

## Abstract

Drug prices have become an important issue in the last few years as concerns about raising healthcare expenditure have increased. Scholars as well as healthcare authorities in many countries are questioning whether their country is carrying a heavier burden than others in paying for drugs. In view of this, cross-national drug price comparisons were usually conducted. The results of such studies can also be used as reference information and bases for decision-making in regulating domestic drug prices. However, there is no generally accepted methodology on how to conduct cross-national drug price comparisons. Many methodological issues remain unresolved. One purpose of this study is to summarize and discuss the methodological aspects of international price comparison for pharmaceuticals, in terms of 4 major methodological points that easily affect the interpretation and application of the results: sample selection, price per unit of measurement, currencies conversion, and weights. Particularly, this paper discusses the available options on any of these methodological aspects and the differences between the options in each methodological aspect. To show how results change with the methods used, a price comparison between India and nine European countries was conducted. The main conclusion from this paper is that results are sensitive to choices made about certain methodological aspects such as criteria for matching across molecules and products, price type and unit of measurement for volume, the use of exchange rate or purchasing power parities for currency conversion, and the relative weight given to consumption pattern of the selected drug sample. There is no single right measure of international price differences for pharmaceuticals. Suggestion on the methodological choices under different study purposes follows.

**Keywords:** Pharmaceutical Price; International Comparison; Methodologies; Selection; Suggestion