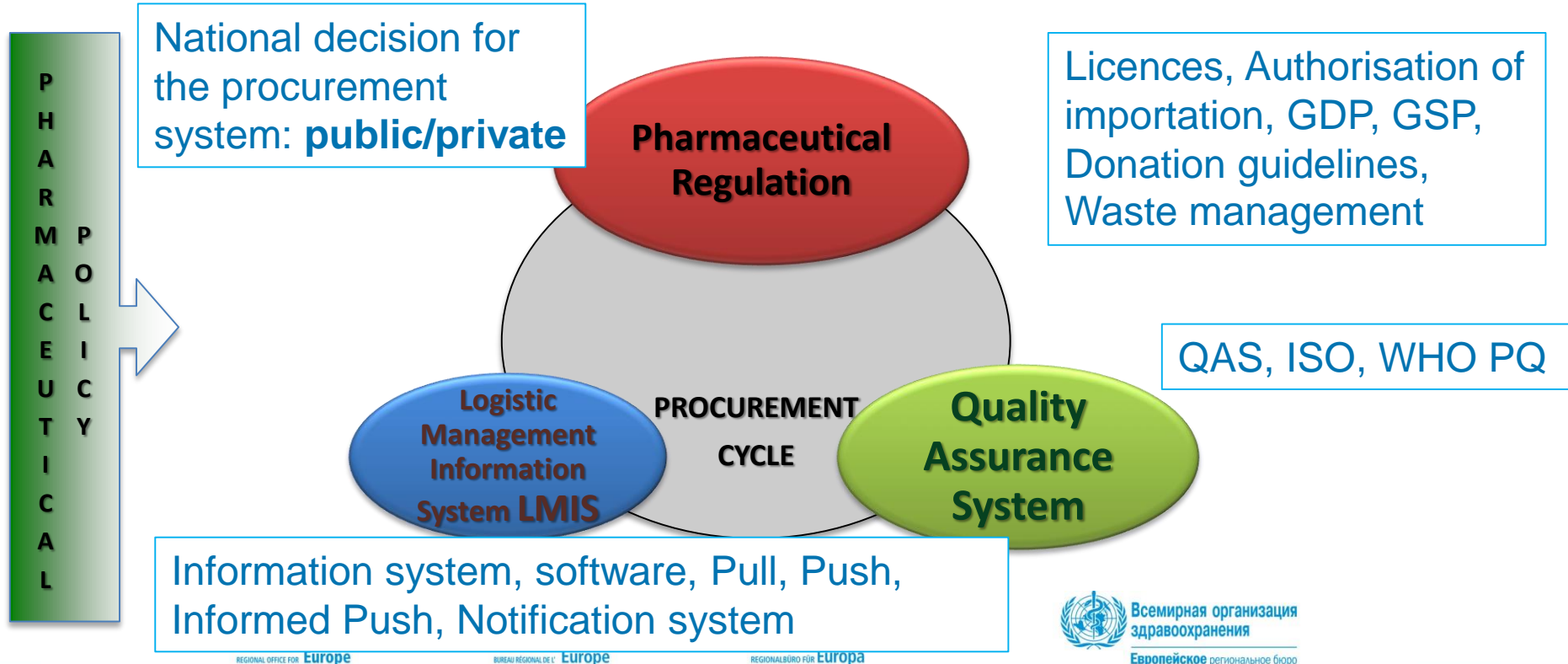


Challenges and opportunities in improving access to medicines through efficient public procurement in the WHO European region

Tifenn Humbert, Health Technologies and Pharmaceuticals
WHO Regional Office for Europe
ACCISS meeting, Bishkek, Kyrgyzstan

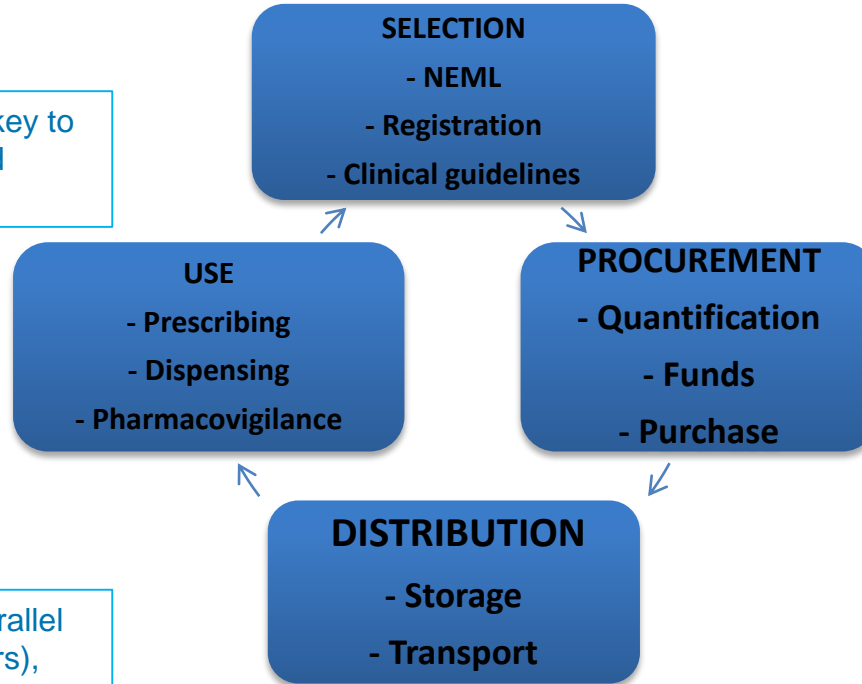


Procurement system



Pharmaceutical procurement cycle

National Coordination is key to maintain regular supply and coordinate all interventions



National Procurement plans: to reduce stock-outs, over-stocks

Funds: cost-recovery, national budgets, partners, programs

Procurement method: open tender, restricted tender, negotiation etc

Integrated **distribution**, parallel systems (programs, partners), Last mile (subcontracting)

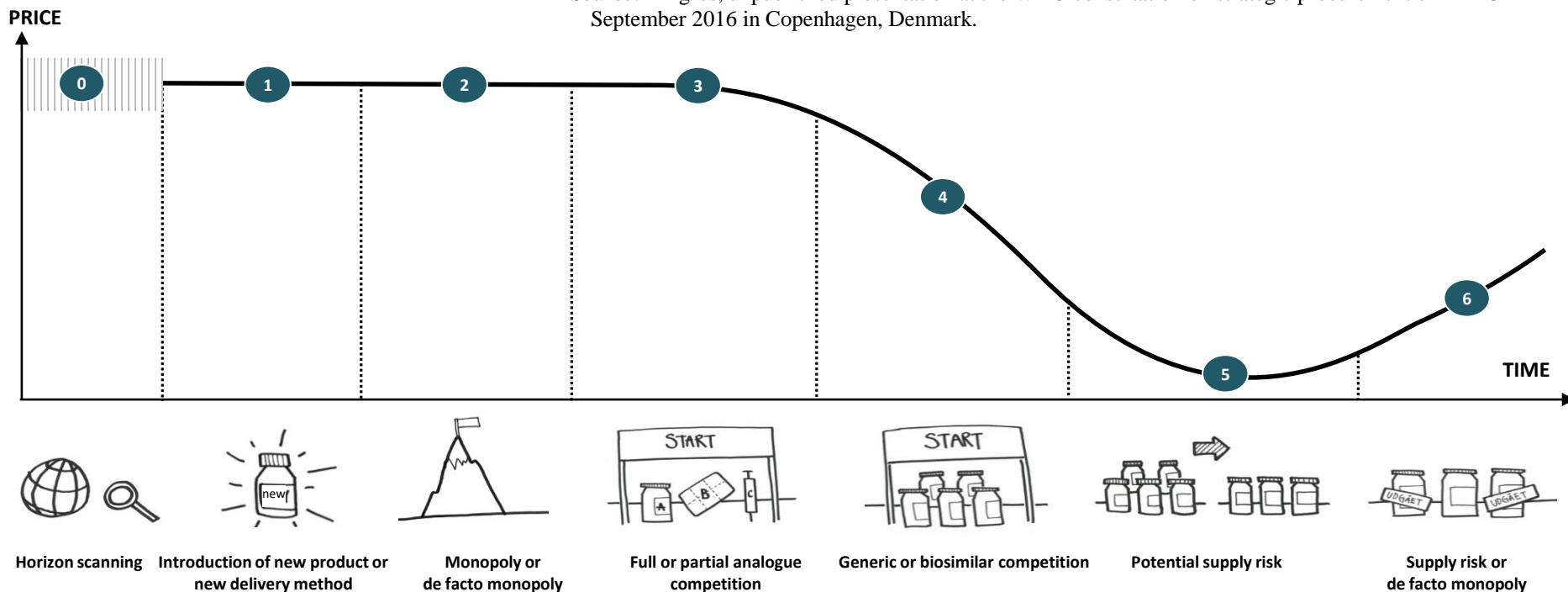
Key principles of good pharmaceutical procurement

- Reliable payment
- Clear specification of a recognized quality standard
- Procurement by generic name
- Limitation of procurement to the essential medicines list
- Increasing procurement volume by aggregating demand
- Formal supplier qualification and monitoring
- Competitive procurement
- Order quantities based on reliable estimate of forecasted actual need
- Transparency and written procedures
- Separation of key functions (Selection, quantification, product specifications, adjudication, award of tender)
- Product quality assurance program
- Regular reporting of procurement performance indicators

Source: Managing procurement. In: MDS-3: managing access to medicines and health technologies. Arlington, VA: Management Sciences for Health; 2012

Pharmaceutical lifecycle stages and generalized price development for a specific disease area or condition

Source: Amgros, unpublished presentation at the WHO consultation on strategic procurement on 22–23 September 2016 in Copenhagen, Denmark.



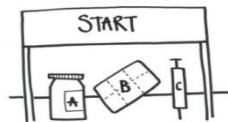
Identified present and future lifecycle opportunities



Introduction of new product or new delivery method



Monopoly or de facto monopoly



Full or partial analogue competition



Generic or biosimilar competition



Potential supply risk



Supply risk or de facto monopoly

1

- A strong negotiator
- Volume discounts
- Agreement on innovative drugs
- Confidential pricing
- Nordic tenders
- Parallel suppliers

2

- Time span of lifecycle stage not completely dependent on patent alone – may phase out sooner
- Volume discounts
- Parallel suppliers (app. after 1 year)
- Agreement on unique drugs
- Confidential pricing

3

- Analogue competition with RADS guidelines The following tenders results in competitive pricing between the analogue competitors
- Parallel suppliers
- Volume discounts
- Confidential pricing

4

- The first patent expiration is used to drive prices in the analogue market
- Biosimilars may be able to affect the prices in the market

5

- Maintain a naturally balanced competitive situation
- Joint Nordic procurement with several suppliers
- Improved terms for suppliers in delivery agreements
- Analogue alternatives

6

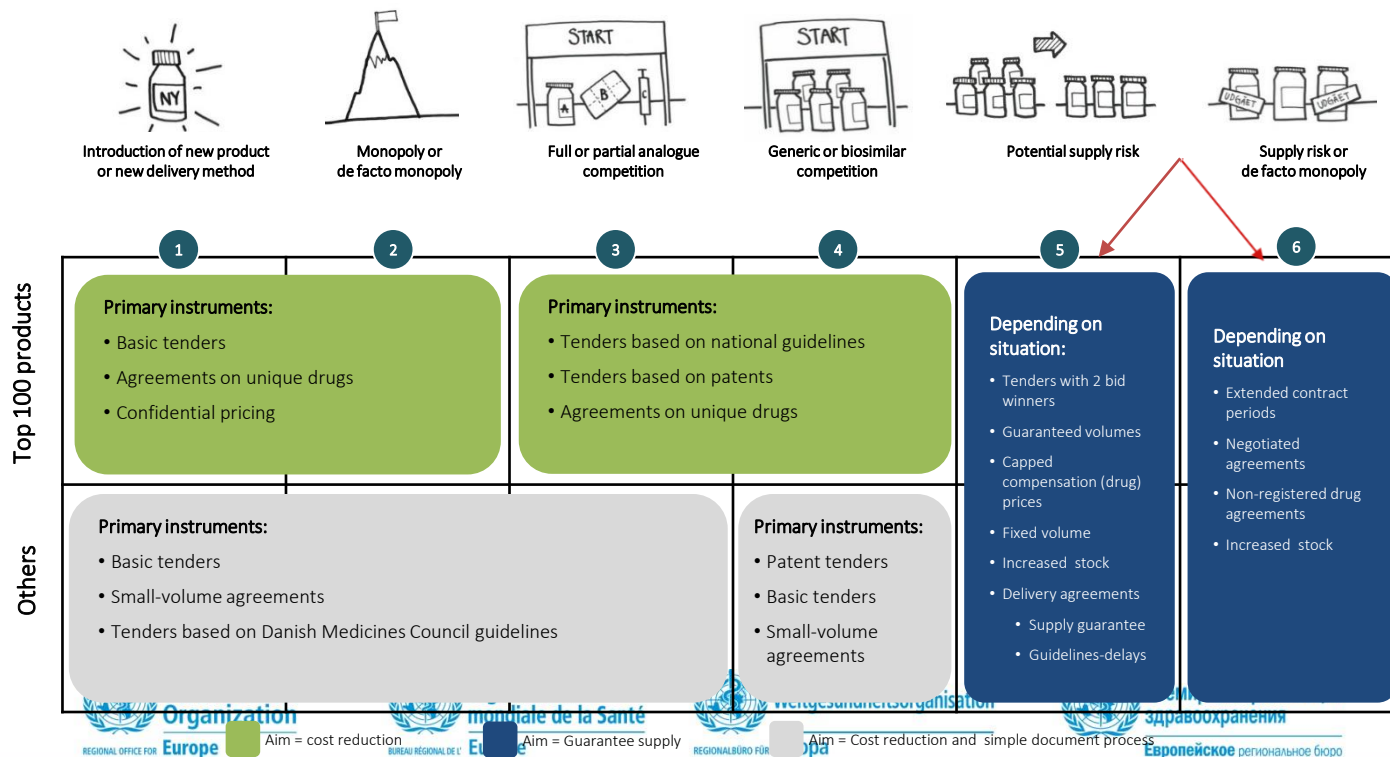
- Tailored agreements to ensure supply guarantee
- Extended contract periods
- Nordic cooperation
- Optimized agreement terms
- Analogue alternatives

OPPORTUNITIES

Source: Amgros, unpublished presentation at the WHO consultation on strategic procurement on 22–23 September 2016 in Copenhagen, Denmark.

Amgros' Category Strategy based on the lifecycle model combined tender and supply approaches

Source: Amgros, unpublished presentation at the WHO UNICEF consultation on Strategic Procurement on 25-27 June 2019, Copenhagen, Denmark



Current challenges in pharmaceutical procurement

Implementation

- * Limited use of the whole spectrum of procurement tools in some countries, product life-cycle approach

Supply security

- * Ensuring availability and affordable prices

Enabling access to cost-effective medicines

- * Working within finite budgets constantly challenged by entry of new high cost medicines
- * Uncertainty about efficiency of new medicines

Rationale for collaboration

- Share experience, join skills and capacity
- Joint negotiation, e.g. of ceiling prices
- Collaboration enhances transparency and enables cross-country learning to improve policy development and implementation
- Create opportunities to pull the market in terms of joint negotiation and sharing information, in the future potentially also joint procurement

Forms of collaboration between countries in pharmaceutical policy include

**JOINT HORIZON
SCANNING**

JOINT HTA ASSESSMENT

**JOINT PRICE
NEGOTIATION**

JOINT PROCUREMENT

Levels of collaboration



WHO report on efficient public procurement for medicines

- Challenges and opportunities in improving access to medicines through efficient public procurement in the WHO European Region (2016):

<http://www.euro.who.int/en/health-topics/Health-systems/health-technologies-and-medicines/publications/2016/challenges-and-opportunities-in-improving-access-to-medicines-through-efficient-public-procurement-in-the-who-european-region-2016>

- Danish medicinal products prices

<https://www.medicinpriser.dk/default.aspx?lng=2>



Conclusions

- Public procurement practices can influence prices and ensure supply security
- Important to link public procurement with other functions
- Efficient procurement and supply chain management requires knowledge about product life cycle, markets, public procurement principles and M&E
- Voluntary collaboration for procurement is not an automatic solution for all the problems of availability and affordability but is an option worth exploring.