

June 2nd Roundtable on Access to Multi-disease Molecular Diagnostics

**Fair and equitable pricing based on cost of
goods sold (COGS) and volumes**

Stijn Deborggraeve
MSF Access Campaign



Fair pricing of equipment and commodities

is transparent and evidence based

- **cost of goods sold (COGS) + ‘reasonable’ profit mark-up**
 - **Standardize COGS methodologies and use COGS in price negotiations**
 - **Standardize pricing structures taking into account**
 - **R&D and trial costs invested by supplier vs. public investments**
 - **Re-investing profit to scale-up and improve access vs. shareholders**
 - **Start-ups with low volumes vs. established high volume companies**
 - **Pooled COGS across disease tests**
 - **‘Reasonable’ profit mark-up**
 - ? **20% as signed by Cepheid with FIND in 2006 ^a**
 - ? **10% in high-demand algorithm, 50% in low-demand algorithm ^b**

^a https://www.tbonline.info/media/uploads/documents/cepheid_xpert_mtb-rif_communication_september_2011.pdf

^b <https://academic.oup.com/jac/article/72/4/1243/2884272>

Fair pricing of equipment and commodities

How?

- **Develop a standardized framework for COGS transparency and methodology**
- **Develop a standardized framework for fair pricing structures**
- **Use the frameworks in price negotiations with suppliers**
- **Enhance negotiation power by pooling volumes across diseases and regionally for small volume countries, and facilitate competition**
- **A fair price is an all-inclusive price**
- **A fair price should be for both public and private sector**
- **Attach transparency, access and fair pricing conditions to public funding of R&D and trials**

Fair pricing of equipment and commodities



Regulate the mark-ups by distributors

- Anecdotal examples
 - 2022 quote for GX-IV 10C system to MSF by local distributor in HBDC: \$ 45,045
 - 2018 price for Xpert MTB/RIF cartridge in private sector in HBDC: \$150
- Countries and actors should coordinate how to regulate the distributor mark-ups
- IPAQT example in India (2013)

