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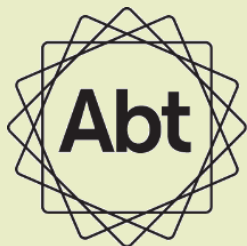


# Reducing the Cost of Private Sector ARVs in Namibia: A Means to Increase Access

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Banyan Global  
Jhpiego  
Marie Stopes International  
Monitor Group  
O'Hanlon Health Consulting

# Introduction to Namibia



- Population: 2.3 million
- Adult HIV Prevalence: 13.1%
- Gini-Coefficient: 70.7%
- Upper middle-income status



# Private Sector Context

- Willingness and ability to pay for private services not fully utilized
- 150,000 Namibians enrolled in private medical insurance and 184,000 additional civil servants and dependents enrolled in PSEMAS
- 51% of formally employed (18% of population) are insured

# Research Question

What are the potential savings for PSEMAS/Ministry of Finance if ARVs were available at public sector prices, instead of the private prices currently being paid by PSEMAS?

# Rationale

- Lowering the cost of PSEMAS rates will likely expand access to health insurance in Namibia
- Pharmaceuticals are the fastest rising cost contributor to health insurance schemes



# Step One: Build Trust and Gather Data from PSEMAS

- List of all medicines classified as ARVs in the PSEMAS system, including the following information:
  - Total quantity purchased
  - Total amount paid
  - Price per medicine
  - Description of medicine
  - Number of beneficiaries per medicine and number of scripts
- Unduplicated count of PSEMAS patients receiving ARVs in 2010
- Total PSEMAS claims expenditures in 2010

# Step Two: Build Even More Trust and Gather Data from MoHSS

Public sector prices for the PSEMAS-listed ARVs, including quantities/size of each medicine

# Methodological Approach

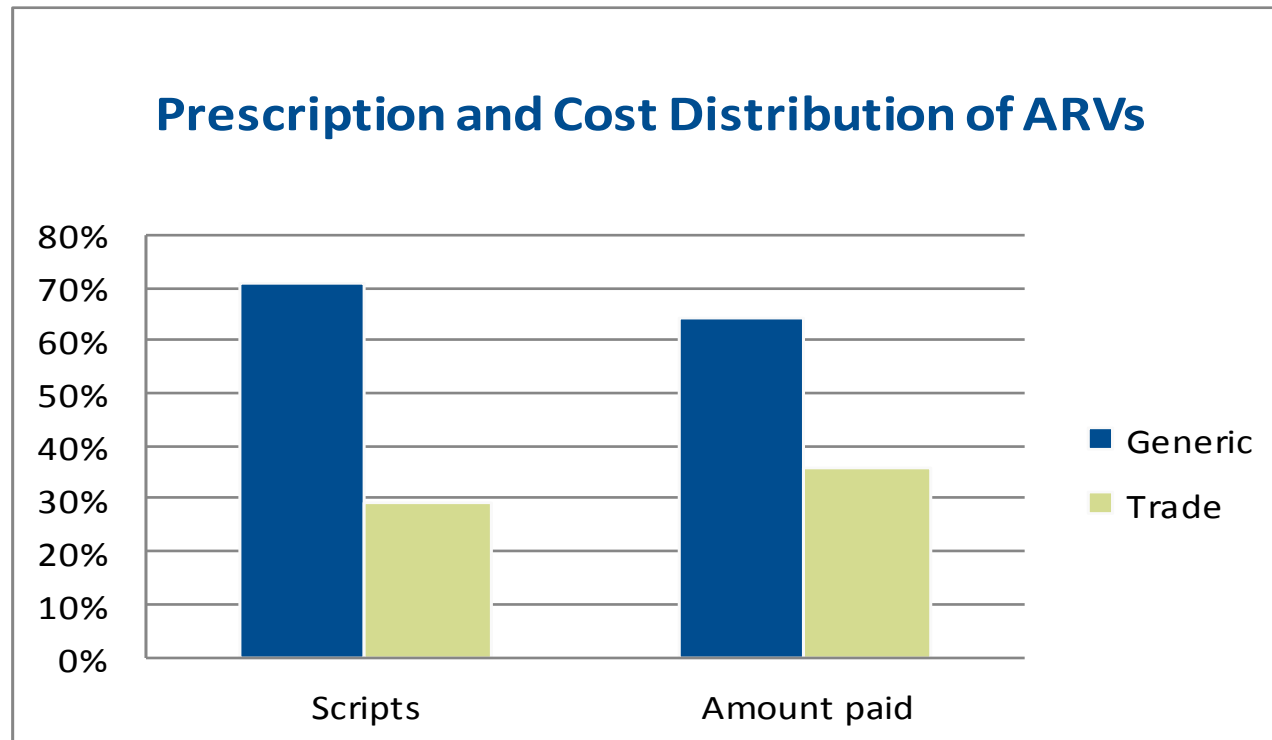
- **Step 3: Combine all datasets**
  - PSEMAS dataset on prices and dataset on total value combined
  - PSEMAS dataset combined with MoHSS dataset on prices
- **Step 4: Data cleaning and verification**
  - All non-ARV medicines are excluded from the analysis
  - Comparison of PSEMAS and MoHSS data
- **Step 5: Analysis**
  - Calculations performed:
    - Price difference between MoHSS and PSEMAS
    - Potential savings: price difference x quantities purchased
    - Average price difference
    - Total amount spent on ARV
- **Step 6: Review of analysis by independent actuaries**



**What Did We Learn from this Analysis?**

# Heavy Reliance on Generic Prescriptions; Increased Use Possible

- Total of 123 products were found – 94 can be substituted
  - Total of 184,649 prescriptions
  - 71% generic and 29% trade (brand)



# PSEMAS Spends a Considerable Amount Each Year on ARVs

PSEMAS spent \$7.5 million on ARVs in 2010

- **7.9%** of all PSEMAS claims in this period
- **10,644** patients were receiving ARV medicines in 2010 (6.34% of all members)

# Significant Potential Cost Savings

- Potential savings per year if PSEMAS were to access ARVs at public sector prices is \$4,176,471 (2010)
  - Potential annual savings as a % of total ARV expenditure (2010) = **48%**
  - Potential annual savings as a % of total PSEMAS claims in (2010) = **3.8%**
  - Potential annual savings per patient (2010) = **\$392**
- PSEMAS pays more than double than MoHSS
  - Average price difference per medicine = **217.8%**

# Conclusions

- Private sector medicines are more expensive than public sector medicines
- Majority of public sector medicines are generic
- Substantial potential savings if PSEMAS can access ARVs at MoHSS prices
  - At least four other African countries are allowing private health insurance schemes to procure ARVs at public sector prices

# Next Steps and Challenges

- The analytical work is easier than making policy change
- Identify other ways to reduce costs (e.g., new distribution channels and stronger disease management programs)
- Investigate similar potential cost savings in Namibia's 9 other health insurance schemes (serving about another 5000 ARV patients)

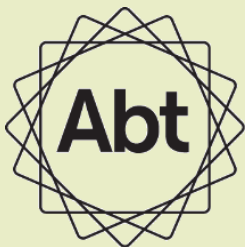


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# Assumptions

- Quantity of medicines purchased by PSEMAS
  - Observed discrepancy in spend between some quantities recorded by PSEMAS and price as recorded by PSEMAS
  - Quantities deduced as: Total spend per medicine / Price
- Exclusion of ARV medicines
  - All medicines that were identified not to be ARV medicines were excluded, including 10 medicines, comprising 0.1% of all PSEMAS reported costs on ARV
- Prices
  - Prices as reported by PSEMAS as claim prices for 2010 without accounting for inflation
  - In two cases, two prices were reported for the same medicine; SHOPS used the most recent price
- Patients on ARV
  - Assumed that ARV patients were on ARV medicines for the whole of 2010 (for calculation of potential savings per patient)