

To illustrate this pricing policy, suppose that a China-made generic drug costs \$10 for a month's supply, whereas an off-patent Western version of the same drug costs \$20, and the non-reimbursed (co-pay) percentage is 20%. In this situation, the patient would be responsible for a co-pay of \$2 for the local generic product or \$4 for the original Western product. The remainder of the price would be reimbursed. This greatly lowers the price differential between the generic and original Western versions of the drug, and makes Chinese more likely to choose the original Western version.

The current 2009 NRDL contains 2,127 drugs, comprising 1,140 Western medicines and 987 traditional Chinese medicines. There are 23 therapeutic classes, from blood system drugs to digestive system drugs to biologics. The majority of drugs fall under the categories of specialist drugs, anti-microbial agents and circulatory system drugs. Out of the Western medicines, 349 are Class A and 791 are Class B. For a complete list of Western medicines listed in the NRDL, please see Appendix B.

Provincial-level governments draw up their own Reimbursement Drug Lists (provincial RDLs) for actual implementation of the reimbursement system. Class A drugs are fixed nationwide and provinces may not alter them. Class B drugs, on the other hand, may be altered within limits. Provinces are allowed to add or delete no more than 15% of the total number of Class B drugs on the NRDL. For example, Beijing deleted 12 Western medicines from the NRDL and added 101 new ones. Provincial RDL revisions are usually made within two quarters of an NRDL revision.

### **C. Who Controls Revisions to Drug Reimbursement Lists**

In theory, a new NRDL is issued by the central government once every two years. A revision was completed in 2004 and officially published in 2005. There was no further revision until 2009 due to government officials' time being taken up by anti-corruption campaigns and proposals for comprehensive healthcare reform.

Five government bodies are involved in implementation of and revisions to the NRDL. They are listed below with their responsibilities and interests.

Ministry of Labor and Social Security (MOLSS)	Organizer and primary stakeholder. Manages BMI system and disburses reimbursement funds.
National Development and Reform Commission (NDRC)	Focuses on keeping drug prices down.
Ministry of Health (MOH)	Implements public hospitals' use of reimbursement.
State Food and Drug Administration (SFDA)	Responsible for ensuring the safety and efficacy of drugs.
Ministry of Finance (MOF)	Accounting.

Compiled by PBM from a variety of sources.