Global Health Teaching Case From the Harvard School of Public Health

Pharmaceutical Policy Reform

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This case was written by Michael R. Reich, Taro Takemi Professor of International Health Policy at the Harvard School of Public Health. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

Pharmaceutical Policy Reform

You have been asked to serve as policy advisor to the new national leader for a poor country in Asia in the early 1980s. The country has a new military government, installed after a coup against the corrupt previous government. The new leader has decided that he would reform the country's pharmaceutical policy, as a major priority of the government. He has asked for your advice on how to achieve this reform.

The pharmaceutical sector is chaotic. All drugs can be purchased in private drug stores, over the counter, and without a prescription. Drug sellers rarely are trained pharmacists, and many physicians own or have economic interests in pharmacies. Physicians prescribe with a strong tendency to polypharmacy, commonly prescribing a series of medications for each medical visit. The public sector health facilities, on the other hand, suffer from multiple problems, including: poor logistics and storage, problems in motivation and supervision of staff, inadequate drug budget, and leakage into the private market. Patients are often asked to purchase products from private pharmacies in order to receive medical attention in public facilities.

Pharmaceutical production also presents problems. Eight multinational firms manufacture 75% of all products (by value), 25 medium-sized local companies produce an additional 15% of the market, and 113 small companies are responsible for the remaining 10%. The government has no effective quality control for manufacturing or for final products on the market, and quality problems abound.

The national leader is considering a drug policy based on the WHO concept of essential drugs, applied to both public and private sectors. The policy would exclude all non-essential drugs from the country, based on a restricted national formulary of 150 essential drugs and 100 specialist drugs. The policy would include measures to promote local manufacture and restrict foreign firms within the country. The policy was intended to give priority to the basic health needs of the majority poor people in the country, and to improve the economy.

The leader expected support from a charismatic and well-known grassroots development worker, and from international aid agencies and various non-governmental organizations. Some groups offered to help design the policy. The leader expected that the teachers union would support the policy, even though this group had not supported the new government. Some legitimacy might also be gained from the WHO, because of the policy's connection to the essential drugs concept.

On the other hand, the leader anticipated strong opposition from several arenas. The national medical association was a certain opponent, because of the policy's implications for incomes and restrictions on prescribing practices. The international pharmaceutical industry would also attack the policy, and these firms could be expected to push their governments to make statements and to threaten reductions in foreign aid. Some newspapers, especially the medical press, could be expected to oppose the policy.

The national leader has asked for your advice on political strategies to make this new policy acceptable and politically feasible. He could declare a new law, under martial law, but he wanted to be sure that the new policy would succeed.

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