

## Expansion of bulk-buy drug programme in China

China is planning to expand a preliminary bulk-buying drug programme, rolling it out from 11 cities to 25 provinces and regions across the country, according to the drug procurement branch of the Shanghai Healthcare Security Administration.

The programme was designed to negotiate lower costs of off-patent drugs that hit the so-called blockbuster mark of sales of US\$1 billion or more and are usually made by Western pharmaceutical companies. Initially, 11 Chinese cities, including Beijing and Shanghai, grouped together in a tender process to bulk-buy 25 generic medicines produced by local drug manufacturers. The preliminary phase of the programme led to a price drop of 90% in some of the drugs, according to state news agency Xinhua. Additionally, big multinational pharmaceutical companies won only two of the contracts to supply their drugs against

local companies. These two drugs were AstraZeneca's EGFR inhibitor Iressa and Bristol-Myers Squibb's angiotensin-converting enzyme inhibitor Monopril. The expansion of the preliminary programme to cover much of the country will further increase pressure on drug manufacturers and pharmaceutical agencies—both international and national—to compete with the competitive drug prices of off-patent drugs and reduce their prices accordingly.

Among the drugs in the new proposal is pemetrexed, a chemotherapy drug used to treat pleural mesothelioma and non-small-cell lung cancer, which is usually sold under Eli Lilly's brand name of Alimta, and imatinib, which is used in the treatment of leukaemia and is sold by Novartis as Gleevec. Both off-patent blockbusters have generic drugs made by local drug companies

and the tenders for both drugs in the pilot scheme were won by Chinese generic products. According to local governments' drug procurement websites, earlier this year both Novartis and Eli Lilly offered to reduce costs of imatinib and pemetrexed by 30% in some provinces.

The new programme also states that the sole winner of a contract could win up to a 50% share of the government's purchase volumes and as many as three winners of the contract could attain up to a 70% share.

This new procurement scheme comes at a time when China is pushing for a reduction in overall health spending by increasing the use of generic drugs, while actively encouraging the research and development of new innovative drugs in its national drug reimbursement system.

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