Identifying Public-Private Partnerships in the Production of Medicines. The Case of Argentina

ABSTRACT

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Public intervention in the production of healthcare goods/services is supported by three main principles: design and monitor of a regulatory framework, financing of prioritized interventions, and production of socially strategic services/goods. The document focuses on the debate about public production of medicines as potential action to enhance access, and its viability in comparison with other governmental alternatives. State's decision about being involved in a public production policy is an "in-property" vertical integration process, which internalizes manufacturers activities to the structure of public interventions, with own financial, human resources and infrastructure. Public-private partenariats is an alternative "in-control" vertical-integration mechanism: the laboratory is not under public property, but its production is subject to the definition of priorities set by the public financier. Particularly, in the case of pharmaceutical partenariats, the need of an R&D development involves additional uncertainties to the "return to investment", not only from the private perspective –profits-, but also from a social perspective: reaching (equitable) access to a treatment. The research analyzes the Argentine experience on public production and partenariats under the light of the international trend. In all cases, partenariats arise as a response to a concrete need –orphan drug, particularly expensive technological development- where initiatives cannot be afforded by the public sector. This phenomenon of "priority based financing" is consistent with the development of National Innovation Systems, where not only governmental agencies but also universities and for-profits and non-for-profits firms participate. A four-decisions-sequence orients public involvement: effectiveness, costs, capital specificity and intensity of financing. Experience shows that mixed models are a solution when the level of specificity required for the new development surpasses the technological capacity of the average public drug manufacturer. Nevertheless, the structure of public-private contracts are complex, and requires tailor-made incentive schemes, rules and responsibilities in order to facilitate the equitable distribution of the results of the partenariat.

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