Essays on Politicized Drug Pricing, Part 2

Nonoy Oplas
December 29, 2009

Introduction

This will be the last compilation this year of my short essays on medicine innovation, competition, and drug price control. This is also a continuation of my earlier compilation, "Essays on Politicized Drug Pricing", dated September 3, 2009.

Below is the list of these short papers, all of which are posted in my blog, http://funwithgovernment.blogspot.com, and some are posted in the online magazine, www.thelobbyist.biz, where I contribute a weekly article. All dates below refer to 2009.

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Happy New Year!

(1) Health, taxation and hypocrisy

September 11, 2009

The House of Reps is rushing the tax on texts, P0.05 per text. It seems to be rushing also the revised taxation of alcohol and tobacco products.

I support further taxation of cigarettes and alcohol.
I do not support tax on text messages.
And I do not support continued taxation of medicines.

Most governments, including the Philippine government, are a bunch of hypocrites.

They say, 'cheaper medicines" but slap multiple taxes on medicines, raising medicine prices by at least 13 percent of their retail price.

They say, "good health" but they are too timid to raise further the taxes on alcohol and tobacco products. I don't smoke, but I drink, and I wouldnt mind if government will raise the tax of my favorite vitamin B, beer.

They say "cheaper telecomm services", but they over-regulate the entry of more telecom players. Singapore with only 4 million people has about 4 or 5 competing players, the same with HK which has only 7 million people. The Philippines with 92 million people has only 3 telecom players. And now the government wants to tax text messages, and introduce new taxes on telecom firms, while some local governments want to impose excise tax on telecom firms in their localities.

I buy the P500 globe pre-paid card. I buy it only for P490 but I get P500 load + 85 free texts, for a total value of P585, or a savings of P95 or 19.4 percent discount. I feel that it's not enough discount, but it's better than nothing.

When I send out the 85 free texts, the telecom firm (Globe) does not get a revenue from it as it is a promo text. Will it still pay P0.05 tax for it? I assume that the answer is Yes because most government regulations are stupid, they cannot distinguish promos from paid services, and there are dozens of promos from each player, like the telecom firms.

Of course, the biggest hypocrisy of governments, especially the RP government, especially under the Gloria government, is large-scale corruption and robbery.

But then again, government hypocrisy can be directly proportional to the hypocrisy of the public and the media that are supposed to be fiscalizing it. So what if the government is a theft and a hypocrite, so long as they get their own share of political favors?

Aside from taxation, other forms of government intervention are regulations. Regulations by nature, are prohibitions. The regulators are saying, "Don't move, don't start anything, unless you get our permission, our certification, our signatures. And unless you pay us taxes, duties, fees (and sometimes, fines).

I like this quote very much from former US President Ronald Reagan. He said,

"If it moves, tax it.
if it continues moving, regulate it.
if it stops moving, subsidize it."

Amen.

(2) Health, taxation and hypocrisy, part 2

September 15, 2009

The best healthcare program in any society is preventive.

Don't over-smoke, don't over-drink alcohol and soda, don't over-sit in sedentary lifestyle, don't over-eat fatty food, don't engage in frequent fights and rumbles, don't live in dirty places or do not allow dirty things around your house, don't eat without washing your hands well, don't live promiscuous lifestyle, don't rest too much and work little and expect public healthcare anytime.

That is why I always argue that healthcare, first and foremost, is personal and parental responsibility. Government responsibility is secondary, like in cases of spread of infectious diseases, taking care of those with physical and mental defect, those who are very poor and have congenital diseases, etc.

And that is why I don't believe in health socialism. The productive and those who take care of their body should not be over-taxed to pay for the healthcare of those who over-drink, over-smoke, over-fight, etc. who contract lifestyle-related diseases. Let the latter pay for their own medication and healthcare, otherwise they suffer certain diseases because they wished for it, they desired for it, they perfectly knew that all those cigarettes and alcohol and illegal drugs and high cholesterol food, etc. will mutilate their heart or intestine or other internal organs someday, and yet they continued doing it.

Then government resources will be focused on a few, deserving sickly people who need public healthcare. I won't mind paying taxes so the govt can take care of patients with epilepsy or autism or the blind. But health socialists and many politicians and government bureaucrats want across the board subsidy for all.

That is why more private healt insurance should be encouraged to foster more competition among those players, and to foster personal responsibility in healthcare. Government health insurance can stay as 2nd-tier or back-up insurance in cases of hospital confinement and serious health problems.

About the telco tax, the usual alibi is that the telcos are making big profit. If this is so, then it only means one thing: there is lack of competition in the telecom industry. I posted it earlier: Singapore with only 4 million people has 4 to 5 major telco players, while the Philippines with 92 million people has only 3 major players. Even Indonesia has about 6 to 7 major players competing against each other. I was told by my friend who goes to Jakarta often, phone calls there are a lot cheaper there. It's cheaper for her to call her friend in Manila from Jakarta, than when she calls her friend in Manila from Manila.

The solution therefore, is not additional government regulations like additional taxes. Rather, less government regulations and more competition. Let more big telcos come in. Orange of UK, Verizon of the US, etc. are big enough telcos to pose serious competition to the incumbents. If the government is serious in bringing down the cost of telecomm calls and text messages, more competition, not more bureaucratism, is the quick and cheap solution.

But then again, we are talking about hypocrites here. Public servants, backed up often by equally hypocrite public and media (and a number of socialist-inspired civil society groups) only want more taxes, more power of intervention. Their hatred of capitalist competition is directly proportional to their self-serving ego that they can plan and manage things from the top.

I still wish to hear more civil society groups and media lambasting government hypocrisy in slapping high taxes on medicines and health care.

I got at least 2 testimonies from 2 of my friends in facebook.

One wrote (he's my friend from UP undergrad, now a Consul General in one country in Europe), he's mid-40s:
"My obese self from last year had blood pressure which could run up to a whopping 190/110. Now it's consistently around the 125/75 level. For those who need to lower their blood pressure, there's no need to lose 50+ pound...s like I did. Just eat healthily, take daily walks, and manage stress: that should do wonders for your blood pressure and overall state of health."

Another friend wrote, also mid-40s:
"Been living healthy, never been sick for the past 18 years or so, never been taking any medicine, never saw a doctor, just eating healthy food, no soda, regular walk and exercise..."

For this type of people, PhilHealth and their private HMO (if they have one) should be making lots of money: they keep contributing every year but never get sick. The pharmas (multis or local) are also not making money from them because they take little or zero medicines.

Just affirms the importance of personal responsibility in healthcare. Government responsibility in healthcare, while giving health insurance to the poor, also gives millions of pesos of stolen and laundered money to many politicians and some govt. health personnel.

Meanwhile, I heard one time when I was stil working in the House of Reps a decade ago, that a big portion of the leadership of the Committee on Ways and Means was under the payroll of Lucio Tan. One indicator was that the Chairman or senior vice-chairman can be absent on Committee deliberations on many tax bills, but NEVER on tax bills on cigarettes.

Recently, the EU and the US want to sue the RP govt. to the WTO for double standard in the application of excise tax on liquor and spirits. The excise tax for local

alcoholic products is 30% but 50% for imported products. For me, this is wrong. Excise tax is a domestic tax, and there should be only one rate for all products in the domestic market. If the govt. wants to practice alcohol protectionism, it can do it by raising the import tax, but not the excise tax. But when govt. raises the import tax for alcoholic products, it will encourage more alcohol smuggling. This is because even the most corrupt Customs and Malacanang officials want cheaper imported wine, whiskey, beer, etc. for their own belly and their friends'.

(3) Patrick Swayze, cancer and medicines

September 15, 2009

Today, the actor of 2 famous movies "Dirty Dancing" and "Ghost", Patrick Swayze, died. He was 57 years old. He died of pancreatic cancer. He was diagnosed of that killer disease sometime 1 1/2 year ago. And today, a number of my friends in facebook expressed their sadness for the death of this good looking and talented actor. Me too.

One friend posted in her facebook status today this quote from the actor before he died: "I've had the time of my life. No I never felt like this before. Yes I swear it's the truth. And I owe it all to you."

Pavarotti also succumbed to pancreatic cancer. I know of a rich lady here in Manila, a good friend of my sister, had pancreatic cancer. When it was detected early last year, she was on stage 4 already. Within 4 months she died. A famous Filipino action star, Rudy Fernandez, also died of this disease.

Former Philippine President Cory Aquino died of colon cancer just recently. My sister in law died of colon cancer too, about 4 years ago. She's the wife of my elder brother who died of prostate cancer a few months after she died.

Some leftist guys push for IPR and patent confiscation of important medicines via compulsory licensing (CL) plus government-imposed price control. They say that many poor people die of cancer and other killer diseases because the medicines against these diseases are expensive, because of the profit-hungry multinational pharma companies that invented those medicines.

Well, cancer and other killer diseases do not choose their victims. Rich and poor, men and women, they can die. A number of rich people also die of those diseases even if they have the money to pay for those expensive medicines. Like Patrick Swayze and Pavarotti. Like former President Cory, action star Rudy Fernandez, wife of super-rich Congressman Charlie Cojuangco, Rio Diaz, who died of breast cancer. Like former Philippine Senator Robert Barbers who died of throat cancer. And even the wife of the owner of Mercury Drug, the biggest drugstore in the Philippines, also died of cancer.

Money can't kill cancer yet. That's why we need more medicine innovation, and patent-confiscation demand by the left does not help in encouraging medicine innocation. Diseases evolve, people's lifestyle evolve, medicines should also evolve.

Demonizing the medicine innovators as blood-hungry multinational capitalists is wrong. They are capitalists, yes, and capitalists produce things which are most needed by humanity and in the process, they make profit. It's among their incentives for doing so.

(4) One month of drug price control, initial assessment

September 18, 2009

Below is a news report, an initial assessment of a month of drug price control policy by the Philippine government.

Watsons drugstore says business was good, the federation of small and independent drugstores, DSAP, says they're bordering on bankruptcy. Private Hospitals Assn. of the Philippines(PHAP) also complain, while the Pharmaceutical and Healthcare Assn. of the Philippines (PHAP) and the Philippine Chamber of Pharmaceutical Industry (PCPI) have relatively neutral statements.

But for the first time, I read that the DOH, through USec Padilla, is talking to the Department of Finance (DOF) re government taxation of medicines, especially the 5 percent import tax and 12 percent VAT.

Theoretically, the DOF can't just remove the VAT on medicines because you need a new law amending some portions of the national internal revenue code (NIRC) to say that medicines should be exempted from VAT, also amend the tariff and customs code to say that medicines should be exempted from import tax. These cannot be done by administrative measures, only legislative measures. But then again -- if no one will protest and object -- the DOF can possibly issue an administrative order temporarily exempting medicines from VAT, until a new law is enacted. But such law will have to wait for the next Congress starting 2010.

It's important that government double-talk of "cheaper medicines" and expensive medicines via taxation be corrected. Taxes always distort prices upwards. Govt. can double the taxes on alcohol and tobacco products, but abolish the taxes on medicines.
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http://www.businessmirror.com.ph/home/top-news/16196-1-month-after-big-pharma-drug-stores-hospitals-assess-mdrp.html

1 month after, big pharma, drug stores, hospitals assess MDRP

Written by Sara D. Fabunan / Correspondent
Friday, 18 September 2009 04:00

BIG pharmaceutical companies, which feared the worst with the cheaper- drugs law, are slowly seeing a window of opportunity one month after the government fully enforced an executive order implementing the year-old law: the window is in the tradeoff between much lower prices, but bigger sales volumes.

Small drugstores, however, are complaining, and claimed the combination of cheaper prices and the mandatory senior-citizen discounts are driving them out of business.

A similar complaint is being made by hospitals, who said their in-house pharmacies, known to be adding on hefty sums on the usual prices in drugstores outside, have said they lost a vital profit center when the MRDP went into effect on August 15. Some even claimed they took a big chunk of manpower costs from the in-hospital pharmacy profits....

(5) When civil society leaders embrace high taxes

September 18, 2009

In relation to my earlier discussion on taxes on medicines, I posted in our CHAT googlegroups that our think tank, Minimal Government Thinkers, does not solicit or receive any government money (local, national, foreign aid). A think tank or NGO that does not receive any tax money can be a tax activist anytime.

When the WB Philippines proposed -- and reported in the newspapers -- that the excise tax on gasoline (currently around P4.50/liter) should be hiked in order to help reduce the budget deficit, I posted a commentary in this blog and sent it to my various ygroups, cc'd my friends working or used to work in WB Manila. I said that the WB is a parasite for proposing such measure to further raise gasoline prices when many sectors are already debating or fighting each other how to bring down gasoline prices, how to bring down the fares in public transpo, etc. I think the Department of Finance (DOF) also did not entertain their proposal.

If MG Thinkers receive funding from the WB, IMF, ADB, UN, USAID, AusAid, etc., it's difficult to become a tax activist because ALL of those institutions live off on tax money. Or difficult to attack international bureaucrats because ALL of them are international bureaucracies.

One NGO leader narrated their experience. Early this decade, they campaigned for the removal of the tax for one anti-cancer (leukemia) drug. They succeeded, but he added that it did not result in price reduction, rather the prices of such drug kept rising. So he concluded that only the pharma company, not the patients, benefited from the removal of taxes on medicines.

I narrated my other observation. One of my Filipino friends in California (Monchit Arellano) is helping the Books for the Barrios (BftB, www.booksforthebarriors.com). He, his family, some Filipino officemates and friends, solicit and collect hundreds, thousands, of books, even toys, for elementary-level students in the US, pack them in boxes, which are later loaded in shipping containers, transport to the Philippines. BftB Manila receives those containers, and here's the catch:

Those books from America were donated FREE.
Those books will be distributed to public elementary schools in rural areas of the Philippines for FREE.

But when those containers of books from the US reach the Philippine ports, BftB Manila pays for the following:
1. Customs duties around P65,000 -- yes there are taxes for donated and used books!
2. Customs broker around P60,000 -- an agency that deals everything with the Bureau of Customs (BOC).

The BftB Manila staff who narrated me that story last year, said that what's worse, donated medicines and vaccines by volunteer medical missions from abroad, many of them are parked at the Customs area and allowed to deteriorate. Why? Those medical missions and volunteers have money for the airfare of the volunteers and shipment of free drugs and vaccines. But they never expected there are high taxes and Customs brokerage to pay for those donated medicines, so they did not bring money for such. Those vaccines are on refrigerated containers that run on electricity, of course. Since they cannot pay the taxes, and the medicines require continued electricity while the papers and payment are being processed, the BOC personnel disconnect the electricity as electricity charges are being borne by the Bureau. Within hours, those useful, essential, life-saving medicines become useless as they need to be kept at a particular temperature (say 0 or 10 Celsius). When the temperature goes up or down significantly, the medicines become ineffective for their intended patients.

For the imported anti-cancer drugs that the NGO leader above was talking, I think only the import tax (5%) was waived. This tax is collected by the BOC. On top of the import tax, there is the 12% VAT, also collected by the BOC in behalf of the BIR. This bigger tax has to be paid to the BIR even if the import tax or customs duties is waived.

For the pricing of whoever is the pharma company that sold that medicine, when it is the single seller or distributor of that medicine in any country, that is tantamount to a monopoly. A monopolist would tend to abuse its position and price its product at any level it wants to, considering demand elasticity (or responsiveness of consumers to changes in prices), size of the market, and purchasing power of that market. Government is an example of a monopoly. It can set its price at any level (personal income tax at 32%, corporate income tax at 35, down to 30%, travel tax at P1,620, with or without any service to the Pinoy traveler, etc.).

The solution to a monopolistic industry structure is more competition. Allow other players and producers to come in. As I have posted before here, there are hundreds of other multinational innovator pharmas, and tens of thousands of generic pharmas, that are not in the Philippines yet. India alone has more than 22,000 pharma companies. Its biggest pharma company, Ranbaxy -- like Unilab, the biggest pharma co. in the Philippines -- is not even here when Ranbaxy can put up stiff competition to anybody here, both local or multinational pharma.

I opined that the posting by said NGO leader was not to discourage the pursuance of abolishing taxes -- both import tax and VAT -- on medicines. This government hypocrisy need to be stopped. We all want cheaper medicines, so taxes that hike medicine prices, and regulations that kill competition, should be scrapped.

The guy replied, that even if the 5 percent import tax was waived, the anti-cancer drug price did not go down by a corresponding 5 percent. So he reasoned out that if the 12 percent VAT will be removed, then the profit of the pharma company/ies will become even bigger.

He further argued that when government tax revenues fall, it's the public who will suffer because the government will have lesser money to develop the country.

Typical statist, if not socialist, argument. This logic says that government should tax and tax as much as possible on everything. Anyway the money will be used by the government for the public.

This is actually one perspective being embraced by many civil society leaders who hate free markets and competitive capitalism, they want more government intervention, regulation and taxation. More government responsibility to assume a big Nanny role. So those civil society leaders come to the defense of the State for ever higher taxes, including high taxes on medicines even if the same NGO leaders are supposedly campaigning for "cheaper medicines".

It will not be far that these NGOs receive lots of funding from the government -- national or foreign aid. As I posted earlier in this blog, such NGOs are NOT exactly "non-government". They are more of government-funded organizations (GFOs) although the funding is not direct. Usually through an international NGO that gets foreign aid funding, then channeled to national NGOs.

(6) Two opinions on drug price control

September 22, 2009

There were at least two newspaper opinions on the drug price control subject recently in Philippine papers, below. The first is from Ding Generoso of Business Mirror last September 2. The second is from Cito Beltran of Philippine Star last September 14. Both have unkind descriptions of the current drug price control policy. Earlier, Peter Wallace of Manila Standard also wrote an opinion about the subject.

If we list down the various forms of economic controls by the government -- rent control (max rental), wage control (min wage), fare control (max fare), drug price control (aka MDRP), possibly soon oil price control -- coupled with uncontrolled taxes and fees, uncontrolled bureaucracies and regulations, and of course, uncontrolled corruption, one may wonder if the Philippines is racing not with Singapore, Thailand, Malaysia, HK -- but with Laos, Cambodia and Myanmar.

If we look at the most recent 2010 Report of "Doing Business" by the WB-IFC, out of 183 countries, the Philippines ranked #144, among the countries with the most bureaucratic policies for entrepreneurs and job creators. Not far from the Phils' ranking are Ukraine and Syria (rank 142 and 143), Cambodia, Cape Verde and Burkina Faso (rank 145, 146 and 147, respectively),

I wrote an article last week on a similar topic, "Marx, Hayek and Property rights".

It shows some result of the recently released "Economic Freedom of the World 2009 Report". Similar ugly result, RP among the laggards, among the most bureaucratic and socialist-leaning policies, weak in the promulgation of the rule of law, and protection of private property.
http://www.thelobbyist.biz/lobbyist.biz/perspectives/columns/back_to_personal_responsibility/778.html

Gloria and the socialists, they have a number of things in common. Meanwhile, I heard that the DOH is considering expanding the list of drug price control. If DOH Sec. Duque will run for the Senate, I think this not a far out possibility. Let's see and observe.
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http://businessmirror.com.ph/home/opinion/15439-not-the-solution.html

Not the solution
Written by Ding I. Generoso / Second Opinion
Wednesday, 02 September 2009 01:11

Sooner than later, the government would have to review the cheaper-medicines law. But before I get misunderstood, let me state clearly that I am not against bringing down the prices of medicines. I am all for it. I just don't agree with the solution the government offers, because it does not address the root of the problem.

In a free-market economy that we proudly call ours, price control is not only an inefficient way to lower the prices of goods and services. It is anathema to the principles of free economics and contrary to the declared government policy of liberalization....
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http://www.philstar.com/Article.aspx?articleId=505125

A brooding volcano

CTALK By Cito Beltran (The Philippine Star)
Updated September 14, 2009 12:00 AM

Mayon Volcano is the perfect analogy for the brooding discontent among many sectors involved in the manufacture, distribution and sale of medicines in the Philippines.

I make the analogy between Mayon Volcano and all the people directly or indirectly involved in the production and sale of medicines because I recently returned from Naga City where I had a chance conversation with leaders of the Drug Stores Association of the Philippines (DSAP). Just like Mayon Volcano, these ladies were a very unhappy and grumbling lot.

For sometime now, I have quietly recorded information gathered from many sectors involved in the "medicine" business and I guess it's about time people got an update as to how and what the "Cheaper Medicines Act" and the Maximum Retail Price or MRP on medicines has achieved....

(7) Patients' vested interest: more choices

September 22, 2009

A friend, Winthrop, made a comment to the article by Cito Beltran. Wyn argued that the "mandatory" car for medical representatives ("med reps") is a perk that he feels can be done away with, along with various incentives to physicians/dispensers. And that the current "live rep push-marketing and (effectively) payola incentive schemes cost more."

Middle of last month, there was a social dialogue between civil society groups (including those under CHAT) and the Pharmaceutical and Healthcare Association of the Philippines (PHAP). Officials of PHAP explained their "Code of Ethics" that apply -- with penalties and sanctions to violators -- to their member-companies. Even PRRM chief and former Sen. Bobby Tanada, former DAR Sec. Obet Pagdanganan, were surprised to hear about the strict code being imposed to member-companies. If companies are not happy with the Code, they can leave PHAP anytime.

PHAP officials and officials of some MNC pharma who were there were emphatic that for payola-type and other unethical promos by pharmas, "at least 85% probability, they are not PHAP members". Personally, I have heard admissions from some local pharma how they go out of their way to attract physicians. Since they are not MNCs and have no global brand or corporate name, it's difficult for them to get physicians' patronage, unless you are Unilab, the biggest pharma (you combine the sale of top 3 MNCs in RP like Pfizer, GSK, another one, Unilab's sale is the same or even bigger).

I guess the use of med reps is inevitable. Unlike t-shirts, shoes, underwear, ballpens, etc., where an ordinary shopper can scrutinize these products in terms of price and quality, medicines are another stuff. Not even the best lawyer or the best solar physicist can analyze the properties and characteristics of what's inside those tablets, capsules and bottles. So physicians are sort of "guided" by the med reps sent by the drug manufacturers, or physicians are invited by the manufacturers to some continuing medical education (CME) to introduce their new products. There are costs to all those activities, so the producers pass on those costs to us, patients. In addition, because of the growing competitive nature of the local pharma industry (thanks to the generics law), manufacturers have to embark on certain ads and marketing, otherwise their competitors will beat them.

When manufacturers give cars to their med reps, maybe this is to also protect the quality of the drugs that those sales people bring. Most medicines require a particular temperature control, say below 25 C always. So an air-con car will help preserve the quality of those drugs. If the med reps wait several minutes under the sun to wait for a taxi or jeepney or tricycle, the quality of those delicate medicines may be affected. So the patient will still not be healed quickly from those sample medicines.

I don’t know what else are the factors that manufacturers and distributors consider. It's not my field. Mine -- and ours -- is on public policy. Let the various players over-

spend or underspend if they must, it's their business and it's their money that will be lost if they make bad business decisions. Our business as watchers and researchers of government policies, is to expose and fight those regulations that kill competition. As consumers, we have our own vested interest -- more choices. Let there be 200 or 400 different medicines against hypertension, and allow us consumers, our physicians or other health advisers, to decide which of those 200+ medicines will best fit our particular health needs given our budget and other health conditions. Government should not bow to the health socialists who want to kill competition via rigid and coercive policies like price control and compulsory licensing.

(8) Swine flu, leptospirosis and new medicines

October 31, 2009

New and evolving diseases require new and evolving drugs and other medical treatment to prevent such diseases from spreading. The emergence of new environmental problems like prolonged flooding of low-lying areas exacerbates some diseases that were just minor problems in the past, but have become major diseases recently.

In the US, swine flu has killed more than 1,000 people this year, and up to 5.7 million may have been infected in its first few months of outbreak, according to the US Center for Disease Control (CDC). And the current strain may not be the same that was discovered in late April this. US President Obama has already declared swine flu a national emergency, noting that "the pandemic keeps evolving". With such a big number of deaths, this is indeed a troubling disease. The US government has ordered some 150 million vaccines, mainly Tamiflu made by Roche, by December.

Here in the Philippines, there is a leptospirosis outbreak in some areas of Metro Manila and a few other provinces that remain flooded until now, more than a month after severe flooding that occurred last September 26. As of today, nearly 2,200 people have been infected while 167 have already died from the disease. The spread of the disease has been faster over the past few days.

The Department of Health (DOH) is prescribing only one medicine so far, the anti-biotic doxycycline. The agency notes that this medicine is not 100 percent effective, it can only give some protection to infected persons. Besides, in the guidelines it has issued in using this prophylaxis, it notes several precautions. The medicine for instance, can NOT be given to the following people: pregnant women, women breastfeeding their babies, children below 8 years old. Physician's caution should also be taken if one has liver or kidney disease, and the drug can cause allergy, diarrhea and/or other side effects like esophageal damage. See the list of precautions about doxycycline at http://www.doh.gov.ph/files/dm2009-0250.pdf.

With a rather long list of precautions and prohibitions in the use of the only medicine being prescribed by the DOH to fight leptospirosis, infected patients and their loved ones will only wish that there are other alternative medicines. But what and where are they?

I have noted in my earlier articles before in this column: people's lifestyle evolve, communities evolve, diseases evolve, and so medicines and other medical treatment must also evolve. This requires endless research and innovation, endless invention of new and more powerful medicines not only for old and known diseases, but also for unseen and unknown diseases. Medicine and pharmaceutical research, therefore, should be encouraged, not discouraged.

If more profit for the successful research companies is the main incentive to encourage more companies and scientists to go into this kind of work, then society should give it to them. After all, not all pharmaceutical researches are successful and useful. Majority of such researches are unsuccessful and punched big losses for the companies that undertook those research.

What is important is that more effective medicines for more killer diseases should be invented and be made available to the public. There should be several medicines from more competing companies for each killer disease, so that patients and their physicians can have more choices for the specific needs and health/economic conditions of patients. Cost or the price of medicine, though an important consideration, therefore, becomes a secondary issue. The primary issue is the availability of more medicines for more various diseases.

Some rich people are willing to become poor just to save or prolong the life of a loved one. And in many cases, money is not the issue or the solution. It is the non-availability of more powerful drugs and vaccines that can save people from killer and ever-evolving diseases. So for some people, they may have all the money in the world but if the drugs that can cure their loved ones are not there, then early death will be certain.

Unfortunately, for many countries in the world including the Philippines, pricing and intellectual property rights (IPR) of medicines have been heavily politicized. Many politicians and the activist public do not ask about more competition in medicines and medicine producers. They ask for quick political fixes to non-political problems like evolving diseases. And this is where long-term problems will crop up someday. The short-term gains of cheaper medicines -- via price control, via patent confiscation like compulsory licensing and “early working” on still patented drugs -- will be defeated by the long-term loss or non-availability of new medicines that will be brought into the market.

It is indeed ironic that the public, the politicians and would-be politicians did not listen to the majority of the sectors – multinational and local pharma companies, hospitals, drugstores, physicians, pharmacists, and a few NGOs – that opposed drug price control policy. And this points to one ugly reality of politics: problems or issues that could be addressed with zero politics have become heavily politicized. For health issues for instance, politicians and the activist media or NGOs who do not produce even a single medicine dictate the policies for medicine innovation and pricing.

The Senator who has pushed hard the issuance of drug price control policy is no longer running for President. It is notable to mention perhaps, that while there were Committee meetings and public hearing on drug price control every 3 weeks on average while he was still a declared Presidential candidate, there have been zero Committee meeting since the time he abandoned the plan two months ago.

With the spread of both old and new diseases, or new strains of old diseases, the importance of encouraging endless research and production of more innovative and more powerful drugs is highlighted. Let us hope that harsh political interventions like price control and patent confiscation that discourage such innovation, will not be imposed easily and frequently.

(9) Alzheimer's and medicine innovation

November 17, 2009

In one of my yahoogroups, I just learned that a number of my friends (age mid-40s to 50s) have parents who suffer from Alzheimer's disease. It's a "cruel, cruel disease" in the words of one friend, as her mother can hardly remember a number of things about her, about their family, and so on. And I didn't know that AZ is a growing disease among Filipinos. I know that cancer is, along with hypertension, dengue, etc.

In that yahoogroups, we were earlier discussing oil price control as a socialist policy adopted by the current government of the Philippines. And speaking of socialist policies driven by envy, the new "cheaper medicines law" is one such scheme.

One policy contained in that law that is currently being implemented by the Philippine government, is medicine price control. Unlike the recent oil price control of freezing oil prices to their Oct. 15, 2009 levels, the drug price control is a mandatory, obligatory, confiscatory, 50 percent price cut by Aug. 15, 2009. And the affected products are the most popular, most saleable products. For instance, there are about 200 medicines in the Phil. market against hypertension, but the target of price control was on the most popular brands, also the more expensive ones, like Norvasc. So it doesn't matter that while there are anti-hypertension drugs selling at P10 or even less -- thus poorer patients have the option to buy these cheaper drugs for the same ailment -- but the policy targeted Norvasc that was selling at P44, a few other popular drugs made by multinationals.

Another confiscatory policy is intellectual property rights (IPR) and patent confiscation via compulsory licensing (CL) of a patented drug or vaccine. This scheme is a technical term for saying, "Your huge cost of medicine R&D is yours and yours alone; your losses for unsuccessful research, losses for less saleable medicines are yours and yours alone. But your successful and saleable medicine invention is also MY invention." And the government made it a policy in the new law.

So now the world is facing various diseases, new and emerging or re-emerging diseases. For instance, before that was only "ordinary flu". Later on we have bird flu, cat flu, cow flu, swine flu, etc. Tomorrow we'll have dog flu, tiger flu, horse flu, etc. And people are becoming more demanding. They want to get cured of their debilitating diseases if possible within 1 week, not 1 month, not 1 year, not 10 years. So people demand more powerful, more disease-killer drugs and vaccines. But the medicine innovators, the only companies who can bring such more revolutionary medicines, are being painted as profit-hungry capitalist multinationals, so that their products should be subjected to confiscatory policies like CL and price control.

In such an environment, we are discouraging the innovators from inventing more powerful drugs. But the richer countries respect IPR and patent, so innvoation should continue somehow, but such innovators will think twice in bringing their more powerful but more expensive, new medicines, to countries like the Philippines with socialist medicine policy. So Filipino patients in need of such medicines will have to buy such drugs in other countries like HK, Singapore, Korea, the US, Europe, etc. Which makes treatment becomes more expensive, not cheaper, as envisioned by the new law. The generics manufacturers are cute, they give us cheaper generic, off-patent but useful drugs. But they invent no new powerful medicines. They're no innovators.

People's lifestyle evolve, our communities evolve, diseases evolve, so the medicines to kill or neutralize those diseases should also evolve. More strains of AZ, Parkinsons, cancer, swine flu, leptospirosis, etc. should be emerging. Probably more debilitating and more cruel. The need for more new disease-killer medicines and vaccines should continue, endlessly. And socialist health and medicine policies are not the way to encourage such innovation.

(10) US healthcare bill, 2,074 pages long

November 20, 2009

I was surprised to read this update from Grover Norquist's facebook status, regarding the US healthcare bill. He noted,

"A word search of Sen. Harry Reid's 2,074-page Senate healthcare bill (H.R. 3590) reveals that the term "tax" is used 183 times, "taxable" is used 164 times."

2,074 pages for a single bill? I doubt if even 10 percent of all US legislators will have the patience to read all pages of that bill.

Well, I'm not American, and I don't know most of the nuances of that bill. It's just the 2,000+ pages length of that bill that confounds me.

(11) Huge drug firms laying off research staff

November 22, 2009

There was this news report last Thursday from Nature magazine.

http://www.nature.com/naturejobs/2009/091119/full/nj7271-375e.html

Published in Nature 462, 375 (18 November 2009) | 10.1038/nj7271-375e

Huge cuts by drug firms

R&D closure is the latest in a series of hits to drug companies.
Pfizer is closing 35% of its global research and development space, according to a 9 November announcement. The New York-based drug company, which employs 14,500 people in research and development worldwide, has said that R&D personnel cuts associated with the closures will make up a significant percentage of the 15% company-wide job cuts planned. Pfizer, which last month acquired US drugmaker Wyeth, has disclosed no further information and did not return phone calls by press time. In early November, US drugmaker Johnson & Johnson announced plans to lay off about 8,000, but did not reveal how the cuts would affect its R&D personnel.

I asked guys in our local health coalition here in Manila, including those who favor bigger government intervention in healthcare, "Is this a good or bad development?"

No comment so far from any of them. For some people who dislike global capitalism in general, and big multinational pharmaceutical companies in particular, this should be seen as a positive development. New tools or policy schemes like compulsory licensing (CL) and drug price control are meant mainly to hurt the big multinational pharmas, not the local pharma. For instance, in the current drug price control policy, not a single product by United Laboratories (Unilab) was included, although Unilab is the biggest pharma company in the country, with sales equivalent perhaps to the combined sales of 2nd-3rd and 4th biggest pharma firms (GSK, Pfizer, Wyeth).

So if the big pharma multinationals are hurting, like even their patented drugs in the country are covered by price control, and the laying off of more than 1/3 of their R&D staff, in the case of Pfizer, then those who oppose big multi pharma should rejoice. Their goal is to publicly hurt, if not obliterate from the global economy -- using various government restrictions and regulations -- the big pharmas that they accuse of making huge profit at the expense of poor patients.

But those people do not realize, or at least they do not recognize, that those big pharma are the ones that invest huge money in high risk medicine innovation. The often glorified local, generic pharma companies do not risk their money and resources on medicine innovation, despite the fact that people around the world are demanding more innovative, more revolutionary medicines and vaccines.

(12) Mutant diseases and turtle research

December 5, 2009

The cold season has been in the country for a month now. Diseases that showed up during the warmer months tend to mutate to a “cousin” and slightly different strains during the cooler months. Such is the case of flu and its mutant varieties – ordinary flu, bird flu, cow flu, and swine flu, among others.

This week, both the Department of Health (DOH) and the World Health Organization (WHO) announced that they are tracking the flu virus in the country as it is now flu season in the northern hemisphere and many people are traveling across continents for the Christmas holiday season. Thus, the flu virus can easily mutate as innocent

people who contracted the flu but do not show clear symptoms yet move across the northern and southern hemispheres and the tropics. The WHO noted that the strain has been mutating in many countries.

PAGASA reported yesterday that Metro Manila's recent temperature records were 2 degrees Celsius colder than average temperatures in the past 30 years. It was a cold November and it will be another cold December as the northeast monsoon is surging. Such cooler than average weather means more susceptibility of more people to cold weather diseases.

As public demand for newer and more powerful medicines and vaccines against certain flu strains and other diseases rise, supply of such innovative drugs should also rise. For many diseases, this might be the case. But for some, like HIV/AIDS, disease-killing vaccines are not invented yet. There is turtle-pace in research.

Why is this so, and what are the incentives and disincentives that are hounding the research and vaccine development against HIV? Below are some figures and analysis.

Investment in R&D for HIV Prevention, $ million, 2008

Sector	Vaccines	Microbicides	*% Dist'n.*
1. Public Sector	731	207	*84.4 %*
U.S.	620	154	
Europe	69	40	
Others	43	12	
2. Philantrophic Sector	104	35	*12.5 %*
3. Commercial Sector	33	3	*3.2 %*
Pharmaceutical companies	28	*	
Biotechnology companies	5	3	
Total global investment	**868**	**244**	***100.0 %***

* No investment reported

Source: Jeffrey Harris, "Why we don't have an HIV vaccine, and how we can develop one", Health Affairs, Nov./Dec. 2009, Vol. 28 No. 6.

While pharmaceutical and biotech companies have the expertise in vaccine development and commercialization, and almost all vaccines used globally today come from them, it is notable that private sector R&D investment in anti-HIV is small. How did it come to this situation, considering that AIDS is a high profile killer disease that has victimized thousands of lives already?

Jeffrey Harris, "Why we don't have an HIV vaccine, and how we can develop one", Health Affairs, Nov./Dec. 2009, Vol. 28 No. 6, made these 3 observations why there is low private sector spending, in anti-HIV/AIDS research. One, political risk. Governments' decisions to implement large-scale vaccination program or not is volatile and uncertain. Two, another political risk, the growing threats of compulsory

licensing (CL) against the effective, safe, popular and highly saleable products. Add also drug price control policies that are in place in some countries like the Philippines. And three, scientific risks: all-or-none proposition from vaccine R&D, that an innovator company must spend big and lose big, or earn big, in discovering a very elusive treatment against the HIV scourge.

A combination of various interventionist and statist policies that demonize innovator companies mainly because they are big and are global corporations, is the main reason why there is turtle pace in medicine R&D for both old and new or emerging diseases.

The current drug price control policy that was imposed by both the Department of Health and the Office of the President is now 3½ months old. It should be noted that it was not an ordinary price-freeze type of control, such as the one imposed after the 2 devastating typhoons that hit Metro Manila and northern Luzon provinces in late September to mid-October this year. Rather, it was a coercive and mandatory price cut by 50 percent that targeted medicines against some of the top 10 killer diseases in the country, but medicines that were very popular and highly saleable. An element of envy against successful and innovative products cannot be discounted as the main motive for such price control order by the government.

One danger of such subjective and almost arbitrary declaration of drug price control, is that innovator companies that have more powerful and more revolutionary medicines and vaccines, will not bring their products into the country. There will always be a fear of another round of drug price control policy anytime, without regard for explicit public health emergencies , but only for consideration of political emergencies by the politicians in power.

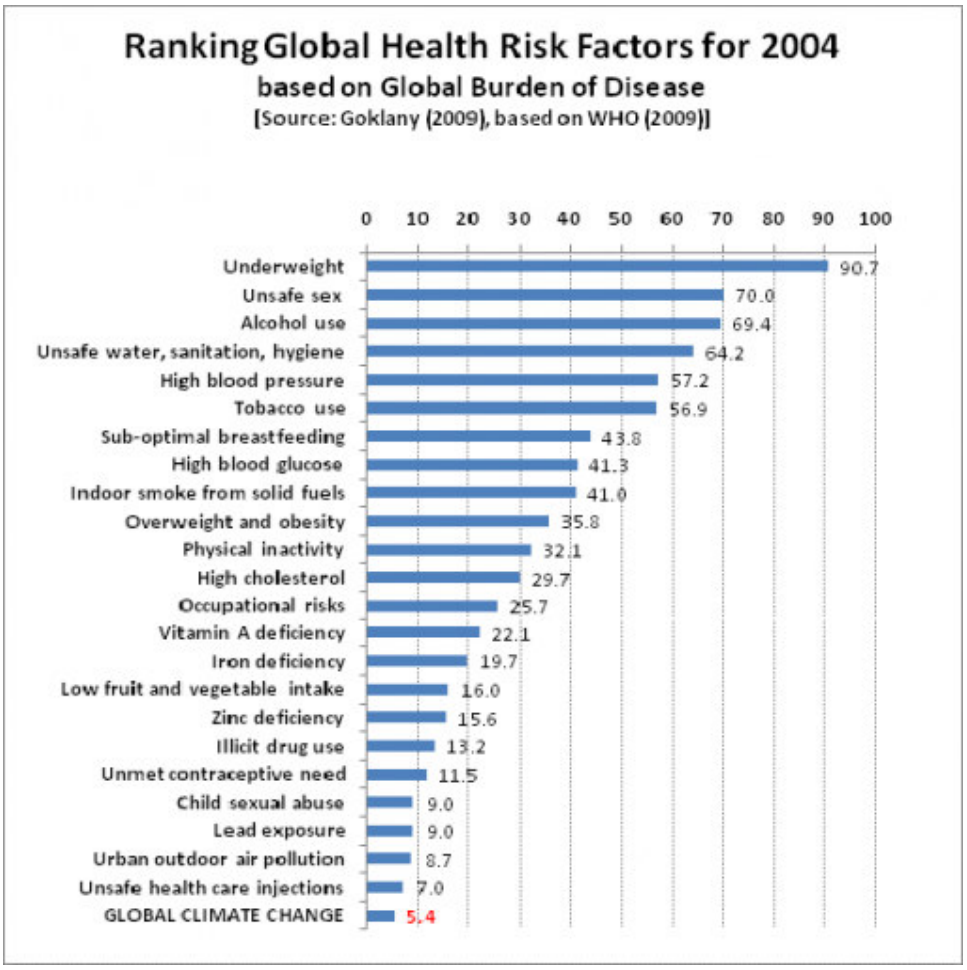
The ultimate loser of this situation will be the Filipino patients. Both poor and rich patients. When we are saving the lives of our beloved family member or friend, money becomes a secondary issue. The main issue is the availability of life-saving drugs and treatments that can kill the diseases that weaken the body and spirit of persons who are close to our heart.

Mutant diseases should be met by mutant medicines and treatment, not by turtle-pace research and treatment, discouraged by heavy politics and political intervention in what are clearly non-political concerns like saving the lives of people who are dear to us.

(13) Healthcare is personal responsibility

December 16, 2009

I got this chart somewhere, I forgot to take down the exact source and web links, but the author of this chart is Dr. Indur Goklany, an Indian intellectual who wrote the book, "The improving state of the world" published a few years ago.



This chart supports my personal view, that healthcare is first and foremost, personal and parental responsibility. Government responsibility in healthcare is a far second.

Of the top 12 global health risk factors in 2004 in the above chart, 9 are related to personal and parental irresponsibility:

1. unsafe sex
2. alcohol use
3. unsafe water, hygiene
4. high blood pressure
5. tobacco use
6. high blood glucose
7. overweight and obesity
8. physical inactivity
9. high cholesterol

and only 3 are socio-economic, or health risks mainly due to poverty:

1. underweight (malnutrition)
2. sub-optimal breastfeeding
3. indoor smoke from solid fuels (due to lack or absence of LPG, electricity, etc.)

A few weeks ago, I heard a talk by the Medical Director of a pharmaceutical company here in the Philippines. He said that 7 of the top 10 causes of mortality in the country are directly or indirectly related to smoking.

The Top 10 Leading Causes of Mortality, 2000 to 2005 (and probably until now) are:

1. Diseases of the heart
2. Diseases of the vascular system
3. Malignant neoplasm
4. Pneumonia
5. Accidents
6. Tubercolosis, all forms
7. Chronic lower respiratory diseases
8. Diabetis militus
9. Conditions from perinatal period
10. Nephritis, nephritic syndrome

Only #s 5 and 9 above seem to be external or not related to smoking. I don't know which is the 3rd disease above that is not related to smoking.

Anyway, if most people are dying because of over-smoking, and almost related, due to over-drinking, over-eating fatty food, over-sitting in sedentary lifestyle, etc., then those people really have no right to demand that "healthcare is a basic right" and the government should provide it to them at the lowest cost possible, if not free.

In this case, government therefore, has no justification to declare drug price control, or issue IPR-confiscation policies like compulsory licensing (CL) to have "cheaper medicines" by blaming the multinational pharma companies as the main cause of lack of access to good healthcare by the people.

The best healthcare is preventive, not curative. Hence, the importance of personal hygiene, healthy lifestyle, vaccines, competitive health insurance system, and economic growth that lift people from poverty.

By focusing on the curative aspect of healthcare, the government and some activist health NGOs are deliberately losing sight of the personal responsibility aspect of healthcare, and the distortionary effects of government multiple taxation of medicines, vaccines and healthcare.

(14) On health socialism

December 19, 2009

In one of my discussion yahoogroups, I mentioned that I will not vote for Mar Roxas for VP in the May 2010 elections. Though he was the leader of a Liberal party that was supposed to advance liberal politics and liberal economic policies, he chose the socialist policy of drug price control, among others. There was no national health emergency at the time they forced drug price control (May to July this year). There was only political emergency as his then Presidential survey ranking was very low at

that time. With high media mileage caused by his endless Senate hearings on price control, his ranking inched upwards. Until he realized that Noynoy is a better candidate than him, at least in their party.

Another member of that list countered, "what do you do with the drug cartel? In India Pfizer sell Ponstan at P3.50 and still made profit. Here it sold it at P43.00."

I replied with 2 points.

First, where's that figure P3.50 vs. P43 coming from? How is the conversion into pesos arrived at? Is the P3.50 price from real Pfizer's Ponstan or a counterfeit Ponstan? I asked that question because we have it here too, super-cheap copy-cat drugs, 1/5 or 1/10 the price of the original drug, and your disease expands.

Second, assuming the price difference is even worse, P3.50 India vs. P100 or P200 in Manila, both by the same Pfizer (or GSK or Roche or Sanofi or whatever pharma). If there is NO competing drug on the same generic or molecular property, then one can say there is a cartel or monopoly. But if there are 20 or 50 other competing drugs from various manufacturers, innovator or generics, what's the fuss? Why insist on buying P43 or P100 from one manufacturer when you can buy a competing drug with supposedly the same curative capacity from other manufacturers selling at only P3, P5, P10?

So long as there is competition, then let us allow any manufacturer or seller to over-price itself out of the market, out of the competition.

One good example is amlodipine, a drug against hypertension. I heard that there are about 200 different drugs from different manufacturers against this disease. So the competition is very stiff, with prices ranging from P11 (or lower) to P44 (or higher). But the envious eyes of the politicians, media and activist NGOs are on Norvasc, made by Pfizer. Before the Roxas-Gloria drug price control policy in late July this year, it was sold at P44 for its customers with Sulit card. After the socialist policy of price control, it was coercively brought down to P22. The goal was to "help the poor" patients.

But the poor won't buy Norvasc at P22. It's still expensive for them. Other products of the same molecule are sold at P11 or lower. So did health socialism help the poor? No. It helped the rich and the middle class who used to buy at P44, now they pay only P22.

Again, my favorite analogy.

There is NO govt. restaurant, NO govt carinderia, NO govt turo-turo, NO govt supermarket, etc., and people are eating.

There ARE many govt. hospitals and clinics, there ARE many govt. drugstores and botica, there IS govt. health insurance, there IS govt. drug price control, and health problems are endless.

Health socialism -- or education socialism, housing socialism, socialism in general -- creates more problems than solutions.

(15) Drug price control, Sen. Pia style

December 21, 2009

I just read that the Congressional Oversight Committee on Cheaper Medicines Law held a committee meeting last Wednesday, Dec. 16, at the Senate. Among those present were Sen. Pia Cayetano and Cong. Arthur Pinggoy, Chairman of the House Committee on Health.

Sen. Pia attacked the Department of Health (DOH) and Sec. Duque for not coming up with a second batch of medicines for drug price control as many people she said, still complain that they don't feel the cheaper prices of medicines yet. She cited the following:

1. Cisplatin 500 mg (anti-cervical cancer), original price at P2,804, price control at P1,125, but can be bought only at P770 from PGH's Cancer Institute.

2. Ramosetron 100 mg (anti-cervical cancer), price control at P860, but can be bought at PGH's CI at only P156.

I do not know how such a big discrepancy can happen. I also wish to see if the drugs cited by Sen. Pia are of the same drug by the same manufacturer and the same distributor. And not one is a generics counterpart, or one is parallel-imported, or other differences.

I think the DOH should conduct a review first of the policy. The drug price control policy is now more than 4 months old (since August 15, 2009). A review is necessary if the policy is beneficial to the public, both short-term and long-term, or not. If it can be proven that it indeed benefited the public, then an extension, if not expansion, of the policy is warranted. Otherwise, the policy should be terminated very soon.

Perhaps BFAD and the DOH can help answer these possible questions in assessing the effectivity or benefits of the policy:

1. Health result of some patients who are chronic or repeated users of certain drugs that were price-controlled?

2. Instances of drug withrawals, say generics products that cannot compete the sudden low prices of branded and/or innovators drugs?

3. Instances of revolutionary and more powerful medicines against cancer, hypertension, and other killer diseases in the country, that are available in neighboring Asian countries which have no drug price control policy, but are not available in the Philippines?

4. General reaction of other players in the health sector -- drugstores (big and small), hospitals (government and private), pharma companies (local and multinational), professionals' organizations (pharmacists, physicians, nurses, etc.).

I hope that drugs pricing will be depolicicized as soon as possible. When there is heavy politics involved in the pricing of something (drugs, oil, food, house rental, electricity, bus fare, etc.), there is always distortion that will adversely affect the number and quality of players and producers in a given sector.

(16) Pfizer-Unilab row

December 28, 2009

During the Oversight Committee meeting on cheaper medicines law two weeks ago, the Pfizer-Unilab row over Atorvastatin was said to have been raised by some legislators. Pfizer owns the brand “Lipitor” while Unilab started selling last month its generic version, “Avamax”, said to be of similar molecule but 30% much cheaper than Lipitor.

The two corporations are slugging it out in the courts. The biggest pharma company in the world but only 3rd biggest in the Philippines (Pfizer) vs. the biggest pharma company in the Philippines (United Laboratories), with sales perhaps 4x that of the former.

Mercury Drugstore does not sell yet the Avamax. Some legislators, and many in the public and media, were questioning why Mercury is “depriving” the public of the cheaper generic version since there is no decision by the court yet.

I think the Pfizer-Unilab row in this case is a legal and technical issue, not political. Is atorvastatin calcium crystalline the same as atorvastatin calcium amorphous molecule? That’s among the technical issues that I know.

If I am the drugstore, there is a temptation to sell also the cheaper but supposedly “equally effective” medicine. But since there is a legal dispute at the moment, I’d rather not sell that. Why?

Here’s one analogy. You’re a big real estate dealer. You know a piece of land – good location, cheap – but there’s a legal dispute over its ownership. Would you sell that land and at the same time protect your corporate image as seller of “clean” and non-contested real properties?
Most likely No.

Similar case here. While land is physical property, patent is intellectual (or non-tangible) property. And there is a legal dispute over ownership of the patent.

Let the courts decide over ownership of the Atorvastatin molecule. If Pfizer wins, that it still owns the patent to Atorvastatin calcium, then no harm to Mercury Drugstore. If Unilab wins, that Pfizer no longer owns that patent, still no harm to Mercury. If Mercury will sell Avamax and Pfizer later wins, then Mercury will be in trouble too.

I discovered a blog entry on this subject, "Dr. Arroyo and the law of intended consequences",

http://www.whitespacelab.com/2009/11/25/dr-arroyo-and-the-law-of-intended-consequences/

The paper referred to Unilab's action as:

"It appears that the business model for Pharma companies in developing nations is violate the law, copy the drug, steal the market share, and if necessary, settle in court since the future profits from capturing the generics market share sooner rather than later far outweighs legal ramifications. And President Gloria consolidates another political victory for the local under-dog.

Innovation be damned. The Law be damned.

Tej Deol, M.D."
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(17) On Health Socialism, part 2

December 28, 2009

There was a continuing discussion and debate in our UPSE Alumni Association yahoogroups, on health socialism. Some would not consider or admit that drug price control and similar schemes are tantamount to health socialism because the goal of such measures is "to help only the poor have access to medicines."

The current Cheaper Medicines Law (RA 9502) allows "parallel importation" scheme for drugs. Thus, anyone can now import a drug that is currently patented and sold higher in the Philippines, from another country which sells the same drug at a lower price. Thus, importing Pfizer India's Ponstan into the country is technically and legally allowed.

But many doctors, pharmacists, hospital administrators and informed patients are not comfortable with this scheme. Even assuming that the parallel-imported drug is 100% of the same molecule (not counterfeit, not substandard) as the one sold expensively here, there is the question of (a) storage, (b) handling and distribution, and (c) accountability.

Take drug A that specifies it should be stored and handled at temp. range of 15-25 C at ALL time. When it's stored and/or transported at 26 C or higher for 1 hour or more, it will have a lower or lesser effectiveness already. And a patient will either not get well, or develop new disease as the current disease that is supposed to be controlled or killed by a particular medicine, has already managed to mutate inside the body of the patient.

Under a parallel import scheme, the (a) foreign manufacturer, (b) foreign wholesaler or aggregator, (c) local importer and distributor, can be 2 or 3 different entities. They are never the same entity. So if something bad happens to the medicine being imported and given to the patient, and something bad happens to the patient, who is

to be held accountable? A or b or c, or the local patent holder, or the physician and the hospital, or the drugstore, or the DOH?

Saving money is understandable. But saving lives is non-compromisable.

That is why I am not in favor of parallel importation scheme, not in favor of compulsory licensing, not in favor of drug price control, not in favor of government use, etc. ALL of those provisions are now allowed in the Cheaper medicines law. That is why I consider the said law as part of health socialism. The promises are holy and unquestionable – cheaper and affordable medicines. But the schemes used and allowed are generally confiscatory.

The law also does not say anything or amend medicine taxation. Such taxes comprise between 13 to 20 percent of the retail price of drugs. So government is a hypocrite, true blue hypocrite, for calling for "cheaper medicines" but is responsible for expensive medicines by slapping the product with various taxes, as if medicines are like beer and hamburger that should be taxed as much as possible.

So again, my 2 simple proposals to lower medicine prices, both of which were not included, explicitly or implicitly, in the cheaper medicines law:

1. abolish taxes on medicines
2. increase competition among drug manufacturers and retailers

I wrote a paper on drug price control, "Access to medicines through politics: Preliminary assessment of drug price control policy in the Philippines", http://www.minimalgovernment.net/media/mg_20091014.pdf

It's 33 pages, word document, including annexes and tables. I presented it in an international conference in Singapore last Oct 14-15 this year. There is one table there where I showed there are sooo many multinational pharma companies abroad that are not yet here, that have the potential to further push the competition among innovator manufacturers, but somehow they are not here. There should be some government policies here that scare them from coming in. Which reduces competition.