

International Comparison Program

Private Health Approach and Data Requirements

Draft version



Operational Guide

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Private Health¹

1. Introduction

This chapter of the ICP Operational Guide provides specific instructions for the Health component of the International Comparison Program (ICP). This component is classified as one of the comparison resistant areas relating to household consumption and thus special attention is required for activities involving the comparison of health related products and services across the participating countries.

2. Basic Headings covered

Basic Headings (BHs) relating to health products and services are split into household and government expenditures. Tables 1 and 2 below present the covered BHs and the respective data sources for the comparison.

Table 1: Health expenditure by households

Code	Aggregate or BH	Data source
110000	INDIVIDUAL CONSUMPTION EXPENDITURE BY <u>HOUSEHOLDS</u>	
110600	HEALTH	
110610	MEDICAL PRODUCTS, APPLIANCES AND EQUIPMENT	
110611	<u>Pharmaceutical products</u>	
110611.1	Pharmaceutical products	Price Survey
110612	<u>Other medical products</u>	
110612.1	Other medical products	Price Survey
110613	<u>Therapeutic appliances and equipment</u>	
110613.1	Therapeutic appliances and equipment	Price Survey
110620	OUT-PATIENT SERVICES	
110621	<u>Medical Services</u>	
110621.1	Medical Services	Price Survey
110622	<u>Dental services</u>	
110622.1	Dental services	Price Survey
110623	<u>Paramedical services</u>	
110623.1	Paramedical services	Price Survey
110630	HOSPITAL SERVICES	
110631	<u>Hospital services</u>	
110631.1	Hospital services	Reference PPP

¹ This chapter is prepared by Marko Rissanen with input from Biokou Mathieu Djayeola, based on Eurostat material and 2005 ICP material.

Table 2: Health expenditure by government

Code	Aggregate or BH	Data source
130000	INDIVIDUAL CONSUMPTION EXPENDITURE BY <u>GOVERNMENT</u>	
130200	HEALTH	
130210	HEALTH BENEFITS AND REIMBURSEMENTS	
130211	<u>Medical products, appliances and equipment</u>	
130211.1	Pharmaceutical products	Reference PPP
130211.2	Other medical products	Reference PPP
130211.3	Therapeutic appliances and equipment	Reference PPP
130212	<u>Health services</u>	
130212.1	Out-patient medical services	Reference PPP
130212.2	Out-patient dental services	Reference PPP
130212.3	Out-patient paramedical services	Reference PPP
130212.4	Hospital services	Reference PPP
130220	PRODUCTION OF HEALTH SERVICES	
130221	<u>Compensation of employees</u>	
130221.1	Compensation of employees	Compensation Data Collection
130222	<u>Intermediate consumption</u>	
130222.1	Intermediate consumption	Reference PPP
130223	<u>Gross operating surplus</u>	
130223.1	Gross operating surplus	Reference PPP
130224	<u>Net taxes on production</u>	
130224.1	Net taxes on production	Reference PPP
130225	<u>Receipts from sales</u>	
130225.1	Receipts from sales	Reference PPP

This Operational Guide covers the BHs for which price surveys are to be conducted. A separate note will be provided for the treatment of reference PPP BHs. In addition, data collection related to compensation of employees is covered by the following Operational Materials:

- 3.1.01. Information required on Government for the ICP 2011
- 3.1.02. Government Occupations, DCF & Indicators
- 3.1.04. Presentation on Compensation of Government Employees

Regarding the approach for importance, the normal 2011 ICP routines are applicable for the BHs and items covered in this Operational Guide. For additional information, refer to the following Operational Material:

- 1.1.05. Important Products

These materials are available on the World Bank ICP website at <http://go.worldbank.org/4KH0YPSDL0>

3. Medical products, appliances and equipment

3.1. Pharmaceutical products

Pharmaceutical products constitute a large component of household consumption. This survey is unique as it involves specifically trained staff, meticulously designed product specifications, monitoring of price variations over space and time, and a specific survey design. The surveys are to be conducted quarterly.

The Pharmaceutical Products Survey is designed by the ICP Global Office in cooperation with ICP regional coordinating agencies and World Bank Health Department. An international list of essential drugs has been developed. The aim of this multilateral exercise is to ensure consistency in commonly prescribed medicines to ensure comparability across countries and ICP regions. The Global Gore List for 43 pharmaceutical products is presented in Annex 1.

3.1.1. Survey design

National Statistical Offices (NSOs) are responsible for coordinating the price survey at the country level. National ICP coordination teams are to provide time and human resources to liaise with the pharmaceutical Products outlets (pharmacies), where pharmacists are responsible for the completion of price collection forms. Responsible NSO price officials will distribute the list and specifications of products to selected pharmacies and agree with them as to when the completed forms can be collected.

Following standard procedures, price collection should not take more than two days. Most pharmacies are well organized and knowledgeable of the items to be priced. The outlets should be selected from various locations representative of potential price heterogeneity in the country. The wider the dispersion of outlets in a data collection center, the better the quality of prices.

Important aspects of the survey are the representativity and importance of the items in the list. The selected outlets should comprise pharmacies in the city centers, government administrative areas, residential areas, and where appropriate, capitals of regions or big rural areas. It is recommended that ICP National Coordinators target major cities with a good distribution of pharmaceutical outlets. Resource permitting, prices for pharmaceutical products for rural areas and villages should also be obtained. Prices should not be collected from street stalls or mobile vendors, unless this is legal and practiced on a large scale.

An important aspect to consider in designing the quarterly table of activities is the size of the relevant countries. In small countries all the pharmacies can be surveyed in a short time, whereas larger countries will require more organization.

The first month of the quarter could be used to collect prices to be captured, validated, and transmitted in the second month to the regional coordination team. The third month could be used to address exceptional circumstances (remote survey area, seasonal drugstores, survey forms from rural areas etc.). This data/information should reach the ICP regional office, at the latest, the first weeks of the next quarter to allow for data checking and appropriate feedback.

In an ideal situation, during the first month, the data collection forms are distributed in the first week, retrieved in the second week, whereas price collection sheets are grouped and checked manually to prepare for data entry.

3.1.2. Price sources

Preference is given to officially registered pharmacies in capital and major cities of the country. If the number of pharmacies is high and the outlets are well distributed over the locations, the NSO can sample a representative set of pharmacies to conduct the survey. In small cities, it is recommended to administer the data collection form in all registered pharmacies. In case mobile vendors or street stalls are important in the cities, the NSO may collect prices in those outlets. Exceptional measures are needed for these specific cases and the conditions should be agreed on with the ICP regional coordination team.

3.1.3. Prices to be reported

The outcome of the survey is a set of sound national average prices for pharmaceutical products. These prices are computed on the basis of a quarterly survey of individual price quotations for each active substance (product) in the list. In some cases, two to four quotations may be necessary for selected items in a given outlet. In such cases, more data collection form should be distributed to the pharmacies to cater for selected items for which more than one quotation is needed. In an ideal situation, for a given outlet, the data collection form should include the maximum number of price quotations for branded products.

All prices reported for pharmaceutical products are to be full market prices. The full market price is the total price for a specified drug, including all potential government subsidies. In order to get full market prices, the total amount received by the sellers should be established. In case data on the subsidies is not available for each specified drug, an estimated flat rate of subsidies should be applied on the reported prices. It is essential that full market prices and subsidized prices are not compared directly. The resulting purchasing power parities would be heavily biased.

3.1.4. Products to be priced

The identification of pharmaceutical products is based on the definition of the active substance and its strength. An additional dimension for pricing is that pharmaceuticals are available as branded, original, or generic products.

- **Branded drugs** are medicines produced and sold by their innovative pharmaceutical companies (normally large pharmaceuticals' companies who frequently invest in research and development into new drugs) are called original or brand-name medicines. When a pharmaceutical company initially develops and markets a particular drug, that drug is usually under a patent which grants exclusive sales rights to the parent company.

- **Generic drugs** are identical, or bioequivalent medicines, to an existing brand-name medicine in dosage form, safety, strength, route of administration, quality, performance characteristics and intended use. Although generic medicines are chemically identical to their branded counterparts, they are typically sold at lower prices than the branded product. The principal reason is that the drug has already been tested and approved - the cost of bioequivalence testing and the actual manufacturing will be only a part of the original costs. In general, the only differences between the brand-name product and the generics are the price and the trade name(s).

In the context of the International Comparison Program, it is important not to compare price quotations for branded and generic drugs directly. The resulting purchasing power parities would be heavily biased. To avoid this quality problem and to ensure the comparability of the products priced, the Global Core List (GCL) of pharmaceutical products classifies each item either as

1. Branded pharmaceutical product (referred as “Original” or “International brand” in the GCL)

or

2. Generic pharmaceutical product (referred as “Generic” or “Generic brand” in the GCL)

It is crucial that this distinction is followed when the products are priced. Specialists – e.g. pharmacists – are well informed about the brand-status of available products. It is also important, especially for generic products, to indicate the observed name of the generic medicine. In the case of branded medicines, it is essential to note the observed name of the product, especially when this name differs from the one on the survey form or the product catalogue.

It is strongly recommended that the respective distinction between branded and generic drugs is also followed with region specific pharmaceuticals items, in case these have been introduced.

It should be noted that the focus for identifying pharmaceutical products in this survey is the **Active Substance** (active ingredient of the medicine). The dosage on the list is typical; when it differs from the observed one, this information should be reported as a deviation and noted in the observation field. The person responsible to fill the form should report prices for the specified pharmaceutical form or presentation of the product (tablets, syrup, powder etc.) when available. When this pharmaceutical form of the drug is not found in a specific location, the national coordination team should be informed and this should be conveyed to the ICP regional coordination team for necessary action. In typical pharmacies of administrative centers or residential areas, all the substances in the list are available in the given pharmaceutical form (pills, tablet, syrup, injection, powder, cream, etc.).

Quantity is important for comparability. It is not required that the observed quantity is exactly the preferred quantity as specified in the list. Even if quantity ranges for instance from 5 tablets (observed) to 30 tablets (preferred) or vice-versa, the prices will be recalculated to the preferred quantity before national averages are generated. The Global Office recommends having sufficient quotations for each product at all outlets. One to four quotations could be a minimum but it could also happen that such numbers are typical in some areas. At least one quotation is needed for each active ingredient available in the given pharmaceutical form (product presentation).

The **product example given and the image** are only meant to facilitate the understanding of the product description. They are not necessarily the actual samples to be surveyed. For instance, Aspegic is not the

only medicine representing Acetylsalicylic Acid in the form of Sachets of powder. Depending on the location, an alternative brand name could be priced, but it is critical to strictly adhere to the prescribed pharmaceutical form, say Sachets of powder for Aspegic. This survey works like a medical prescription in an international context. All the substances listed are required in the prescribed pharmaceutical form and the brand-status. This confirms the indicative nature of the example given, especially in a context where the country has specific foreign trade relations that determine the availability of products on the market.

In the case of Aspegic the observed quantity may not be exactly 20 sachets as in the list and/or the dosage may differ slightly. But if the substance is available in the pharmacy with the given dosage and/or the specified number of sachets, it should be priced and recorded in the data collection form.

The data collection form is meant to collect prices from a given pharmacy for selected representative products. Specifications may slightly differ from the standard specification provided in the product catalogue, but specified and observed products must be comparable. In case of doubt, the assistance of the pharmacist is crucial, as he/she is knowledgeable of the drug and able to ensure comparability. Communication is essential between national coordination teams at the NSOs and pharmacists for better coordination of the price collection. Indication of the pharmacist name and contact (phone number) on the data collection form will serve that purpose.

All the forms from the same outlet in the same survey period (quarter) must be stapled or bound together. During the data entry in the NSO, all the data collection forms will be typed in as they appear in the set of price collection sheets, with the repetition of the header information (Country, Price Collector, Outlet Name and Contact, Survey Period etc.) on each spreadsheet.

3.1.5. Survey process

Pharmaceutical Products are one of the most organized products surveyed in the context of the International Comparison Program. The Item list looks short but special measures are needed to ensure the quality of data in this area:

1. **Fill header or identification information section** on the form (country, data collection center, name of the pharmacy, name of price collector etc.). All pharmacies to be surveyed should be known in advance and their names should be printed on the forms before the survey.
2. **Staple all pages of the data collection form** and prepare a set of 1-4 data collection forms to be distributed to the pharmacies. Mark each price collection sheet, for instance with a circled numbering (1 to 4) to avoid confusion of sheets by the pharmacy.
3. **Submit the data collection forms to** each selected **pharmacy** and provide guidance on how to fill the form. One copy of the product catalogue and section 16 of the present guide (or the whole guide) should be provided to the pharmacies during the first quarter of price collection. For the next quarter, provide only the requested number of data collection forms. This is the maximum number of representative products matching the specifications of a particular item in the catalogue, but would not be more than four per outlet.
4. **Identify the person responsible** for filling the form and schedule an appointment for the retrieval of the completed data collection forms. Exchange orally with him/her on how to

identify the products and how to select among them when many fit the description. During the first visit, it is recommended, if possible, that the price collectors fill in the information in the form along with the specific staff of the pharmacy. This will avoid an erroneous interpretation of the prices and prepare the NSO staff to answer questions from regional coordination teams.

5. **A special case should be made on the branded and generic products.** It has to be ensured that when pharmacies price the products, they follow the distinction made on the brand type of the pharmaceuticals. The observed quantity and prices should be provided for both types; the observed branded name should be provided in the observation field as well as observed deviation from the product specification. If the space in the observation field is not sufficient, we recommend that additional blank sheets be used.
6. The **pharmacist and the individual responsible** for the completion of the data collection form should be **informed** that product images are just illustrations, and what matters the most is the indicated active substance in the specified pharmaceutical form. Even the brand name of the drug is given only as an example. Experience shows that for commercial reasons – and depending on national policies for trading and drug control – packaging, names, dosage, quantity may differ from one country to the other. ***What is systematically kept standard across the countries and is internationally comparable is the active substance along with the pharmaceutical form.***
7. **Staple all forms from each pharmacy** and transfer the filled form to the NSO for hand checking, editing, and preparation for data entry. **Make copies of the sheets in the Excel data collection form** provided by the ICP regional office to have as many sheets as needed for the pharmacy and for the given survey period. Fill the identification section if this has not yet been done and enter the data the same way it appears in the set of forms.
8. **Conduct data checking and validation procedures** at national level after data entry and compile all approved files for all pharmacies in one Excel file to be sent to the ICP regional office with the country name or ISO code, period of price collection (quarter) and the words “pharmaceutical product” in the file name. **Archive a copy of the file** for future reference.
9. The ICP Global Office recommends the **ICP Kit Household Consumption Module** for data entry and data validation on **pharmaceutical products**. The regions may use different software but the template for data submission should be uniform across the region and in compliance with the ICP Kit format.

3.2. Other medical products and Therapeutic appliances and equipment

The Global Gore List includes nine items for the Other medical products and Therapeutic appliances and equipment BHs as follows:

1106121 Other Medical Products

- 110612101 Absorbent cotton wool
- 110612102 Disposable syringe for intramuscular injection
- 110612103 Men's Condoms
- 110612104 Digital therapeutical thermometer
- 110612105 Adhesive strips

1106131 Therapeutical appliances and equipment

- 110613101 Soft contact lenses
- 110613102 Walker (walking frame) for indoors and outdoors
- 110613103 Walking stick
- 110613104 Automatic blood pressure monitor - upper arm

These two BHs referring to the medical products follow the normal ICP routine regarding the employed types of item definitions, sampling of outlets and price collection. However prices observed in other types of outlets than pharmacies (e.g. supermarkets, low-cost optician chains, Internet shops) shall be reported in accordance with their share in sales volume. The shop sample has to be representative. As significant price differences are expected, relying only on one or the other shop type would not give correct national average prices.

4. Out-patient services

Out-patient services group covers three BHs which are Medical, Dental and Paramedical Services. The Global Gore List includes 12 items for these BHs as follows:

1106211 Medical Services

- 110621101 Consultation with a general medical practitioner, Prescription issuance
- 110621102 Eye specialist (Ophthalmologist): Sight test examination
- 110621103 Urologist: Consultation
- 110621104 Gynecologist: Consultation

110621105 Consultation with a pediatrician medical practitioner

1106221 Dental Services

110622101 Dentist: Extraction of a tooth

110622102 Dentist: Filling

1106231 Paramedical Services

110623101 Standard blood test

110623102 Urine test

110623103 Mammogram

110623104 Physiotherapist: Complete treatment sessions

110623105 X-Ray Photograph

4.1. Price sources

Prices for the out-patient health services are to be collected only from private service providers. Respectively no items are to be surveyed referring to public service providers. This is because a segment for the public service providers is covered by the BHs relating to Health expenditure by government and different comparison approaches are employed for these BHs.

The principle for distinction between *private* and *public* service providers (a "market producer" and a "non-market producer" in national accounts terms) should be in line with the distinction applied in national accounts (SNA2008):

- **Market producers** are establishment whose all or most of output is market production. To be considered as a market producer, a unit must provide all or most of its output to others at prices that are economically significant. Economically significant prices are prices that have a significant effect on the amounts that producers are willing to supply and on the amounts purchasers wish to buy. These prices normally result when:
 - The producer has an incentive to adjust supply either with the goal of making a profit in the long run or, at a minimum, covering capital and other costs; and
 - Consumers have the freedom to purchase or not purchase and make the choice on the basis of the prices charged

Private providers for the health sector can for example be self-employed doctors, dentists, nurses, private clinics, private health centers, private laboratories, private X-ray centers, etc.

- **Non-market producers** consist of establishments owned by government units or NPISHs that supply goods or services free, or at prices that are not economically significant, to households or the community as a whole. These producers may also have some sales of secondary market output whose prices are intended to cover their costs or earn a surplus: for example, sales of reproductions by non-market museums. Though government and NPISHs may have establishments undertaking market production, including own account capital construction, most of their activity will be undertaken on a non-market basis.

4.2. Prices to be reported

All prices reported for the items under Out-patient services group are to be full market prices. The full market price is the total amount that the private service provider receives for supplying the health service specified. Special attention is required since this can be sum of payments made by different actors that are:

- Households
- Government
- Private insurance companies
- Non-Governmental Organizations (NGOs), NPISHs or other health related actors

If the prices paid by the households are not full market prices, the shares paid by the other actors should be obtained. Moreover, it should be noted that actors may pay different amounts for the same service due to differently granted conditions, special arrangements or government sponsored health campaigns can target specific diseases and provide free or subsidized medicines, while households purchase everything else.

The main issue is to ensure that all relevant price information is collected during the survey in order to calculate and report the full market prices.

4.3. Pricing scenarios

Reporting full market prices in a situation where a sum of payments can be made by different actors results in different pricing scenarios. Price information can be obtained from:

- Private service providers
- Appropriate government authorities, such as Ministries of Health
- Private insurers
- Non-Governmental Organizations (NGOs), NPISHs or other health related actors

Generally four pricing scenarios can be identified:

1. Full payment by household at purchase

Household pays the full market price to the private service provider. This is the price to be reported. The fact that the household may be subsequently reimbursed by the government or a health insurer is not relevant.

2. Partial payment by household at purchase

Household pay only part of the full market price to the private service provider with the government, private health insurer, NGO or NPISH paying the remaining part of the full market price directly to the private service provider.

The price to be reported is the "composite price" - that is, the amount paid by the household to the private service provider plus the amount paid by the other actor(s) to the private service provider.

3. Full payment by government at purchase

Household pays nothing to the private service provider and the government covers the entire market price. The price to be reported is the amount paid by the government to the private service provider.

4. Full payment by private insurer, NGO or NPISH at purchase

Household pays nothing to the private service provider and the private insurer, NGO, or NPISH pays the full market price. The price to be reported is the amount paid by the private insurer, NGO or NPISH to the private service provider.

With regard to the second and third scenarios, the prices have to be obtained both from service providers and from the government, private insurer, NGO or NPISH. Regarding the government, the national social security system has usually price lists for different health services, often with thresholds. However, price collection may not be straightforward as just implied. In some countries, households do not pay anything to the private service provider, who is subsequently reimbursed by the social security system according to a general agreement made between the government and private health service provider. In other words, it may happen that no actual price exists for a particular service, only a lump sum from the government to a private service provider. This sum can be calculated for example based on the total number of visits to a given clinic, size of the population living in a given area etc. Regarding private insurers, NGOs or NPISHs the situation can be similar i.e. it may not be possible to obtain directly prices relating to a certain individual service.

Due to the differences in National Health Service systems, the NSOs should study the particular cases and find the best approaches to establish reliable full market prices for the specified health services.

5. Annex 1: Global Core List for Health Products

Core list code	Basic Heading & Product name	Core list code	Basic Heading & Product name
1106111	Pharmaceutical products	1106111	Pharmaceutical products
110611101	Acetaminophen/Paracetamol	110611135	Ibuprofen
110611102	Aciclovir	110611136	Metronidazole (Original)
110611103	Aciclovir	110611137	Metronidazole (Generic)
110611104	Amoxicillin	110611138	Oral rehydration salts
110611105	Atenolol	110611139	Simvastatin
110611106	Captopril	110611140	Sulphadoxine + Pyrimethamine
110611107	Ceftriaxone	110611141	Magnesium sulfate
110611108	Ciprofloxacin	110611142	Oxytocin
110611109	Diclofenac	110611143	Streptokinase
110611110	Fluoxetine	1106121	Other Medical Products
110611111	Glibenclamide	110612101	Absorbent cotton wool
110611112	Losartan	110612102	Disposable syringe for intramuscular injection
110611113	Metformin	110612103	Men's Condoms
110611114	Nifedipine retard	110612104	Digital therapeutical thermometer
110611115	Omeprazole	110612105	Adhesive strips
110611116	Omeprazole (Generic)	1106131	Therapeutical appliances and equipment
110611117	Ranitidine	110613101	Soft contact lenses
110611118	Acetylsalicylic acid (international brand)	110613102	Walker (walking frame) for indoors and outdoors
110611119	Acetylsalicylic acid (Generic)	110613103	Walking stick
110611120	Vinpocetine	110613104	Automatic blood pressure monitor - upper arm
110611121	Drotaverin	1106211	Medical Services
110611122	Diosmectite	110621101	Consultation with a general medical practitioner, Prescription issuance
110611123	Loratidine	110621102	Eye specialist (Ophthalmologist): Sight test examination
110611124	Albendazole	110621103	Urologist: Consultation
110611125	Amlodipine	110621104	Gynecologist: Consultation (private)
110611126	Amodiaquine	110621105	Consultation with a pediatrician medical practitioner
110611127	Artemether + Lumefantrine	1106221	Services of dentists
110611128	Atorvastatin	110622101	Dentist: Extraction of a tooth
110611129	Azithromycin	110622102	Dentist: Filling
110611130	Cephalexin	1106231	Paramedical Services
110611131	Chloroquine	110623101	Standard blood test (private)
110611132	Doxycycline	110623102	Urine test
110611133	Enalapril	110623103	Mammogram
110611134	Furosemide	110623104	Physiotherapist: Complete treatment sessions
		110623105	X-Ray Photograph