BioSpectrum the business of Bio & Health Sciences ASIA EDITION

Demand for reforms in Chinese pharma grows loud

September 4, 2013 | News | By BioSpectrum Bureau

Singapore: With further revelations being made by the Chinese police in the GlaxoSmithKline China bribery scandal, experts are now calling for stricter reforms in public hospitals. They are further demanding more legislation in the pharmaceutical industry, after a slew of more shocking revelations came out in the suspected financial violations case against GSK.

The Ministry of Public Security in China has revealed on their website that the drug maker had 'indulged' in the bribery of doctors, or at least 'given tacit permission' saying that individual employees were responsible for transgressions.

It was revealed that GSK, which has been under investigation since July this year for suspected bribery and tax-related violations, had expanded a sales team covering the company's major customers from less than 10 members to more than 50 over the past five years. This team was allocated almost $1.63 million (10 million yuan) of 'public relations funds' that was allegedly used to maintain close ties with key staff members in charge of the allocation of drugs in major hospitals, to ensure that GSK products would be prescribed by doctors.

Chinese authorities earlier detained four Chinese GSK executives on allegations that they paid close to $490 million in bribes through travel agencies to hospital officials and doctors in an effort to boost sales of pharmaceutical products.

Experts have suggested that such practices are common among domestic pharmaceutical companies as well. "Underlying the bribery of doctors is a lack of regulation to provide clear rules on communications and transactions between drug makers, hospitals and doctors," said Mr Wang Yaoguang, director, pharmaceutical law institute, Tsinghua University.

Ã?Â

"There are no regulations guiding how a drug maker should promote a new product to hospitals and doctors. The doctors learned their knowledge at medical schools years ago, and they do not know about the latest developments in pharmacology," he explained to the media.

He has suggested that establishing an industry regulation that guides the drug purchases of hospitals, enabling an open channel through which drug companies can pitch their products are workable solutions.

Mr Yu Mingde, chairman, China Pharmaceutical Enterprises Association, believes that the solution to the issue of corruption lies in reform of the public hospital system to ensure the incomes of doctors.

"Despite the ongoing medical reforms, many hospitals still rely on pharmaceutical sales to maintain their operations, which is a major reason for bribery from pharmaceutical companies. The problem can only be solved through reform of funding sources for public hospitals, and enabling them to open their operations to the market," he said.