NEW YORK (GBI Research), 25 April 2012 - **Drug prices** in **Russia** are stabilising, but disparity still exists in the **pharmaceutical market**, according to a new report by business intelligence experts **GBI Research**.

The new report* states that the new 2010 law “on the circulation of drugs” has helped by setting a price barrier for a selection of medications, but there is still some way to go before these limits are applied throughout the pharmaceutical market.

Prior to April 2010, there was a free drug pricing system in Russia, which allowed pharmaceutical companies to choose the price of drugs. Prices increased dramatically during the 2008–2009 economic crisis, and drug prices in rubles increased by 30% during 2009. Drug prices also varied in different regions of Russia, with the same medication sometimes costing up to 10 times the price between geographical areas.

The pricing policy for drugs in Russia was modified after the 2010 implementation of the new law “on the circulation of drugs”. The new law makes it mandatory for drug manufacturers to register the maximum selling prices of drugs on the EDL (Essential Drugs List), which constitutes more than 30% of the Russian pharmaceutical market. This acts to prohibit drug makers from increasing the cost of listed drugs, helping to prevent inflation of medical treatment costs, and also encourages growth in the Russian pharmaceutical manufacturing market, as foreign drug companies refrain from importing products whose maximum drug prices cannot incorporate import charges.

The EDL is based on the Model List of Essential Medicines (MLEM) of the World Health Organization (WHO), and is reviewed every year by the Russian government. This list includes patented and generic drugs of Russian and foreign manufacturers. In 2010, drugs by Russian manufacturers accounted for 67% of the total drugs in the list.

The implementation of the new law “on the circulation of drugs” has led to a decrease in the prices of drugs mentioned in the EDL, as well as decreases in the prices of some drugs not included in the EDL in an attempt to maintain competitiveness. However, drugs not on the EDL are still at risk of unfair pricing. An increase has also been witnessed in the prices of non-EDL low cost drugs to maintain the profits of pharmaceutical companies. Additionally, reference pricing is used to set prices for medicines in Russia, but the individual states in which medicines are produced are allowed to name their price.