

**AN ANALYSIS OF CHANGES IN DRUG PRICE
UNDER 1997 ECONOMIC CRISIS**



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**A Thesis Submitted in Partial Fulfillment of the Requirements
for the Degree of Master of Science in Health Economics**

Department of Economics

Graduate School

Chulalongkorn University

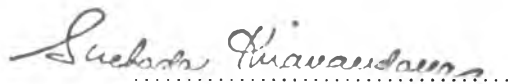
Academic Year 1999

ISBN : 974-333-003-8

/I13933622

Thesis Title : An Analysis of Changes in Drug Price under 1997
Economic Crisis
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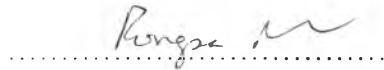
Accepted by the Graduate School, Chulalongkorn University in Partial
Fulfillment of the Requirements for Master of Science Degree in Health Economics



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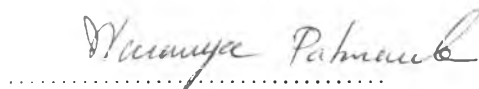
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4185768629 : Major Health Economics

KEY WORD : DRUG PRICE / ECONOMIC CRISIS / EXCHANGE RATE

THARNTHIP KONGKATONG : AN ANALYSIS OF CHANGES IN DRUG PRICE
UNDER 1997 ECONOMIC CRISIS.

THESIS ADVISOR: ASST. PROF. SOTHITHORN MALLIKAMAS, Ph.D.

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76pp. ISBN 974-333-003-8

This study is to analyze changes in hospital drug price during 1997 economic crisis comparing purchasing drug prices before and after the depreciation of Thai Baht. Primary data are collected from three hospitals i.e. Police General Hospital, Siriraj Hospital and Ramathibodi Hospital in the period of 1996 to 1998.

A multiple regression model is developed to test factors affecting changes in drug price. The independent variables for explaining changes in drug price are percentage changes in foreign exchange rate, cancellation of medium price, increase in value added tax rate, changes in Civil Servant Medical Benefit Scheme, duration, and percentage changes in quantity procured.

The average first time of drug price adjustment was 132.3 days after baht depreciation, partly due to long term contract. One percentage depreciation in the value of baht increased overall drug prices by 0.22 percent. Prices of essential drugs set by original firms increased by 0.20 percent, whereas locally made drug prices changed by 0.24 percent. For the non-essential, original drug prices rose by 0.19 percent while those of local made drugs rose by 0.22 percent. Cancellation of medium price policy had a positive and significant impact on changes in drug prices while other government regulations such as increase in VAT and change in CSMBS did not have significant influence. Length of time had negative relationship with percentage changes in drug price. One percentage increased in procurement volume lowered the average prices of drugs by 0.038 percent.

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ปีการศึกษา 1999 ภายนอกอาจารย์ที่ปรึกษาร่วม *Sauwakon Ratanawijitrasin*

Acknowledgements

My thesis is made possible by contribution from many respected individuals. I am deeply indebted to my thesis advisor, Asst. Prof. Dr. Sothithom Mallikamas, Faculty of Economics for his endless support, concern, encouragement and valuable advice throughout my period of study.

I would like to express my sincere gratitude to my thesis co-advisor, Asst. Prof. Dr. Sanwakon Ratanawijitrasin, Faculty of Pharmaceutical Science for inspiration, helpful suggestion, guidance, understanding and her vast knowledge of pharmaceutical management.

I am very grateful to Assoc. Prof. Dr. Pongsa Pornchaiwiseskul, Chairman, for his special expertise and valuable comments.

Many sincere thanks to Assoc. Prof. Waranya Patarasuk and Assoc. Prof. Dr. Isra Sarntisart, members of the Thesis Committee who provide me with resources in building up and completion of this study

My special thanks are also extended to pharmacists and all staffs in Pharmacy Department of hospitals at the sites of data collection for many kindness and assistance which was a great help to my work, without their cooperation the research could not have been conducted.

Finally, I owe unending gratitude to my family for their love, encouragement and understanding. I dedicate this work to my parents who raise me with democratic love and taught me to ever improve my education.

Thamthip Kongkatong

September, 1999

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Abbreviations

CSMBS	=	Civil Servant Medical Benefit Scheme
FDA	=	The Food and Drug Administration.
GDP	=	Gross Domestic Products
GMP	=	Good Manufacturing Practices
GPO	=	Government Pharmaceutical Organization
MOPH	=	Ministry of Public Health
MP	=	Medium price
NCEs	=	New Chemical Entities
NEDL	=	National Essential Drug List
NSAIDs	=	Non Steroid Anti Inflammatory Drugs
PPA	=	The Pharmaceutical Products Association
PTC	=	Pharmacy and Therapeutic Committee
R&D	=	Research and Development
TPMA	=	The Thai Pharmaceutical Manufacturers Association
U.K.	=	The United Kingdom
U.S.A.	=	The United States of America
VAT	=	Value Added Tax
WHO	=	World Health Organization