

New rules on medicine price formation

4 September 2015

In brief

The Law regulating pharmaceutical activity has been amended to include new rules on medicine price formation.

In detail

Under the amendments, as of 1 October 2015 the 15% profitability requirement is removed from the delivery price of medicines manufactured by domestic producers.

A new mechanism has been established on the mark-up of medicines. The mark-up rates vary with the prices registered in the National catalogue of manufacturers' prices for medicines.

To this aim, medicines and other pharmaceutical products have been classified into five categories, according to their prices, with the following mark-up thresholds set:

- up to 40% for medicines with prices of up to 30 Moldovan lei (of which 15% for businesses which import / distribute medicines, and 25% for pharmacies);
- up to 32% for medicines with prices between 30.01

and 60 Moldovan lei (of which 12% for businesses, and 20% for pharmacies);

- up to 26% for medicines with prices between 60.01 and 120 Moldovan lei (of which 10% for businesses, and 16% for pharmacies);
- up to 21% for medicines with prices between 120.01 and 240 Moldovan lei (of which 8% for businesses, and 13% for pharmacies);
- up to 16% for medicines, with prices over 240 Moldovan lei (of which 5% for businesses, and 11% for pharmacies).

The provisions on the thresholds above will enter into force on 1 April 2016.

In addition, the Law provides for a two-stage implementation, as follows:

- As of 1 October 2015, businesses which import / distribute medicines will

adjust mark-ups, as required by the Law.

- Pharmacies will continue to charge a 25% mark-up until 1 April 2016. As of this date, pharmacies will be required to use the differential mark-up thresholds, as stipulated by the Law.

[Source: Law no. 150 of July 30, 2015 amending and supplementing Law no. 1456-XII of May 25, 1993 on pharmaceutical activity, Official Gazette no. 241-246 of August 28, 2015]

The takeaway

The price profitability requirement has been removed for domestic manufacturers of medicines.

A differential mark-up mechanism has been established for medicines, in accordance with their prices.

The Law will be implemented in two stages, starting 1 October 2015 and 1 April 2016.

Let's talk

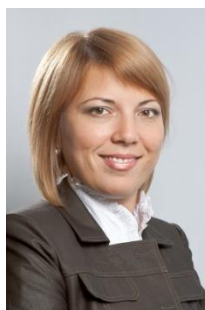
For a deeper discussion of how this new legislation might affect your business, please contact:



Mihaela Mitroi
Partner
Mihaela.Mitroi@ro.pwc.com



Alexandru Munteanu
Manager, Attorney-at-law
Alexandru.Munteanu@ro.pwc.com



Tatiana Stavinschi
Manager
Tatiana.Stavinschi@ro.pwc.com



Lilia Tapu
Manager
Lilia.Tapu@ro.pwc.com

PricewaterhouseCoopers Moldova
37, Maria Cibotari Street
Chisinau, Republic of Moldova
Tel: + (373 22) 25 17 00
Fax: + (373 22) 23 81 20

This Tax & Legal Alert is produced by PwC Moldova Tax and Legal Department.

Legal Disclaimer: The material contained in this alert is provided for general information purposes only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

© 2015 PwC. All rights reserved. "PricewaterhouseCoopers" and "PwC" refer to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL). Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.