



Low drug prices may hinder the fight against counterfeits

Karen Finn

20-Sep-2011

A study due to be published in the Journal of Health Economics later this year reveals that there is a degree of "tension" between drug affordability and the fight against counterfeit and substandard drugs.

In what is believed to be the first-ever empirical study on the economics of poor-quality drugs, researchers at the American Enterprise Institute and the University of Maryland in the USA examined:

- the prevalence of poor-quality drugs in association with local regulation, income and literacy rate; and
- the extent to which consumers can infer the likelihood of poor quality from market price and the perceived appearance of the pharmacy.



Although the study concluded that none of the above signals could perfectly identify counterfeit and substandard drugs, it found that consumers are likely to suspect low quality based on market price, non-innovator brand and a pharmacy's appearance.

Nonetheless, there is still a demand for potentially inferior medicines, according to authors Roger Bate, Ginger Zhe Jin and Aparna Mathur. One reason, they say, is severe poverty combined with consumer ignorance on the harm of poor-quality drugs, which may foster demand for counterfeit and substandard products.

The researchers carried out a series of three quality tests on 899 drug samples across 17 developing and mid-income countries, which showed that "failing" drugs (i.e. samples failing at least one of the tests) are priced 13.6-18.7 per cent lower than "non-failing" drugs.

However, the study went on to point out that high price does not always guarantee high quality. The researchers found that the prices of some "true" generics overlap significantly with those of failing drugs, and the inability to distinguish generics from inferior copies leaves some patients with the incorrect impression that all inexpensive drugs will probably work. This could invite the entry of counterfeits and encourage legitimate producers to cut corners, the authors say.

As a result, the researchers conclude that policy efforts to lower drug price by, for example, encouraging genuine generics, should not be made in isolation as this could distort the price mechanism for distinguishing high-quality drugs.

Rather, such efforts must be accompanied by better regulation (e.g. stricter registration requirements) or improved information about product quality. If they are not, policymakers could hinder the fight against counterfeit and substandard drugs.

More information [here](#).

© 2011 SecuringPharma.com