limited financial resources, shortages of drugs and supplies in government hospitals, varied prices of drugs purchased by the health and non-health sectors in many LGUs and non-compliance to the Philippine National Drug Formulary (PNDF) prompted the province of Pangasinan to create and implement a Provincial Pooled Procurement Program (PPPP) in 1998. The purpose was to ensure quality and procure drugs systematically and at lower costs.

The provincial pooled procurement scheme starts with hospitals preparing their annual procurement plans using VEN and ABC value analysis. The hospital staff makes use of their morbidity/mortality statistics to determine common cases treated in the hospital after which they assess these cases based on standard protocols and clinical practice guidelines. They use the VEN analysis to classify the drugs according to their therapeutic value (vital, essential and non-essential). Vital drugs are given priority in the purchase. The ABC value analysis determines which of the procured drugs have highest costs. Class A products are those that make up 75% - 80% of total costs; Class B represents the middle 10 - 15% while those in the C category represent about 10%. Since Class A items are expensive, highest priority is given to their management.

This practice assures rational selection of drugs and setting of prioritization standards, which are essential in all instances when there are competing demands for resources; in this case, share of IRA and proper disposition of previous drug sales.

With the pooled procurement program in 14 hospitals of Pangasinan, drugs were bought at much reduced price, at an average of about 46.5% lesser in 2000 compared to the 2001 prices. It was noted in Pangasinan that drug suppliers have dropped their prices. In Capiz, for example, the Assistant PHO related that branded cefurixome has been offered to him at a wholesale price that is even lower than the generic cefuroxime.

Quality drugs were assured because only bids of suppliers accredited by DOH were entertained. Hospital staff learned to prioritize their drugs into vital, essential and non-essential. There was proper procurement of drugs by the GSO using a new set of drug supply contract and bidding documents, as well as the avoidance of the more expensive emergency purchase of medicines and supplies. Hospitals learned to make use of a common inventory control system, which aids in decisions about what drugs to order, timely purchase and the quantity of order.

Parallel Drug Importation

The Provincial Health Office of Pangasinan has thought of ordering their drugs thru the parallel drug importation scheme (PDI). A trial purchase was made in the early part of 2002, but delivery took a longer time (“*we ordered in January, drugs came in June*”). Perhaps, “trial” is the proper action with regards to PDI instead of the “jump first and ask question later style.” In Capiz, an unexpected outcome of the parallel drug importation considered as counterproductive is back to the practice of prescribing more expensive branded drugs for maintenance therapy. PDI drugs are only accessible in hospital pharmacy.

In Capiz, PDI was initiated by the Governor to reduce the prices of drugs for common acute and chronic illnesses and to win votes. Drug sales have been vigorous and prompt replenishment of supplies has also been challenged by bureaucratic processes. Evidence of reduction in drug costs and improved access of hospital patients to essential drugs has been uncovered in both provinces. However, the unforeseen effects of government intervention on free market forces including the welfare of local drug companies have been largely unaddressed. In Capiz, private drugstores have been known to withhold the sale of branded drugs until the counterpart PDI drugs have run out.

Until PDI is integrated into the bigger scheme to lower cost and until the time when a clearer “cause and effect diagram “ from its practice is created, the PDI will just be an instant outburst of success dealing with the superficial parameter of lower drug cost during a restricted time period.

Drug Use

Increasing the capacities of local governments to select, procure and affect the distribution of drugs within their areas of responsibility brings to the fore the issue of whether or not these drugs are being used rationally and by those who need them most. In Capiz, hospital administrators were trained to conduct drug use reviews (DUR). Monitoring the utilization of drugs through the analysis of routine as well as specially collected data and comparing the results of the analysis with pre-specific DUR thresholds became the tools by which the local health system could react to prevailing drug consumption patterns and to adjust the processes of drug selection, procurement and distribution to market demands.

The future of generic drugs is still uncertain in the convergence zones. Generic prescribing is often encouraged, but adherence to the Generics Law is variable.

Implementable sanctions for erring physicians are still lacking. Physicians and the general public still have a guarded view of generic drugs. In Capiz, this perception remains uncorrected, as the local government prefers to buy branded PDI drugs. Public acceptance and use of generic drugs appear to be more widespread in Pangasinan, Capiz, Bulacan and Nueva Vizcaya than elsewhere. PhilHealth has been very active in advocating for the use of generic drugs and adherence to clinical practice guidelines (CPGs) developed by local specialty societies. Reimbursement policies provide disincentives for the non-use of generic prescriptions, for prescribing non-formulary drugs and for non-adherence to CPGs. However, a nationwide survey of claimed prescribing practices for pneumonia, hypertension and urinary tract infection revealed that only about 20% of clinicians follow CPG recommendations (personal communication, Dr. M. Valera).

Other issues related to drug use involve behavioral factors, such as pharmacist practices related to dispensing without prescriptions and patient perceptions about medicines that lead to irrational drug use. These are equally important and perhaps can be addressed in the future.

Management Support

Management support has been expressed primarily in the form of increasing budget allocations for drugs. This appears to have taken place across all sites. In the course of devolution, local government officials have been sensitized to the effects of rising drug costs on their health budgets and on their popularity. Therefore, they recognize the need for cost-effective drug supply systems to trim drug costs, bring down prices and assure drug quality as a means for making significant political hay. Thus, they have been generally supportive of the drug management interventions proposed under the convergence strategy. The question that remains, however, and that has haunted the Capiz health system managers is this: to what extent would LGU officials support drug management reform, should it run counter to their political agenda?

Summary of Best Practices

By far, Pangasinan, Capiz and Bulacan lead the rest of the convergence zones in implementing drug management reforms.

In terms of Drug Selection

- • Formation of hospital and provincial therapeutics committees in Pangasinan, Capiz and Bulacan
- • Use of local adaptations of the Philippine National Drug Formulary in Pangasinan, Capiz and Bulacan to approve drug purchases
- • Retention of income from drug sales in Pangasinan, Capiz and Bulacan

In terms of Drug Procurement

- • Vigorous political and financial support from local executives in Pangasinan, Capiz, Bulacan and Nueva Vizcaya for the bulk procurement and parallel drug importation program
- • Initial pilot testing with a few but frequently used drugs for the PDI program followed by careful monitoring of drug inventories in Capiz and Pangasinan
- • Institution of safeguards against abuse of PDI program in Capiz and Pangasinan
- • Timely processing of requests for drug purchases to maintain steady supply of drugs in Capiz and Bulacan

In terms of Drug Use

- • Building capacity of hospitals to conduct drug use reviews in Capiz and Pangasinan
- • Active monitoring of generics use and generics prescriptions by PhilHealth and local DOH in Capiz and Pangasinan
- • Careful monitoring of utilization of PDI drugs in Capiz and Pangasinan
- • Sustained advocacy for generics by PhilHealth and DOH in Pangasinan, Capiz, Bulacan and Nueva Vizcaya