

Countries Assemble to Form Pan-African Platform for Stronger Pharmaceutical Distribution

(Source: IFPW Press Release)



IFPW Staff and Members of the newly-formed African Pharmaceutical Distribution Association

IFPW is pleased to announce the creation of the African Pharmaceutical Distribution Association (APDA) /Association de la Distribution Pharmaceutique Africaine (ADPA)

At the conclusion of a 2nd meeting held on April 15, 2019 in Accra, bylaws for the African Pharmaceutical Distribution Association (APDA), or in French, Association de la Distribution Pharmaceutique Africaine (ADPA) were developed and adopted by representatives from Algeria, Ghana, Nigeria, and South Africa (in consultation with Cote d'Ivoire, Kenya, Morocco and others.) This historic accomplishment followed an initial convening of the interested parties in Lusaka, Zambia on November 27, 2018 where the concept of establishing a pan-African association representing the interests and concerns of pharmaceutical distributors and wholesalers was validated.

The Association's purpose will be to advance the health standards of the peoples of Africa by convening representatives and interested stakeholders from the pharmaceutical distribution sector from the countries of the African Union. Its activities will include:

- Developing and sharing best practices, ethical standards and quality objectives within the storage and distribution of healthcare products
- Acquiring, interpreting and disseminating information on healthcare system performance and advancement;
- Assisting in the development of more effective and efficient means of distributing pharmaceutical and health-related products for the benefit of the general public;
- Advocating for the pharmaceutical wholesale distribution channel to governments, manufacturers, suppliers and medicine dispensing entities in the distribution of drug and health-related

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In Brief...

- ♦ **Imperial Logistics** has sold its US-based public health consulting business to a staff-led consortium, effective March 1, 2019. The consortium, **Celsian Consulting**, will continue to employ most of the current staff and will maintain existing client contract responsibilities as an independent organization, while continuing to pursue growth opportunities in the public health system, as well as the provision of managed services. Celsian will also maintain a close collaboration with Vitalliance, the managed services joint venture between Imperial and One Network. The joint venture provides platform control tower solutions for healthcare supply chain management in emerging markets.

- ♦ **AmerisourceBergen Corporation** announced the grand opening of its newest office located in the Austin Ranch community of Carrollton, Texas, and reinforced its commitment to attract and retain top talent in the Texas community. The 300,000 sq. ft. facility includes state-of-the-art conference and business centers, specialized rooms for mothers, fitness and yoga, and a coffee shop, café and micro-market. As part of AmerisourceBergen's effort to promote sustainability and employee wellbeing, the new office is also actively pursuing LEEDS Silver Certification.

- ♦ **Oriola Corporation**, in conjunction with **Celgene** and the **Association of Cancer Patients in Finland**, has released a survey of multiple myeloma patients' behaviors to study how health information on the internet affects patients. In 2015,

Could Pharma Foot the Bill to Offset Higher Premiums?

(Source: An article by Jessica Merrill for Scrip and AmerisourceBergen press release)

One of the most consequential challenges facing the U.S. Health and Human Services agency, in lockstep with the Centers for Medicare and Medicaid Services (CMS) and other stakeholders focused toward the elimination of rebates from the drug distribution system, is how to soften the impact on Medicare Part D insurance premiums. These will most likely increase as a result of anticipated changes. Those who closely follow the industry expect that the pharmaceutical industry could be asked to step in and absorb part or all of these costs, given that it stands to benefit the most from these changes.

Bernstein Research analysts Luke Wilkes and Ronny Gal speculate that one solution to the issue would be for the Administration to charge the industry a "fee" and use the proceeds to "buy down" premiums. "The fee could be a direct payment to the plan sponsor, or it could be a reduction in prices or take some other form," Wilkes and Gal speculated. "The intent would be to utilize some of the drug companies' benefits from the plan to reduce net cost for the plan sponsors back toward the original

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items;

- Cooperating with and contributing expertise to national and multinational organizations, both public and private, to promote the common interests of its members;
- Leading initiatives to secure healthcare supply chains and prevent the infiltration of falsified or counterfeited products; and
- Supporting efforts to establish national associations of wholesalers and distributors in Africa.

The Association is a non-religious, non-political body and will not engage in or address such issues.

Increasing the efficiency of healthcare supply chains, improving the access and availability to safe and efficacious pharmaceuticals and promoting the development of trusted wholesale distribution partners all serve as a foundation for efforts towards Universal Health Care (UHC) and access to medicines for all.

The new Association is welcoming to all and a steering committee has been established to plan for a 3rd meeting which has been tentatively scheduled for September 2019 in a to-be-determined location. All of the organizational meetings to-date have been supported by the International Federation of Pharmaceutical Wholesalers (IFPW), which is offering guidance on how an umbrella association of associations can be properly organized and operated.

The Chamber of Pharmacy of Ghana played an instrumental role in organizing the 2nd meeting and served as host of the April 15th session.

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net cost.”

There is much to work out regarding the specifics on how rebates will be eliminated from the current system or if they will be given directly at the point-of-sale, but wholesalers are already preparing for what is to come. AmerisourceBergen Corporation (ABC) recently announced that, in concert with industry trade association, Healthcare Distribution Alliance (HDA), plans are being made to build a comprehensive framework that would support the proposed move from the current rebate system to point-of-sale discounts. This is in response to HHS' *Notice of Proposed Rule Making regarding the Removal of safe Harbor Protection for Rebates Involving Prescription Pharmaceuticals*. ABC supports policies that lower out-of-pocket costs for patients and stands ready to assist in a transition to a patient-centered model with distributors serving as chargeback administrators beginning January 1, 2020.

“At AmerisourceBergen, we are acutely aware of the access issues facing American patients and are deeply committed to reforms that realign incentives in the best interests of patient health,” said Steve Collis, Chairman, President and CEO of ABC, “As the connector of pharmaceutical innovators and healthcare providers, distributors are uniquely positioned to support the seamless and efficient delivery of POS discounts to Medicare beneficiaries. We come prepared with solutions that are fair, efficient and transparent, and that’s why we believe we are best positioned to lead this transition.”

There is a strong case for a distributor-facilitated model. First, pharmaceutical distributors have solid service-oriented relationships that are built on fairness and trust with both

manufacturers and pharmacy customers. This allows distributors to approach this reform in a fair and equitable manner to meet the needs of all stakeholders, as well as create a positive impact on patients.

Second, distributors and manufacturers already have the requisite building blocks in place to operationalize chargeback amounts due for discounts applied at the point-of-sale. Manufacturers and distributors already maintain complex contract administration and chargeback systems today that enable manufacturer discounts for health system customers.

Third, chargebacks would be processed with full visibility and transparency, making them auditable by all stakeholders. Furthermore, given the existing direct financial relationships with both manufacturers and providers, distributors could facilitate the chargeback process through adjustments to their accounts payable to manufacturers and their accounts receivable from pharmacies. This would result in cashless transactions.

The comment deadline for HHS' proposed ruling closed on April 8th and a final rule is expected in the coming months. CMS recently issued guidance for health plans submitting bids for 2020 that allows for the assumption of manufacturer rebates, given the ongoing uncertainties. Bernstein analysts Wilkes and Gal said they have no direct knowledge of what HHS might be designing but said that their thinking developed out of discussions with pharma leaders and experts involved in ongoing negotiations.

Likewise, pharmacy benefit managers (PBMs) have already announced initiatives to move rebates more aggressively to point-of-sale. Leaders from five PBMs are scheduled to appear before the U.S. Congressional Senate Finance Committee in a third hearing on drug pricing. Among those testifying are executives from OptumRx, CVS Health Corporation/CVS Caremark, Healthcare Services Segment, Signa Corporation, Express Scripts Holding Co. and Prime Therapeutics. The hearing will spotlight the pharmacy middleman. This follows testimony by pharmaceutical industry CEOs on drug pricing in February.

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84% patients reported that their primary source of information related to their condition came from physicians specialized in the field. Subsequently, in 2019, 80% of patients reported getting their information from the internet, including sources such as Facebook pages of patient organizations and digital information channels. “The patients who participated in the survey strongly felt that taking initiative and having a healthy lifestyle are important for a person’s health and wellbeing. This also explains the increase in patient proactiveness in seeking information about their condition,” said Heli Salminen-Mankonen, team lead for Oriola’s Real World Evidence services.

- ◆ In a report by global consulting firm IQVIA, the Japanese pharmaceutical market expanded 87.1% over the past three decades. In the Heisei era (up to 1998) Japan showed only mild growth in drug spending, a time that also reflected a significant gap between NHI prices and market prices. After the first Heisei decade, the pharmaceutical market showed robust growth in tandem with the increases in overall healthcare spending, with the percentage of drug costs hovering around 20-22%. From 2008 to 2016, the market scored nine consecutive years of growth, countering a series of price revisions.

(Sources: Company Press Releases, Pharma Japan and Scrip)