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Alert on 29-fold markups on medical devices

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New Delhi: Maharashtra's drug regulator has flagged price markups of up to 29 times on medical devices, two years after an industry body told the Centre that equipment were being sold at prices far higher than their costs.

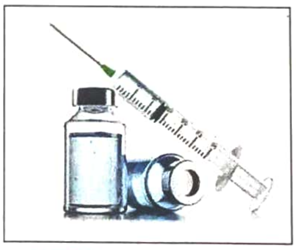
Maharashtra's food and drug commissioner Tukaram Mundhe said on Tuesday that his department has urged central authorities to address the "pricing gap" after a survey revealed large differences between devices' trade prices and maximum retail prices (MRPs).

The survey of hospital consumables in Maharashtra had found an intravenous infusion set with a trade price of ₹11.05 carrying a printed MRP of ₹325, a markup of 2,814 per cent, Mundhe wrote on X. A syringe procured at ₹6.75 carried an MRP of ₹57.20, a catheter procured at ₹29.41 carried an MRP of ₹310.

Markup is the amount by which the MRP exceeds the trade price at which a product is procured.

"A patient admitted for care has no way of knowing whether the price on a medical consumable reflects its actual cost or a markup fixed long before it ever reached the ward," Mundhe wrote. "That gap in information is, at its core, a public health issue."

Mundhe's appeal echoes over two years of complaints to the Centre by an industry body that has urged central authorities to cap trade margins and curb inflated MRPs in the medical devices sector but says its campaign has yet to yield results.



INFORMATION GAP

The Association of Indian Medical Devices (AIMED), an umbrella organisation of 300 device makers, has through letters and meetings since July 2024, asked central authorities to intervene and help establish a "fairer, more transparent, and patient-centric" market for medical devices, as reported in The Telegraph in April.

"Mundhe's intervention is important — it shines a spotlight on the unchecked markups and is an acknowledgement of such practices by a senior government regulator," Rajiv Nath, a coordinator for AIMED, told this newspaper on Wednesday. "Rational profits for any business is understandable, but irrational profiteering at the cost of patients oblivious to what's going on is unfair. Mundhe has opened the doors for regulators to act," Nath said.

Mundhe, in his post, also referred to the limited ability of patients to question the prices.

"These are not elective purchases," Mundhe wrote. "Patients cannot compare prices, seek alternatives, or question a number printed on a box while receiving care and the MRP itself is often fixed upstream by manufacturers and distributors, disconnected from the trade price by a wide, unexplained margin. The result is a system where the party bearing the cost has the least information to evaluate it."

Mundhe said his department had sent a review of the survey's findings and guidelines on the permissible gap between trade procurement price and declared MRP to the Department of Pharmaceuticals (DoP) and the National Pharmaceutical Pricing Authority (NPPA), the agency authorised to set caps on the prices of drugs and devices.

AIMED had also written to both DoP and NPPA, complaining that sections of manufacturers are often compelled to inflate the MRPs on their products to accommodate large margins for suppliers and hospitals.

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Price alert on medical devices

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One manufacturer of dressings, bandages and plasters said his firm could set MRPs that are four or five times the factory cost of the products. But suppliers to hospitals and hospitals themselves tend to favour products priced 10 or even 20 times the factory cost.

"Such suppliers to hospitals won't entertain products with lower MRPs," Manish Sabharwal, chief executive officer of a medical devices firm, said on Wednesday.

Nath said AIMED had earlier conveyed to the government its concerns that companies that refuse to indulge in excessive margins are forced out of competition or, in order to survive, have to comply with the demands for excessive margins.

In earlier complaints to the government, AIMED had cited multiple examples of inflated MRPs — a device called a stopcock with a factory price of ₹5.60 had an MRP of ₹136, a pacemaker imported at ₹25,000 was listed at ₹2 lakh, a heart valve brought into the country at ₹4 lakh had an MRP of ₹26 lakh.