

Patients falling victim to medical staff's greed – part two

Patients becoming the 'sacrificial lamb' to compensate for 'gift money'

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In yesterday's report and the first part of this series of investigations, with the evidence we presented how drug companies are bribing doctors with gifts of cheques in their name, cash, monthly payments, fridges, TVs, ACs, apartments, and even cars, to write the names of their drugs on the prescriptions given to the patients.

By doing so, both parties are not only abandoning ethics but indulging in a heinous, inhuman act also. The cost of the materials gifted to the doctors by the drug companies is added to the price of the drug and the patients are being treated as the sacrificial lamb. But Section 4.9 (a) of the National Drug Policy 2016 mentions, "Drug manufacturing and marketing organizations shall conduct their marketing activities by the 'Code of Pharmaceuticals Marketing Practices' approved by the Department of Drug Administration."

Now let us check what the code of drug marketing says. Section 19.1 of the code clearly states, 'No gift or financial incentive shall be given or offered to any person involved in the medical profession to promote the sale of any product.'

Section 19.2 of the code states, 'Any gift that assists in the treatment of those involved in medical care to promote the sale of any medicinal product can be offered, but it cannot be unreasonably expensive.'

But pharmaceutical companies and doctors are committing serious crimes of violating government regulations by giving and receiving expensive gifts.

According to the Health Bulletin 2020 of the Department of Health, the number of registered doctors in the country is 108,000. And according to Sheikh Shafiul Azam, the central vice president of BMA the number of BMDC registered doctors in the country is 120,000.

On the other hand, according to the annual report of the Department of Drug Administration 2021-22, the number of drug manufacturing companies in the country is 295. 220 of these are operational. Therefore, it is impossible to find out how much bribe is being transacted on a daily, monthly or yearly basis; Similarly, it is almost impossible to find out how much the price of medicine is inflated due to the extra price added from the money spent on gifts. However, in this investigation, we attempted to do some calculations along with the evidence of inflation of the price of medicine to compensate for the money spent on gifts. Although the company calls it a 'gift', others consider it a bribe.

The drug companies claim that 10 per cent of the price of medicine is paid to doctors by the companies as a part of the bribe. The net profit of the company is up to 40 per cent excluding all expenses. According to their claim, half of the price of medicine is going into the pockets of doctors and company owners; And the other half is at the expense of various sectors. But our findings suggest, in reality, doctor's bribes account for more and drug production costs less. Our findings also show that if it were not for the greed of the doctors and the greed of the company owners, the poor patients would have been able to buy the medicine at half the price.

Bribe money is added to the cost of medicine

Professor ABM Farooq, former dean of the Faculty of Pharmacy of the University of Dhaka told *Protidiner Shongbad*, ‘There are many reasons for the high prices of medicines in our country. A major reason for this is the unethical marketing policies of drug companies. It was first started in the country by multinational companies. They used to gift various stuff to the doctors. Local companies followed their example and started giving gifts. Later they got so ahead in the game that foreign companies are now left behind. If we could stop bribing doctors like this, medicine would be much cheaper in the country.’

BMA President Dr Mostafa Jalal Mohiuddin also said frankly, ‘Drug prices are increasing because of gifts given to doctors by the drug companies.’

According to the survey data published in the annual issue of Bangladesh Development Survey of the year 1422 of the Bengali Calendar, ‘A family in the country has to spend 9 per cent of their monthly income on medical treatment. And in the case of the poor, this expenditure is 35 per cent. 66 per cent of their expense is for buying drugs and tests.’

In a research paper on medical expenses presented on 21 November 2021 by the Director General of the Health Economics Unit of the University of Dhaka Dr Md. Shahadat Hossain Mahmud mentioned that 16 per cent of the patients are deprived of medical services in the country due to the excessive cost of buying medicines.

In the final result notification workshop of the sixth round of Bangladesh National Health Accounts held at Hotel Intercontinental in the capital on 4 January 2023 Major General Mohammad Yusuf, Director General (DG) of the Government’s Department of Medicine Administration, said, ‘The gifts received by doctors from various companies should be reduced to deal with the dollar crisis due to the epidemic and war. If drug companies reduce their expenses by moving away from aggressive marketing, I think the price of drugs will come down.’

In June 2021, a research article in the government publication ‘Bangladesh Development Survey’, based on interviews with 25 sales representatives of various drug companies, stated, ‘Special incentive costs are also included in the marketing costs for doctors to prescribe drugs of the respective companies. In this way, the cost of marketing increases, which ultimately falls on the users of the drug.’

The Chairman of the Consumers Association of Bangladesh (CAB), Golam Rahman said, ‘Drug administration once had the power to control the prices of 219 to 220 emergency drugs, but now they can control the price of only 117 drugs. With this, drug companies were allowed to increase the price according to their will. Some doctors prescribe their drugs to patients; In return, they give unethical benefits to those doctors. The money spent on it is taken back from the consumers, which is completely unethical.’

In an online press conference organized by CAB on 23 November 2022 the treasurer of the organization, Manzoor-E-Khoda Tarafdar, said, ‘After analyzing the data of retail drugs in all the pharmacies, it was seen that the price of paracetamol syrup has increased by 75 per cent in the last six months. Apart from this, the price of medicines for various diseases including antibiotics, gastric medicine, high blood pressure, and diabetes has increased by 13 to 33 per cent.’

Asad Ullah, senior manager of the marketing department of Square Pharmaceuticals, also admitted, ‘The costs incurred in giving gifts to doctors come from promotional costs. They are also included in the price of medicines.’

Tk .35 worth of Omiprazole is sold at Tk 6

Like any other product, drug prices are determined by raw material, manufacturing, packaging and marketing costs and company profits. Our investigation shows that the raw materials of medicine are 100 per cent import oriented; The price is also cheap and the government has various concessions including VAT and tax in this sector. The production cost of medicines is also low, as the cost of manpower in this country is quite low compared to other countries. Similarly, the cost of packaging is also low. Also, there are zero patent costs.

Professor ABM Farooq said, ‘Bangladesh has not invented any medicine of its own, so there is no patent. We cannot buy patents and make medicines. What usually happens is that companies in this country get permission to manufacture drugs in most cases on the condition of purchasing raw materials from the patent owners. They are getting a big discount here too.’

Let us calculate the manufacturing cost of a drug. Omeprazole is the generic name of a widely used drug for problems related to gastric ulcers. One of its raw materials is Omeprazole 8.5 per cent pellet. With this, Beximco manufactures ‘Proceptin’, Square manufactures ‘Seclo’, Aristo Pharma manufactures ‘Omep’, Ibn Sina manufactures ‘Pro-loc’, Drug International makes ‘Kosek’, Incepta makes ‘Omenix’, Navana makes ‘Ometac’, SKF makes ‘Losectil 20 mg capsules.

According to a ‘block list’ approved by the Department of Drug Administration on 22 July 22, 2019, the price of omeprazole 8.5 per cent pellets is \$12 per kg (about Tk 1,000 at that time). So, the simple calculation states that 50,000 pieces of 20 mg omeprazole capsules are being manufactured with 1 kg of raw materials. And the cost calculates that if 50,000 pieces of medicine are manufactured with a raw material of Tk 1,000, then the cost of raw material (active ingredient) per medicine stands at 2 paisa (Tk .02).

Quoting the Department of Drug Administration, in a research article by the Bangladesh Development Survey published in June 2021, stated, ‘67.5 per cent of the raw materials for the manufacture of drugs in the country are imported from India. Companies that sell pharmaceutical raw materials generally do not publicly disclose prices online. The price is decided based on discussion.

A search on the website of India’s e-commerce company ‘Indiamart’ on 9 June revealed that the price of basic raw material for making medicines for gastric and ulcer-related complications ‘Omeprazole 8.5 per cent Pellet’ is INR 1,000 (Tk 1,311) per kg; The selling company is Pharmax Lifesciences of Gujarat. The fact is, the pharmaceutical companies of the country import the raw material at a lower price than this. Still, we assume that this is the price.

1 kilogram equals 1 million milligrams. So, simple math suggests that 50,000 pieces of 20 mg omeprazole capsules can be made with 1 kg of raw materials. And the calculation of the cost suggests that if 50,000 pieces of medicine are made with raw material worth Tk 1,311, then the cost of raw material (active ingredient) in one medicine stands at a little more than 2.5 paisa.

When asked to comment on this calculation, an official associated with the import of raw materials from a pharmaceutical company, requesting anonymity, said that the account is correct. However, a drug contains two types of raw materials, one is an active ingredient, the other is an inactive ingredient. The active ingredient is omeprazole 8.5 per cent pellets, which is the main medicine. This cures the disease. And the inactive ingredients are like flour, with which the medicines are shaped. And in the case of capsules, some food-grade chemicals like gelatin, red iron oxide, and yellow iron oxide are used as inactive ingredients.

Former professor of clinical pharmacy and pharmacology department of the Faculty of Pharmacy of the University of Dhaka Dr Muniruddin Ahmad said, ‘The inactive ingredients of the medicine include starch,

lactose, sucrose, rice powder and flour-type stuffs. The inactive ingredient will cost one-thousandth of the active ingredient. It is almost negligible.’

He further added, ‘If drug companies want to make 10,000 per cent profit, what will you do? What can be done to stop this?’

Square Pharmaceuticals has been selling its Omeprazole group drug ‘Seclo 20 mg’ capsules at Tk 6 per piece since 2019. Omeprazole group drugs of some other companies are priced at Tk 5 per piece as before.

When asked for an assumption of how much the cost of an omeprazole group of drugs worth 3 paisa can be, when production, packaging, marketing cost and profit are fairly added, a director of a pharmaceutical company said that to make a 20 mg capsule of the omeprazole group, it would take empty capsule cells, which would cost at least 10 paisa per piece. The cost of active and inactive raw materials is at least 5 paisa per piece. Thus, it will cost Tk 1.5 to make 10 capsules. Then blisters will be needed as packaging material, which costs at least Tk 2 each. Apart from this, the price of the paper for packaging will be added, thus it is possible to make a single file of medicine for less than Tk 3.5; Which is being sold for a maximum of Tk 60 at the market.

However, he added that what machine is used to manufacture the capsules, how efficient the workers are, and how good the air and environment of the factory are, should also be taken into consideration. 5 per cent of raw material is wasted or lost. Apart from this, how a company is managing the doctor, and how much money is being spent on him, there are differences in the cost of managing all these factors. Due to this, the accounts of bigger companies and smaller ones will not be the same. There are many methods or techniques of pricing. Each drug has a different strategy.

A contract

An analysis of a notary publicized contract on 2 November 2014 will prove that the production cost of the drug is very low. The deal was signed among pharmaceutical company Albion Laboratories Ltd. and drug marketing, marketing and supply organization Innovative Pharma. The agreement was signed by Albion Chairman Mohammad Raisul Uddin and the owner of Innovative Pharma Kazi Mohammad Shahidul Hasan.

According to the terms of the agreement, Innovative Pharma will market Albion’s drugs from 1 January 2014 to 1 January 2024. All expenses of the marketing and hiring of officials and employees will be conducted by Innovative.

The seventh clause of the agreement mentions, ‘Albion will receive 40 per cent of the fixed price (TP price) received from the sale of Albion’s drugs, while Innovative Pharma will receive the remaining 60 per cent.’

It implies if Albion manufactures a medicine and charges the seller Tk 100; Tk 60 will be given to the marketing company. Albion will have to pay a large part of their share of the remaining Tk 40 to the Doctors, to appease them with cheques and gifts etc. so that they write the name of the drug in the patient’s prescription. The production cost should be excluded from the remaining amount, then only the company can count their profit. So, what is the actual production cost of a drug? If the production cost per unit of drugs is not very less how the pharmaceutical company is operating under such an agreement?

How much is spent on various sectors

A senior official of a leading multinational pharmaceutical company in the country said that in the financial year 2022-23 till 12 June, they have sold drugs worth Tk 2.5 billion at TP price. They have spent Tk 191.75 million (7.67 per cent) on doctors. Apart from this, various other funds including CSR (Corporate Social Responsibility) funds have been spent on doctors. As a whole, 10 per cent of their budget is spent on doctors.

In the side report of the first part of this series published yesterday, an official of Sun Pharma claimed, 'They are no longer practising giving cheques to doctors. However, they are doing regular promotion.'

The companies are spending 7.67 per cent of the total sales and other funds including CSR funds on doctors while doing this regular promotion.

A director of a Chittagong-based pharmaceutical company said, 'We make a budget at the beginning of the year. COGS (Cost of Goods Sold) or factory budget is kept at 30 per cent; Which means all the processes of production will be completed within 30 per cent of the TP price. After the production is completed, it will be the responsibility of the marketing department to sell it. For this purpose, 30 per cent of the budget is also allocated to the marketing sector. Of this, at least 10 per cent is allocated to the doctors. The remaining 40 per cent of the TP price is the company's profit. This is the standard value. Big companies operate like this. However, the cost of the doctors varies slightly from company to company.'

He also said, 'To keep the doctors happy, not only the money of the marketing department is spent, but money from other sectors including CSR funds, training, research and development. This strategy is followed to show less money spent on marketing. The entire money of the company's CSR fund can be spent on doctors.'

When asked how the money is distributed, he replied, 'For example, let us assume that a company sold drugs worth Tk 500 million across the country in a month. Out of this, 10 per cent or Tk 50 million will be reserved by the company for doctors. This money is given in cash and also by cheques. They are also buying the doctor's flats and cars with this money.'

The company director further added, 'Companies decide at the beginning of the year, how many doctors they will send on foreign trips. Suppose, Tk 1 million per year has been allocated to send 10 doctors abroad (Tk .1 million per doctor). By using this carrot of a million takas, the company is doing business of several million. The company spends the money on air tickets and hotel bookings for doctors. This cost can be shown by the company from the marketing sector, and can also be paid from other sectors. They do this so that the amount of money spent on marketing does not appear to be huge.'

Relentless profit

When asked whether drug companies are making excessive or unusual profits, the company director said, 'Excessive!?! The profits are relentless. The company is doing their business by making the doctor a little greedy. As of the third quarter of 2022, the size of the pharmaceutical market in Bangladesh was \$3.32 billion. The market has grown so much because of the unethical nature of doctors and companies. We are not supposed to have such a big market. For example, medicine for gastric is prescribed even if it is not needed. Calcium and vitamins are being prescribed. Antibiotics are being prescribed unnecessarily.'

Highlighting the difference in 'profit' between the big companies and small companies, he said, 'Paracetamol from top two or three companies dominates the market. The MRP (Maximum Retail Price) of a Paracetamol 500 mg tablet is Tk 1.2. But its production cost will not be more than 30 paisa in any case. Big companies can manufacture 100,000 to 500,000 paracetamol tablets together. Their market is huge. But the paracetamol market for companies ranked from 25 to 30 is much smaller.'

‘But they are using the same machines and manpower as the bigger companies. As a result, the production costs of small companies are increasing. The medicine that the bigger companies can produce for 30 paisa, while small companies will have to spend 50 paisa. Under these circumstances, small companies reduce the amount of active ingredient of the drug and bring the cost of production to 30 paisa. Instead of 500 mg, 300 mg of active ingredient is given. Due to this, the quality of medicine is decreasing; The medicines are not working.’

When asked whether the profit of the company is less in the case of the drugs for which the government fixes the price, he replied, “The drugs with a fixed price sell more. These have become OTC (over-the-counter) drugs. For example, you as a customer are so familiar with medicines like Napa. No doctor has to prescribe it. You can buy it just by going to the pharmacy. But if I ask you to buy medicine to control blood pressure, you can’t buy as much as you want. These are prescription drugs.

“OTC drugs have virtually no marketing costs. They sell under any circumstances. As a result, their prices are low. That does not mean that the company is not profiting from them. They gain 30-40 per cent profit from these medicines too. The government determines the prices of the drugs after discussing them with the company. The company often whines about ‘The price of the dollar has increased; I can’t bring raw materials’ to increase the price of the medicines. One dollar sold for Tk 90 earlier, now it is Tk 110. Inflation was Tk 20. But the price of medicine has been increased up to 50 per cent.”

When inquired about what per cent of money from a medicine priced Tk 100 would be spent on the doctors, the senior manager of the marketing department of Square Pharma, Asad Ullah, said, ‘It is less than one per cent. I don’t know what others do. We tell them, what can be done and what cannot be done.’

The Civil Surgeon of Chittagong Dr. Ilias Chowdhury said that while he was working at Fatikchari Upazila Health Complex, Square Pharma provided two ambulances for the hospital. When asked whether that cost was paid from the marketing sector or not, Asad Ullah said, ‘Such purchases are made from the CSR fund. There is a separate budget. As we are a big company, we have a responsibility towards the society. That is why we have to do these things from a part of the profit.’

‘Pharmaceutical companies pay doctors through cheques. Square also pays similarly’ When this topic was brought up Asad Ullah said, ‘Only those who pay like this can say. We donate to various programs for doctors. When there is a scientific issue, there are issues of knowledge sharing. Then we become scientific partners. No company can do this alone. So, we contribute to these. The cheques can go in the name of the doctor involved in organizing these programs.’

He said, ‘To reduce the price of medicines, the price of raw materials must be reduced in the international market. You can work on it if you can. Then the price of our medicine will decrease.’

But when we pointed out that the price of raw materials is very insignificant, he commented, ‘The air of the pharmaceutical factory must be kept clean, and clean water must be used. Pharmaceutical factories are quite different from other factories. If we want to produce quality medicine, our cost of production will be very high. Moreover, the raw materials of all companies do not come from India. We have to use a lot of American, European raw materials as we have to maintain standards.’

Regarding fixing the price of medicines, he said, ‘We don’t have any margin for the price of the drugs that the government fixes. For drugs that we can price, the Drug Administration performs a full cost analysis. If they think it is reasonable, then they approve it. It is not that we can set prices at will. In some cases, pharmaceutical industry associations agree and claim that if this is not the case, they will not be able to do business.

‘Then there are instances, where let’s say we asked for Tk 10 for a medicine. The drug administration said the cost should be Tk 8. We scrutinized and found that if the cost is Tk 8, we will lose money. But they do not approve of it. Then we were told that we should do the revaluation. Again, we are told by the medicine administration that we should produce them. So, there are compromises with us in some places, it is in the interest of the industry. We have to fight a lot to get this price approved.’

On 29 March, Health Minister Zahid Malek said at a program titled ‘Draft Strategic Investment Plan of the Fifth Health, Population and Nutrition Sector Program (HPNSP)’ at a hotel in the capital, ‘We need to find out why the prices of medicines are kept high. Many patients complain that the names of more drugs are written in the prescriptions than needed. Doctors should take care of this. Thinking about business should not come into play while writing the prescription.’