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Independent observer of the Global Fund

Will the AMFm Model Keep Private Sector Prices of Malaria Drugs Low?

Two articles landed in our inbox on the same day a couple of weeks ago. The first article, which appeared on the website http://malariacontainment.worldpress.com, touched on the role of the private sector in the Global Fund's AMFm (Affordable Medicines Facility – malaria) programme.

(GFO has reported on the AMFm previously. The AMFm is a mechanism designed to expand access to affordable artemisinin combination therapies (ACTs) for malaria through the private sector. It does so in two ways: (1) by reducing the cost of ACT drugs; and (2) by ensuring that additional activities, such as public information campaigns, are carried out. The AMFm is currently being piloted in eight countries – Cambodia, Ghana, Kenya, Madagascar, Niger, Nigeria, Tanzania – mainland and Zanzibar – and Uganda.)

The article pointed out that most cases of treatment with ACT take place in the private sector; and expressed the opinion that in the near-to-medium term, it is highly unlikely that effective public sector services will replace the private sector in most malaria-endemic countries.

The private sector and ACT treatment was also the topic of the second article, which was from the (Kenya) Daily Nation. This article said that "pharmacists across the country are making massive profits from highly subsidised malaria drugs that are meant to make the treatment more accessible to majority of Kenyans." Daily Nation staff bought samples of artefan, an ACT drug, from a number of pharmacies in four cities in Kenya at prices that ranged from 50 to 240 shillings (about US$0.60 to $3) for an adult dose. The Kenya Pharmaceuticals Distributors Association said that it had identified similar practices.

When the AMFm was launched in Kenya in August 2010, the Minister for Public Health and Sanitation

said that an adult dose should retail at no more than 40 shillings. The Daily Nation quotes Harley's Ltd., the distributors of Artefan in Kenya, as saying that a dose is sold to retailers at 26 shillings, to be sold to consumers at the recommended price of 40 shillings. "One of the reasons for the subsidised drugs was to reduce the incentive for counterfeited malaria medicines; consequently if retailers ignore the recommended prices, then substandard drugs will continue derailing the war on malaria," said Mr Nishil Haria of Harley's.

According to the Daily Nation, when the AMFm was launched, Dr Willis Akhwale, head of Disease Prevention and Control at the Ministry of Public Health, said the government would ensure that the private sector distributors complied with the set regulations and sold at the recommended price. When told about the inflated prices paid by Daily Nation staff, Dr Akhwale said he was surprised. But he intimated that there was nothing much the government could legally do since it was a willing buyer–willing seller transaction.

All of which raises the question: How can the AMFm succeed if there is no way to control how much private sector pharmacies charge their customers for the drugs?

We posed that question to Dr Olusoji Adeyi, Director of the AMFm at the Global Fund. Dr Adeyi explained that, over time, retail prices for ACT are expected to decline as a result of several factors, including the following: (a) increases in the amount of ACTs in each country; (b) competition among sellers at all levels; (c) public information and marketing campaigns to increase awareness among buyers and patients of country-recommended prices; and (d) maturation of the AMFm model.

Dr Adeyi said that the first ACTs provided under the AMFm programme were delivered by importers to outlets in Ghana and Kenya in August 2010. Other ACTs are in the pipeline. Early indications are that retail prices in Accra, Ghana are about US$0.70 per adult treatment, and slightly higher in more distant locations. These prices are sharply lower than the pre-AMFm retail prices of up to $9.00 per adult treatment.

Dr Adeyi acknowledged that some pharmacies in Kenya were selling ACTs at a higher price than is desirable. He said that enabling widespread decreases in retail prices over time is a key objective of the AMFm pilot phase. Dr Adeyi indicated that Kenya is establishing a public information and marketing campaign. For example, the National Malaria Control Program (NMCP) has developed posters with recommended prices and other information on ACTs. These posters will soon be displayed prominently at pharmacies. The NMCP is also working on radio information campaigns. Dr Adeyi also said that the AMFm will establish price-tracking activities in the pilot countries to provide information on trends in prices.

In about a year, the AMFm pilot will be evaluated. "The independent evaluation will show how well it works," Dr Adeyi said, "and how it compares with other financing models that seek to achieve similar objectives through the exclusive use of public sector channels."

The malaria containment article is at http://malariacontainment.wordpress.com/2010/11/14/amfm%E2%80%99s-contribution-to-universal-access-to-effective-malaria-treatment. The Daily Nation article is at http://allafrica.com/stories/201011100139. See also "Global Fund Board Approves Proposals for Phase 1 of the "Affordable Medicines Facility – Malaria" (AMFm) Funding Stream," in GFO 111.

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