

Pharmaceutical Competitiveness and Impact on the Health of the Population in Kosovo 2010-2017

Prof. Dr. Ass. Halit Shabani
University "Haxhi Zeka" Pejë, Kosovo

Mr. SC. Aferdita Shabani, PhD(c)
Tax Administration of Kosovo

Abstract

Competition in pharmaceutical products in Kosovo is the most problematic and unmanaged market where the prices and quality of pharmaceutical products are completely different compared to European countries.

Kosovo's citizens are mostly remarks for far higher prices compared to the countries of the region and those of the EU, while often ordering medicines outside Kosovo, because those sold here are outside the EU standard or even with the deadline expired use.

But, beyond the Kosovar consumer's feelings and the controversy over the free provision of health services in the public sector, the paper in this case will describe the way the pharmaceutical industry operates on the demand and supply side of a market that is so supervised but functioning so without checking.

Key words: Competition in pharmaceuticals, prices, Kosovo, region, health, doctor.

INTRODUCTION

The February 28-28, 2014 World Competitiveness Forum, held in Paris, discussed one of the most sensitive issues of competition in the pharmaceutical industry. This market has some specifications that differentiate it from other markets, due to the importance and the specifications that there are requirements and offers for these types of products. Unlike other markets for different products, the need for medicines is not determined by the consumer as a need for that product, but entirely by another (doctor), which means that in this case the consumer is not able to make product selection based on cheaper prices and better quality, but as a rule follows the doctor's instructions [1]. The latter, not in a few cases in Kosovo, have "links" to pharmaceutical companies and have a significant impact on their competition or distortions in a particular market.

Presentation

In Kosovo, the demand for pharmaceutical products is inexpensive where the consumer cannot and does not have a role in decision-making for competing products and their pricing. On the supply side, competition is limited due to the high degree of market power by companies operating in that market for certain products.

For these reasons, it is understandable that the pharmaceutical market cannot function in the conditions of competition and the fact that many governments consider health a necessary public good (the concept that regardless of the patient's financial potential should have the pharmaceutical service prevails), this market is regulated by special regulations [2]. But despite the regulation, it is widely accepted that competition can and should play a key role in market well-being for more patient benefits, more choices, more innovative products and lower prices.

Of course, the characteristics and ways of functioning of the pharmaceutical market are different, by country and degree of regulation, but one fact is widely accepted that this market is based on research and development and therefore, the rules of competition are more tolerant due to the necessity of cooperation between companies for new products. Competition law in Kosovo has also envisaged ways and forms of exclusion from banning new software development agreements, but it is well known that Kosovo is still far behind in the pharmaceutical innovation competition that has included the European Union countries, the United States and wide.

Information asymmetry is often encountered in the pharmaceutical industry due to the relationship between doctor

and patient, doctor and pharmaceutical manufacturers / importers and is one of the main causes of market failure on demand and supply basis [3].

But the main issue of regulation and competition in this market remains the price where the main companies have the right to operate in these areas that have the monopoly principle for maximizing their revenues.

On the demand side are the doctors who decide "in the name", of the patient and of course their prescription for which medicine often do not consider the pricing criteria and that the patients are not able to judge the substitution of the product.

Kosovo

Problems in the field of pharmaceuticals in Kosovo are great. The lack of medicines registered in the pharmaceutical market is one of the problems faced by citizens, which means that prices increase in unregulated forms. The Kosovo Agency for Medicinal Products has announced that currently over 700 molecules in about 3,000 pharmaceutical forms are registered in Kosovo. But patients are struggling with the lack of medicines they use as a day-to-day therapy. "Zigabal", is a very important remedy, but in none of the pharmacies in Kosovo, there is no such remedy or something similar. The Ministry of Health says the medicine in question is not on the essential list, so it needs special permission from the Kosovo Medicines Agency [4]. The Kosovo Medicines Agency states that for individual therapies, for non-registered drugs, there is a section within the Law on Medical Products and Equipment's that patients are provided and allowed to import [4]. "According to the Law on Medicinal Products, respectively Article 12 on the Import of Medicinal Products, natural persons have the right to import quantities of medicinal products for a necessary treatment if these products are not registered or do not have a license import".

"Also, import from natural persons can be done by licensed pharmaceutical wholesalers". In these and many other rates, we are dealing with an unrealistic competition that leads to abuses at very high prices. The Ministry of Health should be referring to the market in the region so that taxpayers' money is not spent on illicit enrichment of individuals, as 30 drugs out of 300 receive 60 percent of the budget, where "Essential List was approved in 2012, however competition in these drugs is a necessary measure Columbus Institute said drug prices in Kosovo in recent years have grown and are very expensive than the real price. The last few years have increased drug prices the purchases are much more expensive than the real price. The damage is millions while we

have not seen any initiative to change this situation. Dealing with a situation where there is increased quality of drugs, but prices [6].

Health records

The following chart shows the breakdown of the budget allocation for health in the last 6 years.

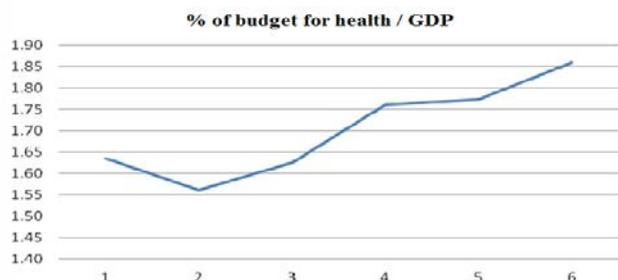


Fig. 1. % health budget compared with GDP

Source: Kosovo - MEF & Ministry of Health, Department of Finance, 05-4221, date 17.07.2013 [7]

In the following chart are given the values of the budget for health from 2007-2013.

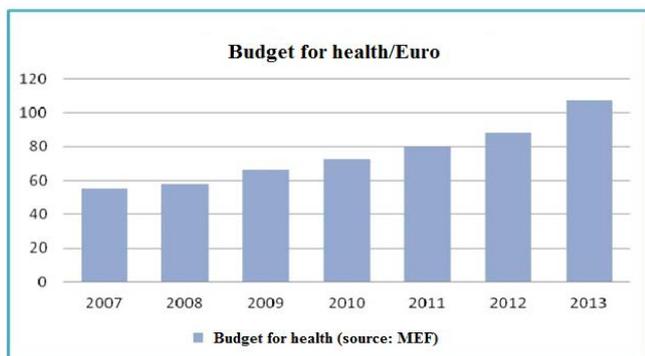


Fig. 2. Budget for health in monetary value for the years 2007-2013.

Source: Kosovo -MEF & Ministry of Health, Department of Finance, 05-4221, dated: July 17, 2013 [8]

Essential List

In this graph are given budget values for pharmacy from 2007-2013. If we consider the allocation of budget for health and pharmacy in the region (i.e. 5% of GDP for health and 30-40% for pharmacy), the budget for the pharmacy should be at least 70 million Euros.

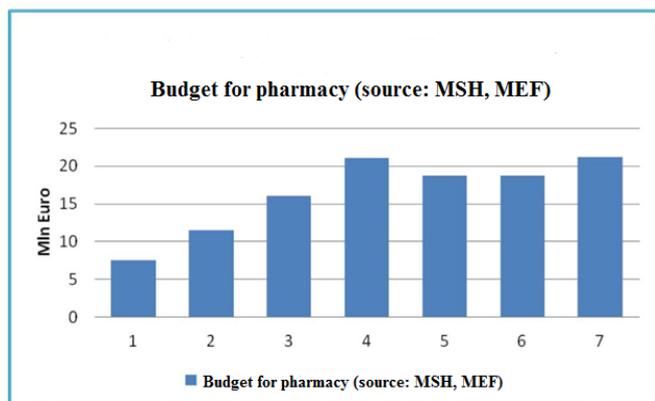


Fig. 3. Budget for pharmacy

Source: Kosovo - MEF & Ministry of Health, Department of Finance, No. 05-4221, dated 17.07.2013 [9]

This was done by applying the recommendations of WHO (World Health Organization), within the essential list of Kosovo. Initially, the planning came from the heads of departments from the structures health, structures that this planning has adapted to their needs but also based on the budget available for this activity for 2013.

Recommendation

We want to emphasize something that affects human life every day such as health care. Creating a Committee of Drugs and Therapy with clear tasks to monitor processes in health institutions and act on free competition laws during and after licensing.

Drafting clinical protocols (where absent), for treating healthcare procedures. Compilation of the essential list based on the above steps and supply from licensed companies for this purpose to be monitored by the Kosovo Competition Authority in order to avoid possible cartels in this area.

Specials

Restrictions on the amount based on the services they have provided compared to other similar institutions and previous years.

Restrictions on expensive products without adequate justification for use, number of patients and other relevant data.

All in the end, we think that civil society should play a greater role to be more critical and monitor and can help shape the situation. Electronic procurement is something new that shows transparency and this shows exactly how the tenders have been won and Kosovo will achieve this goal in 2018 and this is very good for the European reform agenda in Kosovo.

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