This is one of a series of four articles especially commissioned by the Medicines Transparency Alliance (MeTA) which asked independent journalists in four of the pilot countries to look at how some of the issues that MeTA will tackle are affecting people.

Dealing with medicines prices in Peru

By Zoraida Portillo
Lima

Peru has private and public health insurance systems and a free government health service for the poor, but patients can still face problems in getting the right medicines at the right time for the right price.

One of the biggest changes in the provision of health care came in the mid-1990s when the government's social security system ran into a financial crisis. Since then, all private sector workers have to take out insurance with health companies (called EPS, from the Spanish acronym).

Dr Eduardo Conde, a 38-year-old doctor who works in the Medical Business Unit of Clinica Internacional and who has also worked in a government hospital, points out that EPS companies are first and foremost enterprises designed to make a profit.

"To make money is their main purpose, so they are going to sell services to obtain profitability. That is why all EPS' try to cut the cost of their supplies, whether equipment or medicines," he says.

"This is not bad," he adds, "but only if they cut prices, not quality."

Dr Conde notes, however, that insurance companies do not always pass the savings to patients in the form of lower prices. The companies run their own hospitals, where the price of medicines may be 20-30 percent higher than in pharmacies.

People with private health insurance also need to check what their policy covers. The limit on spending may be low or serious illnesses may be exempt. Most EPS policies do not cover high-cost treatments.

A policy covering heart attack may cover emergency attention and the relevant examinations, but not surgery or complex procedures such as the fitting of a heart valve.

Rare illnesses can sit awkwardly in the system. “I have Chron’s disease, which is rare in Peru,” says one employee. “In the beginning my EPS refused to pay for the treatment, which is very expensive. The social worker had to negotiate with the EPS to get them to accept my disease was covered by the insurance.”

HIV infection and some types of cancer are not covered by EPS.

EPS covers employees’ families, and companies estimate that they look after 30-40 percent of the population of 28 million. Another third is covered by social security, which includes state workers, housekeepers, labourers, retired and independent workers and private workers who did not change their status when the EPS emerged. It is financed by employers, who pay the same monthly amount for every worker.

Dr Conde says decentralisation is improving the social security system – not by spending more on medicines but by reorganising services so that people with straightforward illnesses are treated closer to home rather than having to travel to a main hospital.

“There is a better supply of medicines, because the clinics have the medicines for the illness they treat”, he notes.

Social security covers urban areas, and rural people – who include many of the poorest Peruvians – depend on another branch of the government health system (the SIS). Patients pay nothing, but only when a social worker has certified that they qualify on grounds of poverty.

“In theory, it is a very good idea and works very well in other countries,” Dr Conde says. “But these other countries have a mechanism for funding the system, which is not the case in Peru.

“That is why the SIS began successfully but couldn’t maintain its success over time. Now it again faces many problems, such as lack of surgical instruments and medicines.”

He says the state needs to find a way of keeping to its goal of serving the poor and looking for innovative ways to raise cash for urgent needs, like medicines.

Problems in the SIS partly explain why recent research has reported a rise in the number of Peruvians – perhaps one-third – seeking treatment with *chamanes*, or healers.

“In a population with severe shortages of medics and medicines, living in remote areas where the nearest health service is six or seven hours away,

and with strong beliefs in traditional medicine, this percentage is not a surprise", Dr. Conde points out.

Overall, he emphasises the need to promote health prevention and education as the best way to cut costs: "With adequate monitoring of the population at early stages, we can identify health problems rapidly, which will lead to fewer drugs and treatments and simpler medical check-ups", he says.

"In this way we are also going to prevent self-medication, a big problem we have in Peru due to the high prices of medicines."

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Note for editors:
The newly launched Medicines Transparency Alliance (MeTA) will bring together government, business and civil society to share information and analysis about the problems around the supply of medicines in Peru, including their quality, availability, price and promotion, and work together to explore possible solutions. This is part of a global effort, initially funded by the UK Department for International Development (DFID) in collaboration with the World Health Organization (WHO) and the World Bank to encourage greater transparency and accountability around the procurement, supply and use of medicines. MeTA will work initially in seven pilot countries – Ghana, Jordan, Kyrgyzstan, Peru, the Philippines, Uganda, and Zambia.

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