OVERVIEW OF PRICING AND REIMBURSEMENT OF DRUGS REGISTRATION IN BRAZIL

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&
Ana Paula Viera
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For the purpose of price establishment, the Drug Market Regulation Chamber (CMED) uses these definitions:

<table>
<thead>
<tr>
<th>DEFINITIONS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Products</strong></td>
<td>Drugs with a new molecule, not yet registered in the country.</td>
</tr>
<tr>
<td><strong>New Pharmaceutical Presentation</strong></td>
<td>All drugs that contains molecules already registered with ANVISA.</td>
</tr>
<tr>
<td><strong>Factory Price</strong></td>
<td>Maximum price that manufacturers, importers or distributors can charge for the sale of medicines to pharmacies and drugstores.</td>
</tr>
</tbody>
</table>
The drug market in Brazil is regulated by the National Agency of Health Surveillance (ANVISA) and Drug Market Regulation Chamber (CMED).

- Coordinates actions related to the economic regulation of the drug market in the country
- Establishes price limits for medicines
- Adopts rules that stimulate competition
- Monitors products marketing and applying penalties when rules are not followed
### PRICING PROCESS:
Step 1. Categories for New Products

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Category I** | New product with a molecule patented in the country that brings gain to the treatment in relation to the drugs already used for the same therapeutic indication, with the confirmation of one of the following requirements:  
  a) Greater efficacy in relation to the existing drugs for the same therapeutic indication;  
  b) Same efficacy with a significant decrease in the adverse effects; or  
  c) Same efficacy with a significant reduction in the global cost of treatment.  
  The Technical-Executive Committee may consider other added therapeutic advantages, as long as they are scientifically confirmed. |
| **Category II** | New products that do not fit the definition provided for in the last item. |
### PRICING PROCESS:
#### Step 1. Categories for New Presentations

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category III</td>
<td>New pharmaceutical presentation of a drug already marketed by the company itself, in a same pharmaceutical form.</td>
</tr>
</tbody>
</table>
| Category IV | New drug presentation that fits one of the following situations:  
  a) drug considered new on the list of the ones marketed by the company, except the cases provided for in item III of this article;  
  b) drug already marketed by the company, in a new pharmaceutical form. |
| Category V | Drug fitting one of the following situations:  
  a) new pharmaceutical form in the country;  
  b) new association of active ingredients already existing in the country. |
PRICING PROCESS:
Step 1. Categories for New Presentations

NEW PHARMACEUTICAL PRESENTATIONS

| Category VI | Drug classified as generic, in accordance with Law no. 9,787 dated 10 February 1999, related to item XXI of article 3 of Law no. 6,360 dated 23 September 1976. |

The new presentations of products classified into Categories I, II, and V, which may be subsequently launched in the market, shall follow the same category classification originally determined, for the period of five years.
Pricing Process:
Step 2. Requirements for Price Approval

- Drugs manufacturers that intend to market new products and new presentations should register an **Informative Document** at the headquarters of the Drug Market Regulation Chamber Executive Secretariat, located in Brasília-DF, Brazil.

- The Informative Document should include the Category which the company wants to see its product classified into.
**Content of the Informative Document:**

**Step 2. Requirements for Price Approval**

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
<th>VI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Brand name of drug in Brazil and the other brand names for the same drug, used in the countries mentioned in item VII of this paragraph and in the manufacturer’s origin country;</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2. Drug approval number and EAN code, both comprised of thirteen digits;</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3. Substances from which the drug is formulated;</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4. Copy of package leaflet;</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>5. Presentation form in which the drug will be marketed;</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>6. The price at which the company intends to market each presentation, with the discrimination of taxes and marketing margins;</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>7. Manufacturer’s price, accompanied by the due source proof, traded in Australia, Canada, Spain, United States of America, France, Greece, Italy, New Zealand, Portugal, and the manufacturer’s price in the product’s country of origin, excluding taxes;</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Content of the Informative Document: Step 2. Requirements for Price Approval

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
<th>VI</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Manufacturer’s name and the manufacturing site of the active ingredient and the finished drug;</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Potential number of patients to be treated with the drug, with the indication of the corresponding period;</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Cost-efficacy comparative analysis between the drug and the existing therapeutic alternatives;</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Presentation of the following information on the product’s patent:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Number of the first international patent application, date of application, and the country where it was done;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Number of patent application at INPI;</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Innovation presented by the product which the patent application was based on;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. When available, presentation of economic assessment studies published;</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Phase III clinical trials conducted, which are relevant for the comparison between the new drug and those existing in the country for the same therapeutic indication, if any; and</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. New therapeutic indications for the same drug – in trial, in phase of approval, or approved in other countries, if any.</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Step 2. Requirements for Price Approval: Category I

CATEGORY I:

✓ The Factory Price – FP proposed by the company shall not be higher than the lowest FP traded for the same product in the countries listed in item VII, taxes being added, as appropriate.

✓ In order to check the FP authorized, the product should be marketed in at least three of the countries listed in item VII.

✓ If such condition is not met, the Technical-Executive Committee of CMED, considering the public interest, may establish a provisional price, signing a term of commitment by which the company shall commit itself to:
   a) submit the approved provisional price to review every six months, until the product is marketed in at least three of the mentioned countries;
   b) inform on the launch of the product and its respective price, in the mentioned countries.
Step 2. Requirements for Price Approval: Category I

**CATEGORY I:**

- For the conversion of the price expressed in foreign currency into the Brazilian currency Real, the average exchange rate divulged by the Brazilian Central Bank (BACEN, in Portuguese) will be applied, calculated for the period of 60 work days previous to the date of approval of the Report by the Executive Secretariat of CMED.

- The company may request, until the report’s approval by the Executive Secretariat, the update of the price proposed in case of significant exchange appreciation or depreciation.

- In case of appeal against CMED’s decision, the average exchange rate divulged by the Brazilian Central Bank (BACEN) will be applied, calculated for the period of 60 work days previous to the date of the decision, with the purpose of conversion of the expressed price from foreign currency to Real.
CATEGORII: II:

- The Factory Price authorized will be defined based on the cost of treatment with the drugs used for the same therapeutic indication, and it must not be, in any case, higher than the lowest price traded among the countries listed in item VII.

- The drug to be used as a comparative will be defined based on an analysis by CMED, which should consider the drugs used for the treatment at issue in the country, as well as the existing scientific evidences. The price of the new product must not incur to consumers a higher cost of treatment for consumers than the drug chosen as a comparator.

- If the company does not market the product in other countries, the price of products with the same active ingredient in the countries listed in item VII will be used as reference.
Step 2. Requirements for Price Approval: Category III

CATEGORY III:

- The Informative Document should also include the list of all presentations of the drug in the market.

- The Factory Price authorized must not be higher than the arithmetic average of the drug presentation prices, with the same strength and pharmaceutical form, already traded by the company itself.

- If there are not presentations with the same strength, the average shall be calculated based on all presentations of the drug, in the same pharmaceutical form, following the criterion of direct proportion of the active ingredient strength.
Step 2. Requirements for Price Approval : Category III

CATEGORY III:

✓ When the active ingredient strength alteration generates gain to the treatment, the criterion of treatment cost with the drug defined as comparative shall be considered.

✓ The product classified into Categories III or IV must not have its Factory Price higher than the Factory Price of the reference drug.
Step 2. Requirements for Price Approval: Category IV

CATEGORY IV:

✓ The Factory Price authorized must not be higher than the average price of the drug presentations with the same active ingredient and the same strength available in the market, in the same pharmaceutical form, considered according to the profits from each presentation, based on the following criteria:

a) The average should be calculated based on the presentations of equal strength existing in the market;

b) If there are no presentations with equal strength, the average should be calculated based on all presentations of the same formula and pharmaceutical form existing in the market, following the criterion of direct proportion of the active ingredient strength.
Step 2. Requirements for Price Approval: Category V

**CATEGORY V:**

- The criteria for establishing the authorized Factory Prices should be the following:
  
  a) In case of new associations in the country:

  (i) if the drugs that compose the association are commercialized separately, the association’s price must not be higher than the sum of the monodrug’s prices, observing the strength proportion of active ingredients and the number of units, as long as the price does not incur a higher cost of treatment than other treatment(s) already existing;

  (ii) If the new association replaces, with confirmed advantages, the treatment with the monodrugs already commercialized taken separately, the company may present a justification for the proposed price, the relevance of which shall be assessed by the Technical-Executive Committee of CMED.
Step 2. Requirements for Price Approval: Category V

CATEGORY V:

b) In the case of new pharmaceutical forms, the price will be defined based on the cost of treatment with the drugs existing in Brazil for the same therapeutic indication, and it must not be, in any case, higher than the lowest price applied among the countries listed in item VII.

✓ For the drug with an active ingredient in a new pharmaceutical form in the country, that has confirmed gains for the treatment in relation to drugs available in the Brazilian market, the average relative difference of prices applied in countries listed in item VII shall be used as reference for the price definition.
Step 2. Requirements for Price Approval: Category V

**CATEGORY V:**

- If the gains referred to result from technology developed exclusively in the country, the company may present a justification for the price proposed, which will be assessed by the Technical-Executive Committee.

- In the case of new pharmaceutical forms in the country, the drug to be used as a comparative shall be defined based on technical analysis by CMED, which shall consider the drugs used for the treatment at issue in the country, as well as the existing scientific evidences.
Step 2. Requirements for Price Approval : Category VI

CATEGORY VI:

- The Factory Price authorized must not be higher than 65% of the price of the corresponding reference drug.

- When there is a new presentation of a generic drug already marketed by the company, the Factory Price authorized must not be higher than the arithmetic average of the prices of the other generic drug presentations traded by the company itself, with the same strength and pharmaceutical form, and it must not be higher than 65% of the price of the corresponding reference drug.
Step 2. Requirements for Price Approval: All Categories

- At the discretion of the Executive Secretariat, an official translation of the documents referred may be required.

- For the drug that had its formula altered and its brand name kept, the company shall submit a new price application in accordance with which category defined in Resolution 02/2004 the drug fits into.
According to CMED Resolution 02/2004, a compulsory discount for sales directed towards Governmental Entities, called Price Adequacy Coefficient, must be applied to the FP of products listed in further regulations issued by CMED. The value of PAC shall be updated every year by CMED.

- The value of PAC currently in force in Brazil is \textbf{19.28\%} off the FP, as per CMED Ordinance.
- may be applied to the Factory Price of categories I, II, and V, in accordance with what will be defined by the Council of Ministers in a specific Resolution.
CMED should observe the following deadlines to inform the company of its decision:

<table>
<thead>
<tr>
<th>Categories I and II</th>
<th>Categories IV, V and VI (Category III, when applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 90 days from the date of submission of Informative Document</td>
<td>Up to 60 days from the date of submission of Informative Document</td>
</tr>
</tbody>
</table>
If the Executive Secretariat does not mention the initial price proposed by the company, within the periods of time referred in previous slide, counting from the submission of all information required, the products may be marketed at the proposed price.

The products classified into Categories III or IV may be marketed as soon as the Informative Document is submitted, as long as their prices are in accordance with Resolution 02/2004.
# ANVISA FEES

<table>
<thead>
<tr>
<th>TYPE OF ACTIVITY</th>
<th>COST IN US$*</th>
<th>COST IN RS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration of New Drug</td>
<td>U$ 34,980.00</td>
<td>R$ 157,416.00</td>
</tr>
<tr>
<td>Registration of Branded Generic Drug (Similar Drug)</td>
<td>U$ 9,111.00</td>
<td>R$ 41,000.40</td>
</tr>
<tr>
<td>Registration of Generic Drug</td>
<td>U$ 2,603.00</td>
<td>R$ 11,714.40</td>
</tr>
<tr>
<td>Anvisa Inspection</td>
<td>U$ 16,178.00</td>
<td>R$ 72,804.90</td>
</tr>
<tr>
<td></td>
<td>(for each manufacturing site and for each manufacturing line in the site)</td>
<td>(for each manufacturing site and for each manufacturing line in the site)</td>
</tr>
</tbody>
</table>

* Assuming that 1 US dollar is equivalent to 4.50 Brazilian reais
References

ANVISA Website. CMED. Link: http://portal.anvisa.gov.br/cmed

ANVISA Website. Activity Report of SCMED – 2016. Link:
http://portal.anvisa.gov.br/documents/374947/3413536/Relat%C3%B3rio+de+Atividades+SCMED+2016/6ad88047-2dd4-4415-9690-df50f87df534

ANVISA Website. Resolution RDC No. 02/2004. Link:
http://portal.anvisa.gov.br/documents/374947/2932039/Resolu%C3%A7%C3%A3o+RDC+02%2C+de+5+de+mar%C3%A7%C3%A7o+de+2004%28Vers%C3%A3o+Ingles%29.pdf/2e0222db-9d6b-49b6-84ac-d7a9bea8610c

