INFORMATION

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Updated ACT Prices Under the Affordable Medicines Facility-malaria, 1 March 2011

Fact Sheet

Overview

The purpose of this document is to provide guidance on Global Fund revisions to the ***Maximum Prices and Co-Payment Amounts*** for ACTs that are co-paid through the Affordable Medicines Facility-malaria (AMFm). This information can be used to prepare budgets, plan ACT procurements, and inform country communications with private sector actors and the public on AMFm ACT First Line Buyer and retail prices.

A list of Maximum Prices and Maximum Co-Payment Amounts applicable from 1 March 2011 can be found in Annex A of this Fact Sheet.

Key revisions

The Global Fund has revised the Maximum Prices and Co-Payment Amounts to manufacturers for ACTs that are co-paid through the AMFm. This revision reflects an analysis of ACT market dynamics and other relevant factors after the first six months of operationalizing the AMFm.

1) Maximum Prices of Artemether Lumefantrine 20/120mg (AL 20/120) have increased. Maximum Prices for Artesunate Amodiaquine Co-Blister 50/153mg or 50/150mg (AS-AQ Co-Blister) and Artesunate Amodiaquine Fixed-dose Combination 2.7 AS-AQ ratio (AS-AQ FDC) have not changed.

2) Co-Payment Amounts for AL have increased. Co-Payment Amounts for AS-AQ Co-Blister 50/153 and 50/150 and for AS-AQ FDC 2.7 AS-AQ ratio have not changed.

3) Because of the changes made in 1) and 2), the maximum price to a First Line Buyer for AL 20/120 has decreased.

Table 1: Maximum Prices to First Line Buyers for AL (20/120mg) - Previous and Revised

Artemether Lumefantrine (20/120mg) - Individual Pack (USD)		
	Max. Price to First Line Buyer (Previous)	Max. Price to First Line Buyer (Revised)
6x4	0.22	0.15
6x3	0.14	0.11
6x2	0.10	0.02
6x1	0.07	0.01
6x2 Disp.	0.09	0.01
6x1 Disp.	0.06	0.005

4) A First Line Buyer Floor Price has been introduced for AL 20/120 that establishes a minimum price that a First Line Buyer will pay for AMFm ACTs (in other words, ACTs co- paid by AMFm are not free to a First Line Buyer).

Table 2: Floor Prices for First Line Buyers for AL (20/120mg)

Artemether Lumefantrine (20/120mg) - Individual Pack (USD)	
6x4	0.08
6x3	0.04
6x2	0.02
6x1	0.01
6x2 Disp.	0.01
6x1 Disp.	0.005

5) As a result of the establishment of a First Line Buyer Floor Price, the Co-Payment Amount may vary from manufacturer to manufacturer and order to order, rather than being fixed across all manufacturers and orders.

Situation 1: If a manufacturer offers an MSP such that the difference between the MSP and Co-Payment Amount is equal to or greater than the First Line Buyer Floor Price, the Co- Payment will remain fixed, and will correspond to the Maximum Co-Payment prices presented in Annex A of this document.

Situation 2: If a manufacturer offers an MSP such that the difference between the MSP and Co-Payment Amount would be less than the First Line Buyer Floor Price, the Co-Payment Amount will be determined by the difference between the MSP and First Line Buyer Floor Price.

Table 3: Variation in Co-Payment Amounts, Contingent on Manufacturer Sale Price (MSP)

Situation 1
Situation 2

Artemether Lumefantrine (20/120mg) - Individual Pack (USD)						
	MSP (at Max. Price)	Co-Payment Amount	Price to First Line Buyer	MSP (below Max. Price)	Co-Payment Amount	Price to First Line Buyer
6x4	1.62	1.47	0.15	1.30	1.22	0.08
6x3	1.28	1.17	0.11	1.08	1.04	0.04
6x2	0.87	0.85	0.02	0.72	0.70	0.02
6x1	0.45	0.44	0.01	0.36	0.35	0.01

Definitions

Manufacturer Sale Price (MSP): The manufacturer's price for a single full course of treatment, prior to application of the co-payment. The Global Fund has not agreed to any *MSPs* with manufacturers, and is not able to advise on actual *MSPs*. First Line Buyers are to negotiate *MSPs* directly with manufacturers. A First Line Buyer can determine its actual price for AMFm ACTs by subtracting the Co-Payment Amount from the *MSP* it negotiates with a manufacturer (see below in section 2).

Maximum Price (MP): The price at or below which manufacturers participating in the AMFm must offer ACTs to First Line Buyers (in other words, the *MSP* for AMFm ACTs must be at or below the *Maximum Price*). Note that *Maximum Prices* are on an FCA (INCOTERM "Free Carrier") basis and exclude costs for transport, insurance, and local packaging customization. Separately from the *Co- Payment Amount*, the Global Fund will cover the cost of delivering AMFm ACTs to the first point of entry in a country (eg, a port or airport). Therefore, transport and insurance costs to this first point of entry should not be included in budgets or price analyses. However, any costs beyond the first point of entry must be included in First Line Buyer budget estimates.

Co-Payment Amount: The portion of the *MSP* that the Global Fund will pay to manufacturers. *Co-Payment Amounts* are specific to each formulation pack size.

NEW First Line Buyer Price Floor: The minimum price that a First Line Buyer will pay for AMFm ACTs.

Key Information

1. What price will First Line Buyers actually pay for co-paid ACTs?

First-line Buyer prices can be calculated as the *Manufacturer Sales Price (MSP)* minus the *Co-payment Amount*. While manufacturers may offer *MSPs* below the AMFm *Maximum Prices*, *MSPs* are likely to vary among manufacturers due to competitive advantages, prior agreements, and other factors. Thus, the actual price that a First Line Buyer pays for an ACT co-paid by the AMFm will depend on the manufacturer from which the First Line Buyer procures. If a First Line Buyer procures from a cost-competitive manufacturer, the *MSP* is expected to be substantially lower than the *Maximum Price* for most formulations. As mentioned under "Key Revisions," the Global Fund has introduced a First Line Buyer Price Floor; with this mechanism, a First Line

Buyer will not pay less than $0.08 for AL 6x4, $0.04 for AL 6x3, $0.02 for AL 6x2, and $0.01 for AL 6x1 (except for AL dispersible, $0.01 for AL 6x2, and $0.005 for AL 6x1).

2. What price should be used when making and/or revising budgets related to the AMFm?

Each First Line Buyer may estimate the price for an AMFm ACT by considering the manufacturer(s) from which it expects to procure, and by estimating the *MSPs* that those manufacturers might offer. In order to project the *MSPs*, the First Line Buyer may consider previous purchase experience, as well as historical public sector price benchmarks, which are available from sources including the Global Fund's Price & Quality Reporting (PQR) mechanism[1] and the WHO's Global Price Reporting Mechanism (GPRM)[2]. After estimating the anticipated *MSP*, the First Line Buyer needs to deduct the *Co-Payment Amount* in order to have the expected First Line Buyer price for the AMFm ACT. Independent from the *Co-Payment Amount*, the Global Fund will pay for transport and insurance costs to the first point of entry; it will not pay for transport from the first point of entry to a designated place in the country, and will not cover potential procurement fees. These additional costs, among others, need to be taken into consideration by First Line Buyers.

3. Will Maximum Prices and Co-Payment Amounts change again in the future?

The Global Fund will continue to monitor ACT market dynamics and other relevant factors to determine whether subsequent changes in *Maximum Prices* and *Co-Payment Amounts* are warranted. The next revision may occur in six months to one year from this date. The Global Fund will inform First Line Buyers of any such changes by written notice of 30 calendar days. The new *Maximum Prices* and *Co-Payment Amounts* will apply to orders placed from and including the effective date specified in such notice.

4. What happens if Maximum Prices or Co-Payment Amounts change and a First Line Buyer has a long-term pricing agreement with a Manufacturer?

For First Line Buyers entering a long-term pricing agreement with a manufacturer, it is recommended for the agreement to stipulate that prices are subject to change according to modifications in AMFm Maximum Prices or Co-Payment Amounts.

Please send additional questions to the Global Fund via amfmconsult@theglobalfund.org or to the Roll Back Malaria AMFm Country Support Workstream via megumi.gordon@clintonhealthaccess.org and olumesep@who.int.

[1] Accessible at http://pqr.theglobalfund.org/PQRWeb/Reports/PurchasePriceReport.aspx
[2] Accessible at http://www.who.int/hiv/amds/gprm/en/

Annex A: AMFm Maximum Prices & Maximum Co-Payment Amounts

The following table indicates the Maximum Prices and Maximum Co-Payment Amounts applicable for each product eligible for AMFm. ***This list is current as of March 1, 2011.*** As the Global Fund may adjust Maximum Prices and Co-Payment amounts during the course of AMFm Phase 1, please contact amfmconsult@theglobalfund.org at the Global Fund to obtain the most recent price list.

ACT Formulation	Maximum Price (MP) per Course of Treatment (FCA, in USD)		Maximum Co-Payment Amount per Course of Treatment (in USD)	
	Supplied in Hospital Pack	Supplied in Individual Pack	Supplied in Hospital Pack	Supplied in Individual Pack
Artemether Lumefantrine (20/120mg)				
6x4	1.59	1.62	1.44	1.47
6x3	1.25	1.28	1.14	1.17
6x2	0.84	0.87	0.82	0.85
6x1	0.42	0.45	0.41	0.44
Artemether Lumefantrine (20/120mg) dispersible				
6x2	0.84	0.87	0.83	0.86
6x1	0.42	0.45	0.415	0.445
Artesunate Amodiaquine Co-blister (50/153mg or 50/150mg)				
12+12	0.78	0.81	0.59	0.62
6+6	0.42	0.45	0.32	0.35
3+3	0.24	0.27	0.18	0.21
Artesunate Amodiaquine Fixed-dose Combination (2.7 AQ:AS ratio)				
100/270mg 3x2	1.00	1.09	0.92	1.01
100/270mg 3x1	0.59	0.68	0.55	0.64
50/135mg 3x1	0.39	0.47	0.37	0.45
25/67.5mg 3x1	0.30	0.38	0.29	0.37

ACT Formulation	Maximum Price (MP) per Course of Treatment (FCA, in Euros)		Maximum Co-Payment Amount per Course of Treatment (in Euros)	
	Supplied in Hospital Pack	Supplied in Individual Pack	Supplied in Hospital Pack	Supplied in Individual Pack
Artemether Lumefantrine (20/120mg)				
6x4	1.10	1.12	1.00	1.02
6x3	0.86	0.88	0.79	0.81
6x2	0.58	0.60	0.57	0.59
6x1	0.29	0.31	0.28	0.30
Artemether Lumefantrine (20/120 mg) dispersible				
6x2	0.58	0.60	0.573	0.593
6x1	0.29	0.31	0.287	0.307
Artesunate Amodiaquine Co-blister (50/153mg or 50/150mg)				
12+12	0.54	0.56	0.40	0.42
6+6	0.29	0.31	0.22	0.24
3+3	0.17	0.19	0.13	0.15
Artesunate Amodiaquine Fixed-dose Combination (2.7 AQ:AS ratio)				
100/270mg 3x2	0.69	0.75	0.64	0.70
100/270mg 3x1	0.41	0.47	0.38	0.45
50/135mg 3x1	0.27	0.32	0.26	0.31
25/67.5mg 3x1	0.21	0.26	0.205	0.255