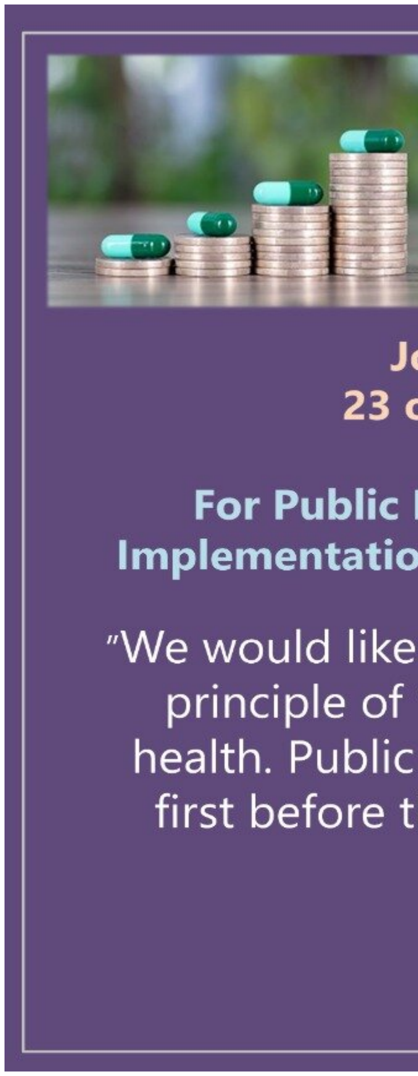
**Joint Statement led by the People's Health Forum on 14 DEC 2021**




We, the undersigned 23 organisations and 28 individuals are very concerned about the questionable study sponsored by the private industry dubbed as Cost-Benefit Assessment (CBA) 2.0 on the impact of the Medicines Price Regulation (MPR) policy.

The policy was approved by the Cabinet of the Government of the day in April 2019, tabled by the Ministry of Health (MOH) in collaboration with the Ministry of Domestic Trade and Consumer Affairs. Under the first phase of the policy implementation, the Government will impose an upper limit of mark-ups at the wholesale and retail levels in a regressive manner (i.e. higher priced items will have a smaller mark-up upper limit), for about 600 single-sourced prescription medicines. But almost 3 years later, the policy is still not implemented.

To our utter surprise we learnt recently that the CBA 2.0 study's preliminary findings, as presented by the Malaysian Productivity Corporation (MPC), entirely overlooks the role of and benefits to patients, their family members and support groups as well as consumers. The public was not even consulted to provide insights and feedback regarding the benefit the new policy might bring. The strong voices of the demand side, especially the most affected and disadvantaged groups and individuals needing specific medicines badly were not included. Thus, how can this study be "comprehensive" and "unbiased" and not lopsided if it has only computed the costs and losses from the supply side? Even those costs and losses cannot be independently assessed due to the lack of information on the methodology of the CBA.

We are particularly concerned over the serious conflict of interest in this "collaboration project between public sector (MITI, MPC) and the private sector (PhAMA, APHM, MOPI, MMA, PhRMA)" especially because the CBA 2.0 is funded by industry, and some of its members even sit on oversight committees.

We would like to reiterate and reaffirm the important principle of 'people before profit' in matters of health. Public interest and public health must come first before the private healthcare sector's goal of maximising profits. Here we would like to point out some major flaws with the CBA 2.0, as compared to the CBA 1.0 conducted by MPC under the appointment of the MOH.

While CBA 1.0 had studied the impact of regulating single-sourced prescription medicines, about 600 active substances that are usually the most expensive due to the monopolistic nature of the market, CBA 2.0 studied the policy impact related to 5,000 pharmaceutical products, details of which are not disclosed. As a result, the exaggeration of the price impact is a real problem. Why did CBA 2.0 enlarge the scope and automatically assume the implementation of subsequent phase(s)?

Furthermore, CBA 2.0 claims that 33% or 2,600 private clinics will close due to the impact of the new policy. How does the study arrive at this number? Most private clinics do not even sell or rely on the sale of the 600 listed single-sourced medicines in the first phase of the proposed MPR policy.

CBA 2.0 also claims that private hospitals' revenue will drop by 35-40% due to the implementation of the proposed policy. This is another problematic exaggeration. Private hospitals had contributed a total of RM14.55 billion in health expenditure in 2020 (Malaysia National Health Accounts 2020 preliminary data). A 35% revenue drop would be a shocking RM5 billion per year! If this claim were true, this would represent an obscene amount of excess profits that they would have profiteered from the sale of medicines alone.

We also would like to express our strong reservation with the CBA 2.0 study that seems to intend to drive a wedge to divide society by showing that the MPR policy disproportionately benefits the T20 households instead of the B40 households. This moral narrative as an argument against the MPR policy is mischievous and is besides the point. The policy certainly will bring great benefits for many B40 patients who will finally get access to life-saving or life-enhancing medicines that are not provided by public hospitals. Furthermore, the whole of society will benefit, as even M40 and T20 households do not deserve to be overcharged for much needed medicines.

We strongly urge the Government and general public not to give weight to the preliminary findings from a disputed CBA 2.0 study, but to implement the Cabinet-approved policy for the first phase that has already been delayed for the following additional reasons. First, 35% or RM23.15billion of total healthcare expenditure had come from out-of-pocket (OOP) expenditures in 2020, of which 15% (or RM3.39billion) were for pharmaceutical purchase. Compound Annual Growth Rate (CAGR) of the OOP expenditures is at 7.28% from 2010-2020, meaning that OOP is growing faster than GDP. Private hospitals alone have already taken 45% share of OOP. If the government does not intervene, OOP expenditures could continue rising and maybe faster, due to high mark-up practice for the medicines. Many life-saving medicines, especially the expensive cancer drugs, are not even provided by the Government. Hence people have to risk financial catastrophe to buy them or forgo treatment. This is unacceptable and unethical just because of the industry's goal of maximising profits.

Secondly, people are already hit hard by the COVID-19 pandemic with major job losses among the B40 and even M40 populations. With the current high prices of many essential goods and services already causing hardship, people should not be burdened even more with expensive medicines.

In conclusion, we must keep in mind that the Government has a responsibility to protect people's health, and to provide a strong social safety net for the wider population, especially with the aim to reduce poverty and vulnerability in society. The Government needs to consider medicines as a basic need, and not another commodity in the market.

We urge the Government to keep their promise, as stated in the 12th Malaysia Plan: under Strategy B2 "Ensuring Financial Sustainability for Healthcare", where it clearly states "a price control mechanism for medicines will be introduced to protect consumers from unfair pricing" (Page 4-22). People have been waiting for the implementation of the Phase 1 Medicines Price Regulation for far too long.

The Government must consider people's benefit and interest as its first priority. There is no better time than to do it now.

Endorsed by: Organisation: 1) People's Health Forum 2) Health Equity Initiatives (HEI) 3) Citizens' Health Initiative (CHI)

4) Agora Society Malaysia

5) Third World Network

6) Parti Sosialis Malaysia (PSM)

7) All Women's Action Society (AWAM)

8 ) Aliran Malaysia

9) Breast Cancer Welfare Association Malaysia (BCWA)

10) Consumers' Association of Penang (CAP)

11) Crisis Home

12) Family Frontiers Malaysia

13) GERAK (Pergerakan Tenaga Akademik Malaysia)

14) IKRAM Health

15) Malaysian Women's Action for Tobacco Control and Health (MyWATCH)

16) Persatuan Sahabat Wanita Selangor

17) Positive Malaysian Treatment Access & Advocacy Group (MTAAG+)

18) Prostate Cancer Society Malaysia (PCSM)

19) Sahabat Alam Malaysia (SAM)

20) Saya Anak Bangsa Malaysia (SABM)

21) Sustainable Development Network Malaysia (SUSDEN)

22) Together Against Cancer (TAC)

23) Women’s Aid Organisation (WAO)

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13) Lim Su Lin

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