IMPLEMENTING GUIDELINES ON THE PRICE FREEZE OF MEDICINES DURING DISASTERS AND EMERGENCIES

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I. Background and Rationale

Essential medicines have been identified as a basic necessity especially in times of national disasters and emergencies that put health and lives of Filipinos at risk because of unfavorable conditions that cause or aggravate disease with potential to lead to massive deaths and epidemics.

As contained in Republic Act (RA) No. 7581, “An Act Providing protection to Consumers by Stabilizing the Prices of Basic necessities and Prime Commodities and by Prescribing Measures Against Undue Price Increases During Emergency Situations and Like Occasions”, it is the policy of the State to ensure the availability of basic necessities and prime commodities at all times.

As the implementing agency with reference to essential medicines, the Department of Health (DOH) is mandated to monitor and regulate the prices of essential medicines and to ensure that consumers are adequately protected against profiteering, hoarding, cartels and the like that compromise access to essential medicines.

During a state of declared disaster or calamity, as stated in Section 6 of RA 7581 unless otherwise proclaimed by the President, prices of basic necessities shall be put under Automatic Price Control and frozen at the prevailing price level.

Unless sooner lifted by the President, it shall remain in effect for the duration of the situation but not for more than sixty (60) days. If the prevailing price of any basic necessity is excessive or unreasonable, the President may impose a Mandated Price Ceiling (Section 7) upon the recommendation of the implementing agency or the Price Coordinating Council.

II. Scope and Coverage

This Order is issued to guide consumers, hospitals, private and public drug outlets, other healthcare facilities and other government entities on the ethical prices of medicines during states of national calamities and emergencies.

III. Objectives

This Order aims to attain the following objectives:

- To provide general guidelines necessary for the implementation of the provisions under RA 7581 or the Price Act mandating the DOH to stabilize the prices of essential and non-essential medicines classified as basic necessities and prime commodities.

- To ensure that prices of essential medicines are available publicly during emergencies to guide the consumers and government procuring entities in sourcing their medicines.

- To ensure the affordability of essential medicines to national and local government agencies and public health facilities which provide medical aid and health services to calamity-stricken areas.

IV. Definition of Terms

- Basic Necessities - includes: rice; corn; bread; fresh dried and canned fish and other marine products; fresh pork, beef, and poultry meat; fresh eggs; fresh and processed milk; fresh vegetables; root crops; coffee; sugar; cooking oil; salt; laundry soap; detergents; firewood; charcoal; candles; and drugs classified as essential by the Department of Health;

- Disaster - any emergency resulting to serious disruption of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources.

- Drug Price Reference Index (DPRI) - the ceiling price for government bidding and procurement set by the DOH for all government agencies based on prevailing tender prices of essential medicines in government hospitals.

- Emergency - any actual threat to public safety; an exceptional event of any magnitude that produces damage and injury demanding immediate action.

- Prevailing Price - means the average price at which any basic necessity has been sold in a given area within a month from occurrence of any of the conditions enumerated under Section 6 of RA 7581.

- Price Ceiling - means the maximum price at which any basic necessity or prime commodity may be sold to the general public.

- Price Coordinating Council - an authorized body composed of identified government agencies headed by the Department of Trade and Industry as stipulated under Section 11 of Price Act with functions as provided under Section 12 of the Price Act.

- Prime Commodities - include fresh fruits; flour; dried; processed and canned pork; beef and poultry meat; dairy products not falling under basic necessities; noodles; onions; garlic; vinegar; patis; soy sauce; toilet soap; fertilizer; pesticides; herbicides; poultry; swine and cattle feeds; veterinary products for poultry; swine and cattle; paper; school supplies; nipa shingles; sawali; cement clinker; GI sheets; hollow blocks; plywood; plyboard; construction nails; batteries; electrical supplies; light bulbs; steel wire; and all drugs not classified as essential drugs by the Department of Health.

- Price Freeze - the situation in which prices or the price of a particular product are fixed at the prevailing level and no increase is allowed.

V. Implementing Guidelines

- All public and private drug retail outlets including hospital pharmacies nationwide shall implement the price freeze or the maximum ceiling price set by the DOH for essential medicines during emergency upon declaration of a state of calamity by the President.

- These regulatory mechanisms to stabilize drug prices may be implemented nationally or in calamity-stricken areas depending on the scale and severity of the disaster.

- For purposes of monitoring and setting the reference prices of essential medicines, all public and private drug retail outlets shall submit their prevailing market prices to the DOH.

- The DOH shall consolidate and evaluate the submitted prevailing market prices from different drug outlets and determine a maximum price ceiling as deemed necessary.

- The DOH shall develop a monitoring tool to facilitate the implementation of the regulatory tool as provided for

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by law to stabilize drug prices.

- The DOH, in coordination with the Department of Trade and Industry (DTI) and other concerned government agencies, shall monitor the prices of medicines throughout the duration of the state of calamity.

- The DOH shall disseminate or publish the price lists of medicines during emergency through various means such as print, radio, TV or web-based posting.

- All government entities procuring essential medicines during emergency shall not exceed the Drug Price Reference Index set by the DOH.

- During emergencies, all government entities shall follow the DPRI as the ceiling for all modes of procurement namely public bidding, direct contracting, negotiated procurement and shopping.

VI. Sanctions

Non- compliance with this guideline shall result in sanctions and penalties stated in Section 16 of RA 7581.

VII. Effectivity

This Order shall take effect immediately.

(SGD) ENRIQUE T. ONA, MD
Secretary of Health

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