

Govt mulls price control on medical devices

Policy might also bring commissions in the trade under scanner

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New Delhi, 22 September

Lack of transparency in the health care sector could invite stricter norms and regulation.

The government might cap the maximum retail price of medical devices, mainly the ones meant for spinal usage such as stems, catheters and implants, sources said.

The health ministry and Department of Pharmaceuticals are working on a proposal to bring price regulation of medical devices under the National Pharmaceutical Pricing Authority, which monitors the prices of medicines. The latter

directly caps the prices of 348 medicines deemed essential; it also keeps a tab on other prescription-based drugs.

The current idea is to keep a tab on the margins and commissions offered by medical device manufacturers, distributors or wholesalers of these products. As well as hospitals and doctors prescribing or installing these complex devices during surgeries and other procedures such as implants and transplants.

In India, with patients not well equipped to make an informed decision about devices such as stems and implants, the doctor and the retailer play a key role. There have been periodic

complaints and surveys that doctors, hospitals and retailers make a lot of money from commissions for prescribing expensive stems or branded medicines. The commission charged by them to push these products is passed on to patients.

A stem with an ex-factory cost of ₹30,000 is sold at ₹40,000 or ₹45,000 by a distributor to a hospital or doctor, after including marketing and supply chain margins. However, the patient pays around ₹1,00,000 for the same stem to the hospital.

"There are aberrations especially at the hospital level, as a patient, with little knowledge about these devices, is completely dependent on doctors,"

says a health expert. "A patient cannot understand the technology of a stem or a knee implant. The importance or difference between their lengths, the chemicals used, which one has how much protein, etc."

Medical devices are covered under the Drugs and Cosmetics Act but there is no law governing their prices. The health care sector is also perceived to lack enough checks and balances against corruption and malpractices by doctors, retailers and distributors. Sources in various government departments say private hospitals often bribe individual practitioners to refer patients for knee transplants, heart surgeries, etc.

The government is trying to work out a policy under which such practices can be brought under scrutiny, the official said. The medical device market in India was pegged at \$6.3 billion in 2013 and growing annually at 10-12 per cent. Most of it is dominated by imported products. According to a recent report by The Boston Consulting Group (BCG), around 70 per cent of the medical devices used in India are imported.

This bridging of the gap between imported and home-made products is another area in which the government might decide on new rules. Experts say domestic products are, on average, far inferior to imported ones.

The domestic manufacturing industry is concerned that price regulation by the government might make their businesses unviable.

"Pharmaceutical companies draw most of their profits from exports. The medical device industry does not have any export," says a senior executive of a domestic medical device manufacturer.

According to a BCG report, the medical device sector in India is under-percentrated, being seven to eight per cent of the potential (around \$50 billion by 2025).

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KEEPING TAB ON COMMISSION



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