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This technical note is part of a study on the macroeconomic and fiscal effects of greater efficiency in the purchase of medicines in the Colombian health system, conducted jointly with the Inter-American Development Bank, Banco de la República and Universidad EAFIT. The authors thank Osmel Manzano, Leandro Andrian, Pamela Góngora, Claudia Vaca and Tatiana Andia for their comments, revisions and suggestions. They also thank Juan José Ospina and Juan Esteban Carranza for their management and coordination of this study.

This study analyzes the macroeconomic and fiscal effects of greater efficiency in medicines procurement in Colombia, using both static (computable) and dynamic general equilibrium models. The findings indicate that implementing an efficient drug procurement policy could reduce the total health system spending, with potential savings of up to 8.4% in the short term and up to 10.8% in the long term. These savings could be reinvested within the health system, allocated to other sectors, or used to reduce tax burden on capital, consumption, or social contributions. The latter option would increase production by up to 1.1%, investment by 1.7% and consumption by 0.8%. Potential measures to achieve such efficiency gains include promoting and purchasing generic drugs, conducting joint procurement, and implementing price regulation.