# Interview: Carlos Durán Salinas – Deputy Minister of Public Health Governance and Surveillance, Ecuador



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*The recently appointed Deputy Minister of Public Health Governance and Surveillance, Dr. Carlos Durán Salinas, elaborates on some of the most recent changes implemented by the government and the tremendous efforts that the administration is making towards the construction of a harmonized and efficient healthcare system in Ecuador, notably in the fields of public purchasing policy, pricing policies and the support of domestic industries.*

**What have been some of the most important recent changes in Ecuador's public healthcare environment?**

In recent years, the government has been striving to create a unified public health system, based on an Integrated Public Health Network and a Complementary Private Network. As most Latin American systems, the health system in Ecuador is composed by 4 public sub-systems and several private institutions. For instance, the Ministry of Health is both the health authority and the main provider, the Ecuadorian social security system (IESS) is also a provider with services of its own, and finally, the army and police provide their staff and their families with social benefits of their own with a specific network of healthcare facilities.

Before 2008 these four bodies would work independently from one another. Under the 2008 constitution, access to health is a constitutional right. With this premise, each of the separate institutions were drawn towards working together, comprising the Integrated Public Health Network

(RPIS by its Spanish acronym). As a result of this change, patients would now have the opportunity to receive care in any of the four institution's health facilities without any distinctive preference, while the institutions would arrange for the transfer of resources.

In my opinion, this has been one of the country's most important changes in the last decade healthcare wise. Furthermore, the administration is now looking forward to bridging the private and public healthcare networks to further enhance access to health levels and quality of care throughout the country. This process has already started. For instance, the Society of Oncology in Ecuador (Sociedad de Lucha Contra el Cancer – Solca) has a network of private healthcare facilities throughout the country and as many as 80 percent of its patients are covered by public insurance with treatments paid-for by the government.

During the last ten years, the country has witnessed enormous investment in new and upgraded infrastructure. The government does not plan to build additional Forth Level healthcare facilities in the country. However, this administration will continue to upgrade the country's existing healthcare capabilities, which poses a challenge to define how to implement efficient amortization and replacement of old medical equipment. Some of these actions are being financed through international cooperation, for instance Calpi and Santa Rosa in Chimborazo Province were possible thanks to Japanese cooperation.

**How have price control regulations evolved and how are you looking forward to address the remaining issues?**

Ecuador's first private market price control regulations were initiated in the 1970s. The 1990s decade was very hard for the domestic industry. Prices were established on the basis of a company's production costs at a 20 percent premium. This pricing system was rather unfair for domestic manufacturers in comparison to their international importers. Indeed, the price fixing mechanism was the same for importers; however, the price used for the calculation was the Free On Board (FOB) upon which the administration had no verifying controls. This led to a discrepancy of prices between domestic and imported goods in the private market in favour of imported products.

In 2007, the government decided to adjust the price control mechanism, in a way that pharmaceutical products would be stratified according to public health priorities. In this context some products would be deregulated, some would fall under the price fixing mechanism for private purchasing and the government would define the public market prices through public purchasing.

We are looking forward to addressing the price control issues that pharmaceutical companies are confronted with. They expect the health authority to be clearer on the mechanisms of price fixation. For the health authority there are two main objectives for the implementation of price controls; first is to guarantee free access to medicines for Ecuadorians in the public sector, and the second one is to monitor and regulate out of pocket expenses in the private market.

Our administration is considering the possibility of adjusting the current Decree on price fixation on two aspects. Firstly, we want the guarantee the same price cap to for all products in the same market segment. Specifically, the way it worked is that the companies which initially had a price above the maximum authorised price, were given the possibility to place their products at a higher price than those initially below the new price cap. Thus, we ended up having two price caps for the same product, one for importers and one for domestic manufacturers in favour of importers. Not only is this unfair to domestic manufacturers, it creates reverse national preference conditions in which domestic producers have additional difficulties to compete. Secondly, we are working on a methodology to periodically adjust the price caps.

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**Mr. Duran, you also worked on the elaboration of Ecuador's National Medicines Policy and are currently in charge of supervising its implementation. Could you elaborate on this project and its current advancement?**

From the point of view of the pharmaceutical sector, I believe the implementation of Ecuador's new National Medicines Policy has been the most significant challenge. I was the lead consultant in charge of drafting the project in 2015 and the policy was launched in April 2017. This policy will guide the government's actions for the next five years, with a focus on increasing the access to essential medicines. Our country has a long tradition of establishing the selection of essential medicines which in fact is older than the WHO's 1977 first policy of this type. In fact, the Andean countries had collaborated in the 1970s to produce the first list of essential medicines and the list has been updated every three years from 1985 onwards.

The essential medicines list has been a powerful tool for the government in its health policy. Indeed, working with a list of essential medicines has allowed us to rationalize the use and purchase of health products destined to the public market. Precisely, the government has been using this list to ensure cost containment while enlarging the reach of its universal access policies. For this reason, the administration is proud of the essential list tool and wishes to strengthen it. With this new National Medicines Policy we intend to extend the list to additional health products

that are currently inaccessible to the population of Ecuador. It appears the industry is satisfied with the policy we are currently implementing.

**How do you see the Organic Health Code (COS) affecting the pharmaceutical industry?**

COS is a law proposal that aims at updating the regulation of Ecuador's health sector. The last Constitution, approved in the year 2008, introduced important changes in the sector, declaring that health is a human right for everybody living in Ecuadorian soil, and that it has to be guaranteed by the State. These changes had not been translated into laws, thus leaving important areas without clear rules.

The COS dictates how the National Health System is organized, including the roles and responsibilities of public and private health organizations; specifies the sources of financing and states that there will be common rules regarding how money is spent; and describes the reach of health services, promotion and prevention. It also introduces clear rules to judge professional involvement in incidents affecting patients, thus limiting the criminalization of medical practice.

The COS defines basic concepts as what are generic and reference drugs, and sets the rules to guarantee that everybody has access to reasonably priced, safe, effective and quality drugs. The government is looking to build upon the policies that already existed in the past and complement the current framework in an integrated manner. This law proposal is the product of multiple and a continued talk with the stake holders of the health sector, the pharmaceutical industry has been an active participant throughout the process. The project will only benefit the sector by setting up clear rules and clearing up certain processes.

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**How important are pharmaceutical companies in building a better healthcare system, and what can be done to foster the dialogue between the public and private sectors?**

In light of my extensive experience in understanding the access policies, it appears that pharmaceutical companies have an important role in closing the research gap that exists in the country. Indeed, they are bringing innovation to the market and can potentially support local research initiatives. I must admit however, that until recently Ecuador has not been a country with the most favourable health care policy. Choices made by our previous governments, created a high degree of regulatory uncertainty, which have deterred potential entrant in the market that could have helped us improve the health conditions of our citizens. However, the government has started an open dialogue and we hope that this will turn into effective collaborative practices between the

private and public sector.

We want to work closely with the pharmaceutical industry to ensure that Ecuadorians have access to the best possible treatments. Therefore, it is important for us to talk with the industry and we have been engaging with them on multiple aspects. It is interesting to exchange views on the various aspects that can be improved in the regulatory environment and have a better understanding of their concerns. Nonetheless, our interests as a public institution are directed at the citizens, while the pharmaceutical industry's are somewhat commercial. Thus, engaging in an open dialogue with these firms will not always lead to overall consensus. In general, I believe that we are going in the right direction and that pharmaceutical companies are eager to work with us.

**What are works yet to be accomplished to improve the regulatory environment?**

We are already addressing price regulation, but undeniably there is a need to radically improve the government's purchasing practices in the public sector. Moreno's administration is committed to revising these so that a balance is found between the accessibility of treatments and a fair financial compensation for companies. In fact, the government has already implemented an efficient mechanism used in the purchase of essential treatments in the country.

Additionally, the government has been trying to support its local industry. While this is mainly a concern of the Ministry of Industry and tremendous efforts are directed at doing so, as a public institution in contact with the pharmaceutical industry I can only highlight the necessity to find better ways to recognize their contribution to the country's economic development than what is currently in place. While national preference was clearly demonstrated in the first rounds of public tenders in 2011, the current regulation shows room for improvement and we are looking forward to work on it.

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