



Pharmaceutical Sector in Brazil: Regulation and CADE's analysis

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➤ **Background:**

- Before 2000: Control of profit margin;
- Between 2000 and 2003: Gentlemen's agreement established between the country and pharmaceutical companies;
- After 2003 until nowadays: Enactment of Law 10,742/2003 and establishment of the Chamber of Medicines (CMED).

➤ **Chamber of Medicines (CMED)**

➤ Deliberate and establish directives for the regulation of the pharmaceutical sector.

➤ **Policy of ceiling prices.**

- Pharmaceutical companies must practice prices under the maximum price established by CMED for each medicine.
- Annual readjustments, based on the price of inputs and productivity of the sector.
- Three types of ceiling prices: i) Factory Price (PF) for hospitals and retailers; ii) Maximum Price to consumers (PMC) to pharmacies and; Maximum Price to the Government (PMVG) to public bids

*The list is released each year on ANVISA's Website.

- **Many cases analyzed in 2000**
 - CADE applied the rule of and defined the relevant market based in the definition of the active ingredient of the medicines
 - Identification of the Relevant market, based in the therapeutic definition of each medicine and the drug active ingredient;
 - Criteria of definition based in the Anatomical Therapeutic Chemical – ATC

➤ **Prospective analysis**

➤ Studies elaborated by CADE's Department of Economic Studies:

- **08700.002883/2015-00** Analyzed the prices of medicines charged by pharmacies
- **08700.004219/2015-97** Analyzed the prices of orthoses, prostheses and medicines charged by hospitals to health insurance plans

➤ **Technical Note No 41**

- **Administrative Proceeding No 08012.011508/2007-91**
 - **Sham Litigation (Defendants: Eli Lilly do Brasil and Eli Lilly and Company)**



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Sham Litigation (Defendants: Eli Lilly do Brasil and Eli Lilly and Company)

➤ **Conclusion**

- CADE condemned, in June 2015, the companies Eli Lilly do Brasil Ltda. and Eli Lilly & Co. for the practice internationally known as sham litigation. The fine imposed sum BRL 36.6 million.

Thank you!

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