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AIMED applauds Delhi Govtâ??s draft policy to regulate private hospitals

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Delhi Government shows the way to other State Government and sets precedence, Central Govt should take the cue and expedite Revision of DPCO and Trade Margins Rationalisation - Rajiv Nath

Mr. Rajiv Nath, Forum Coordinator of Association of Indian Medical Device Industry (AiMeD) said "We applaud the steps taken by Delhi Govt to lower the costs of treatment and bring more transparency and accountability to private healthcare services in Delhi and NCR.

“If hospitals don't follow this advisory to discipline them it will lead to full blown regulations. The ethical hospitals will embrace the prescribed system, the unethical will continue till they are caught red handed and will state they are legally ok. How long can they escape legal regulatory scrutiny?” Added Mr. Nath.

The move to clamp down on the private hospitals comes after the state government had appointed a nine-member committee five months ago to suggest the scope of profit margins on medicines and consumables.

The committee comprised of members of Delhi Medical Council, Indian Medical Association and some administrators in the health department.

It was then reported that Delhi government will issue a policy based on the recommendation of the committee in next few days.

The Delhi Govt. on Monday, 28th May 2018 issued the draft advisory that the price of medicines and consumables could be upto a maximum of 50 per cent more than the purchase price, or it could be the MRP, whichever is lower.

According to Rajiv Nath; Delhi Government shows the way to other State Government and sets precedence, Central Govt should take the cue and expedite Revision of DPCO and Trade Margins Rationalisation.

"This will result in consumers’ access to medical devices at prices below inflated MRP. If this happens game over to artificially keep MRP at exorbitant levels by any of the US manufacturers and importers as an inducement to push medical devices sales to hospitals." said Mr. Nath.

Of course lobbying forces for high priced medical devices suppliers will be worried as they will loose the competitive advantage of inducing procurement bodies based on higher margins as the cap becomes a leveller.

This will bring back the focus to cost reduction and operational efficiencies by hospitals to remain competitive and profitable.

Let's hope other State Health Ministers follow this lead by Delhi Govt and NPPA and DoP consider this as a possible reform in the regulations for Price Controls of Medical Devices.