

China to lift price controls on most drugs starting June 1

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Chinese regulators will lift price controls on most pharmaceutical drugs starting June 1 in hopes that the market-driven pricing system will keep medical costs in check, the National Development and Reform Commission announced Tuesday.

Beijing has vowed to ease government controls in favor of market competition in as many areas as possible to improve efficiency, and experts say the upper-limit drug prices set by the government have become irrelevant because market prices are typically much lower.

"The new policy is merely a symbolic move," said Shi Lichen, a Beijing-based medical services consultant.

The country's most powerful regulating agency said on its official website it would abandon the decades-long practice of price controls, except for narcotics and some psychiatric drugs, as part of drug price reform.

The commission said it will leave the setting of drug prices to market competition while shifting to a role of supervising market behavior.

The statement said regulators would establish a price monitoring system and focus on detecting and punishing unlawful behaviors.

Chinese consumers have long complained of high drug costs. Authorities have in the last couple of years cracked down on rampant bribery by

pharmaceutical companies which had inflated drug prices.

Experts said drug prices would fall when insurance companies get a bigger say.

"There won't be any real changes in the pharmaceutical industry in China until a new medical price-setting mechanism is introduced where medical insurance plays a bigger role in the price control," said John Cai, director of the Centre for Health Care Management and Policy at China Europe International Business School.

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