



Optimizing Performance of Pharmaceuticals Management

Overview of the PAHO Strategic Fund and its benefits

Claudia Pescetto

Regional Advisor, Health economics and financing
HSS/HS, PAHO/WHO

Prepared by Dr. Nora Giron (HSS/MT)



Access to medicines

- **The lack of access to safe, efficacious and quality medicines and other health technologies is a persistent problem in the Region, in particular, those considered “High Cost”**
- **Many member states see the Strategic Fund (SF) as the potential solution to improve access to high cost strategic products, many others seek to duplicate**



SF Perspectives

- PAHO/SF is an important mechanism to ensure access to strategic health supplies in the Americas to support advancing toward Universal health
- Effective procurement of all types of medicines defined by:
 - Availability
 - Price
 - Quality
- Added value beyond purchase: **Technical cooperation** in quality assurance, supply chain, demand forecasting and planning, rational use
- Improve pharmaceutical market dynamics for the Americas: transparency, elimination of spurious incentives



Strategic Fund

Supporting access to medicines for Public Health in the Americas

2000  2017



Strategic Fund Objectives

- Improve access to strategic public health supplies
- Provide Technical Cooperation in procurement and supply of medicines and diagnostic tools
- Ensure availability of quality and affordable products
- Generate pooled procurement and price negotiations

Product Portfolio

Medicines

- Communicable diseases
- Non-communicable diseases
- Neglected diseases

Medical Devices and Diagnostic Kits

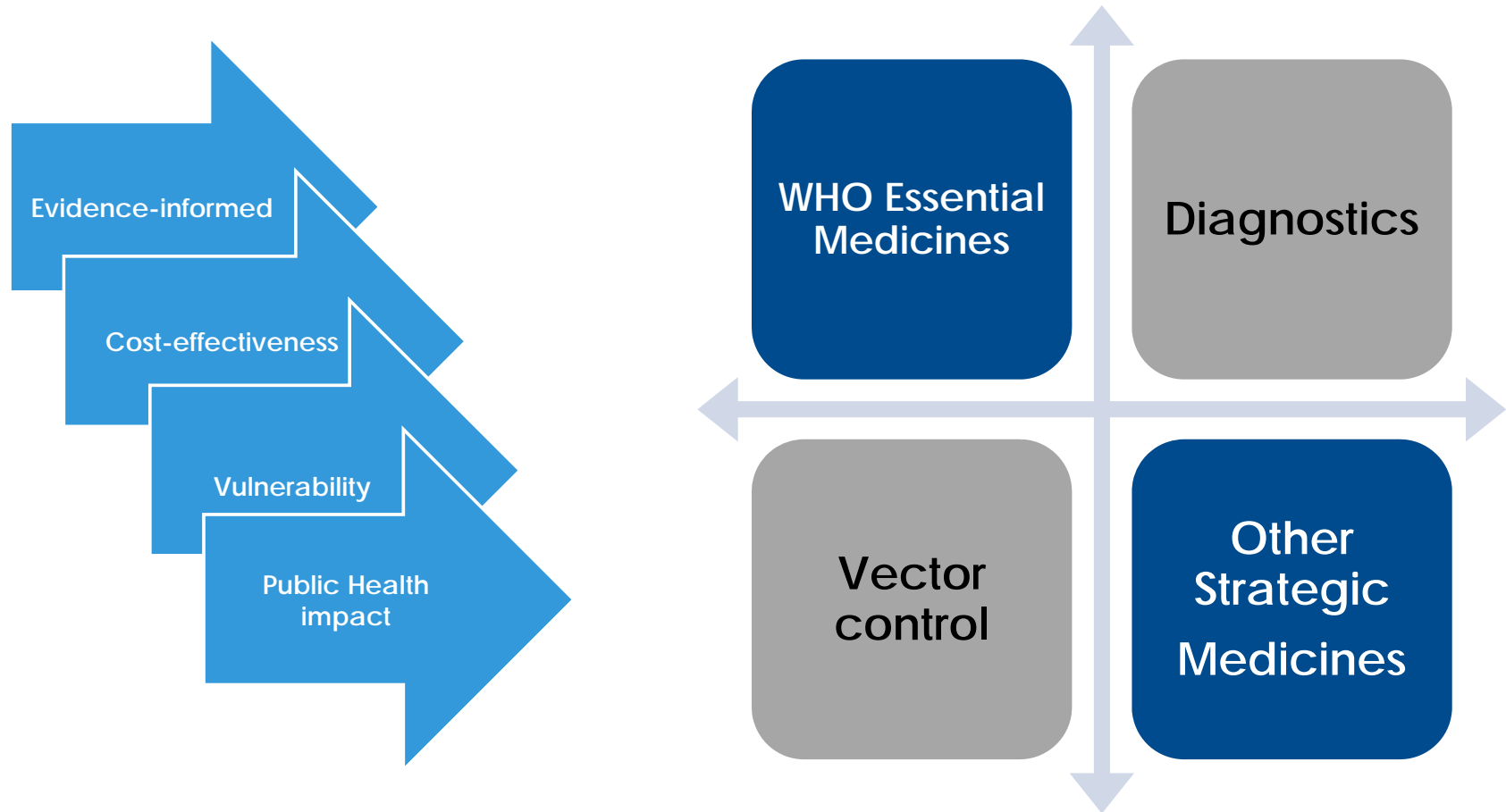
- Rapid tests Kits for HIV, malaria, Chagas, Leishmaniasis, and others

- Diagnostic tests for rubella, measles, leptos, parvovirus, and others

Vector Control

- Insecticides
- LLINs/ITNs

SF: types of commodities and criteria for selection



Product Portfolio: SF Medicines List

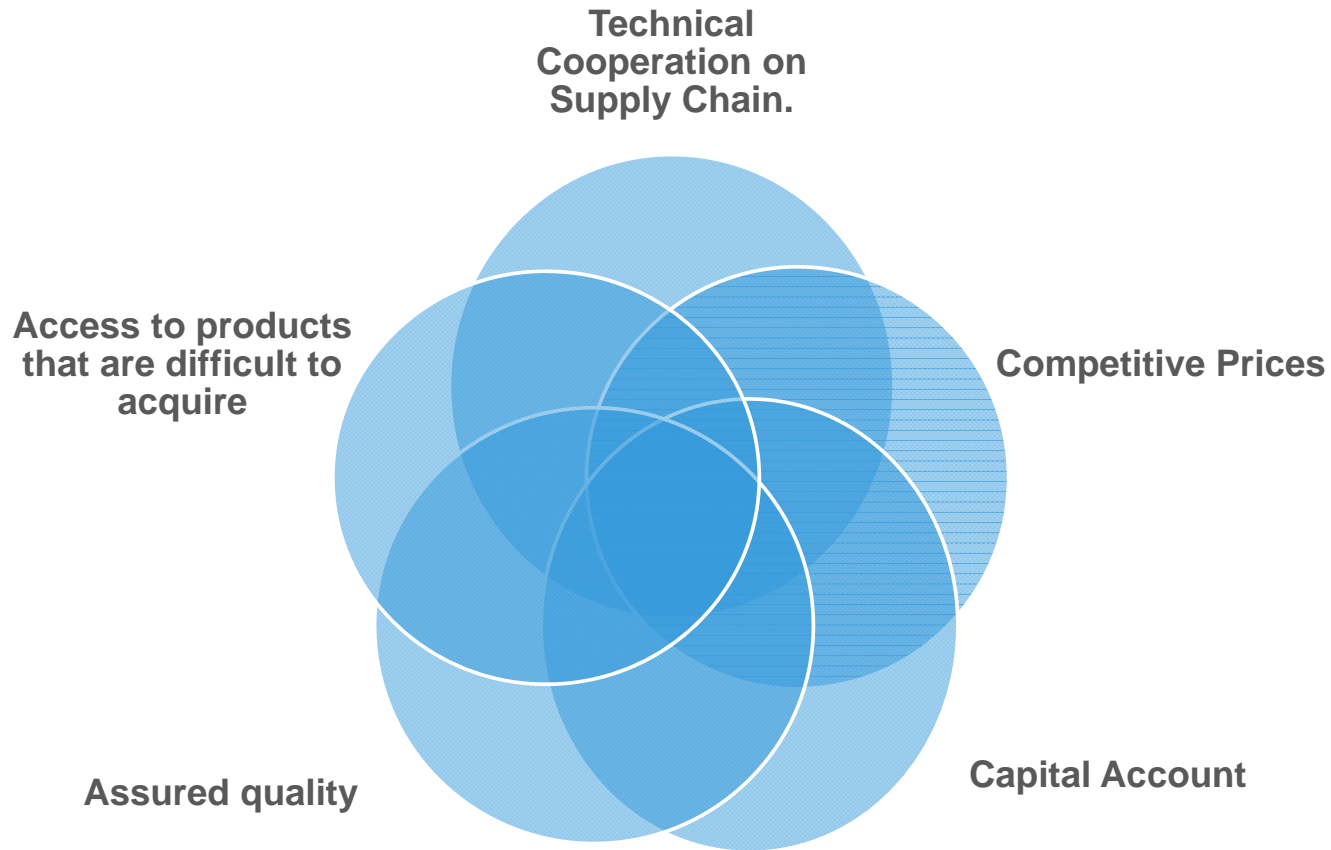
Update August 2018 www.paho.org/strategicfund

ANALGESICS
Opioid analgesics
ANTI-INFECTIVE MEDICINES
Antibacterial
Antileprosy med.
Antituberculosis med.
Antifungal
Antiretrovirals
Antivirals
Antiprotozoal med.
Antileishmaniasis medicines
Anti-malarial
Antipneumocystosis and antitoxoplasmosis medicines
Antitrypanosomal medicines
Anthelmintics
Antischistosomes and Antitrematode Medicines
Antifilarials
ANTINEOPLASTIC, IMMUNOSUPPRESSIVES AND MED. USED IN PALLIATIVE CARE
Immunosuppressive Agents
Cytotoxic medicines
BLOOD PRODUCTS AND PLASMA SUBSTITUTES
Plasma fractions for specific use
IMMUNOBIOLOGICS
Sera and immunoglobulins

CARDIOVASCULAR MEDICINES
Antihypertensive medicines
Diuretics
Antianginal medicines
Antithrombotic medicines
Lipid-lowering agents
DIAGNOSTIC AGENTS
Radiocontrast media
HORMONES, ENDOCRINE MED.
Oral hormonal contraceptives
Injectable hormonal contraceptives
Insulins and other antidiabetic agents
MEDICINES AFFECTING THE BLOOD
Antianaemia medicines
Medicines affecting coagulation
ANTIALLERGENICS AND MEDICINES USED IN ANAPHYLAXIS
MUSCLE RELAXANTS (PERIPHERALLY-ACTING) AND CHOLINESTERASE INHIBITORS
OXYTOCICS AND ANTIOXYTOCICS
ANTICONVULSANT AND ANTIEPILEPTIC
PSYCHOTHERAPEUTIC MEDICINES
Medicines used in mood disorders
Medicines used in bipolar disorders
ANTIPARKINSONISM MEDICINES
OTHERS



Added Value of the PAHO SF



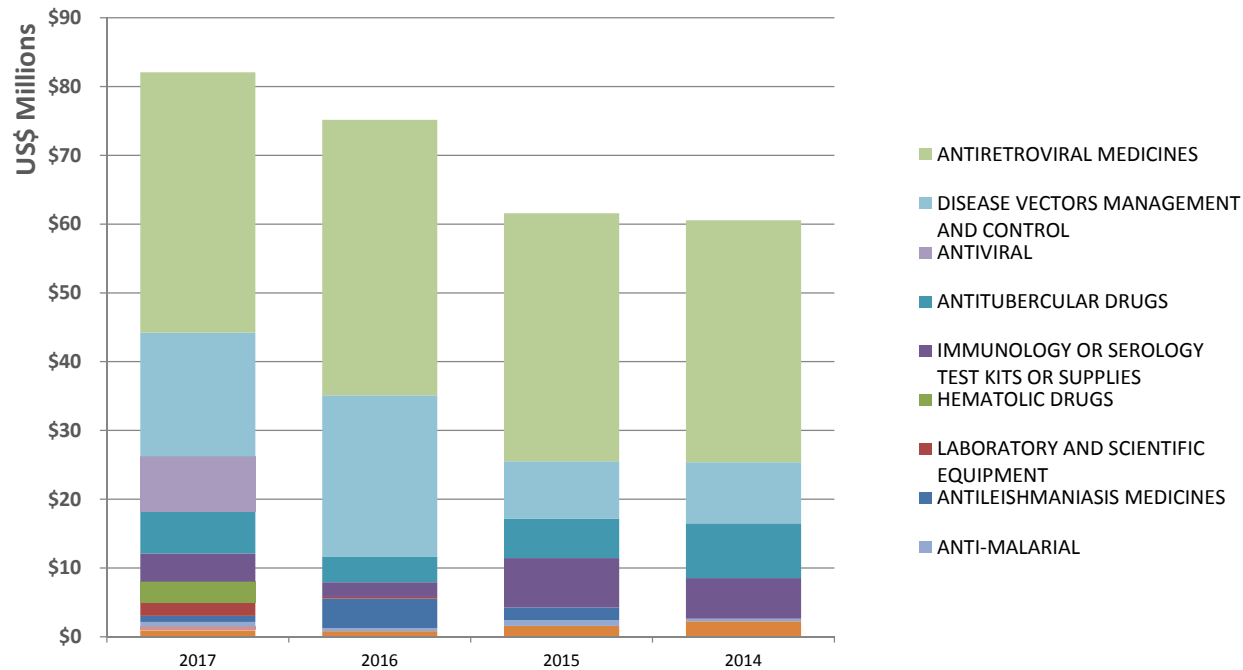
PAHO Strategic Fund's Added Value

- **Technical cooperation** on all areas related to supply chain management including forecasting, strategic planning, procurement, information systems, distribution, IP, etc.
- **Competitive prices** as a result of economies of scale achieved by pooling the demand of multiple Member States.
- **SF Capital Account** provides interest-free credit for all signatories Member States to ensure continuous access to medicines.
- **Assured quality** for all procured health products achieved through an integrated approach based on WHO prequalification standards and collaboration with regulatory authorities.
- Increased **access to products which are difficult to procure** like NCDs and ARVs.



SF 2014 - 2017 PROCUREMENT ACTIVITY

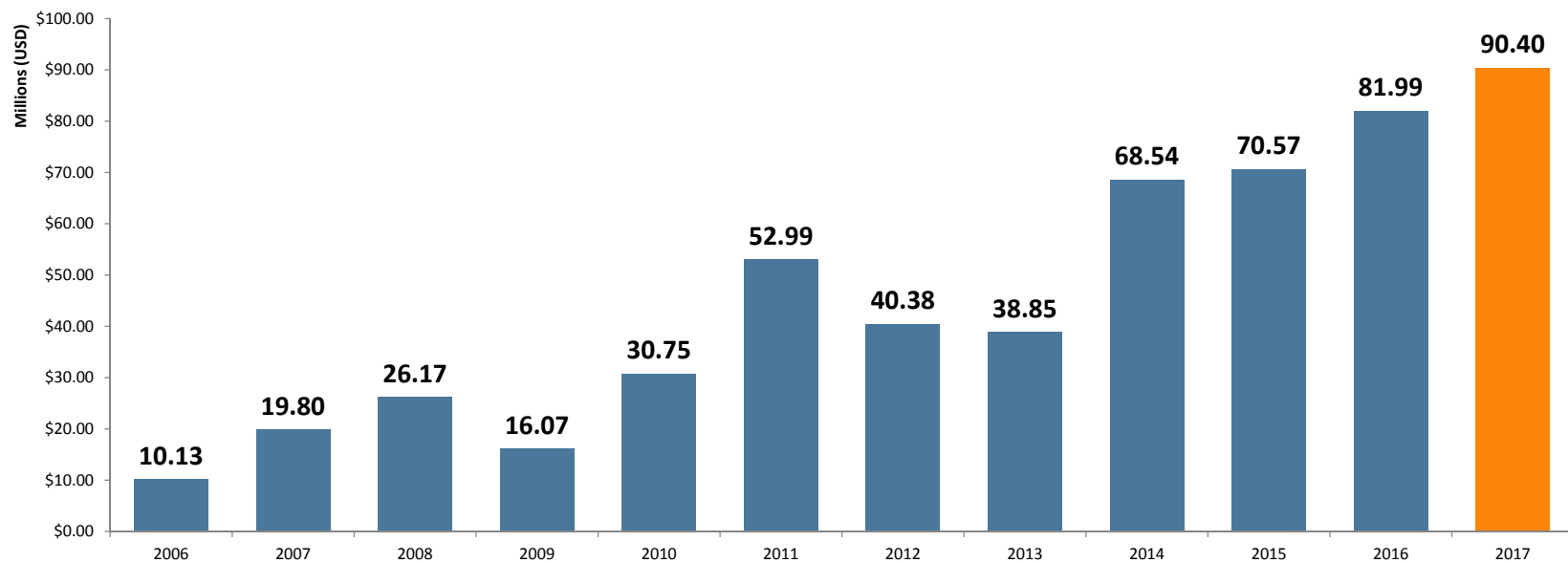
During 2014 – 2017, ARVs represent the highest share of total procured medicines by SF



Source: Procurement and Supply Management Department – PAHO, 2018

SF PROCUREMENT SUMMARY 2006 – 2017

(in million USD)



Source: Procurement and Supply Management Department – PAHO, 2018



PRO/SF 2017 - PROCUREMENT ACTIVITY



Member State	Total Value
Brazil	\$ 40,909,704.37
Colombia	\$ 10,152,564.79
Peru	\$ 5,723,470.27
Venezuela	\$ 5,339,351.55
Bolivia	\$ 3,537,468.14
Ecuador	\$ 2,205,981.83
Paraguay	\$ 2,139,786.62
Chile	\$ 981,985.49
Argentina	\$ 867,828.25
Guyana	\$ 202,789.67
Uruguay	\$ 17,125.00
Suriname	\$ 942.17
	\$ 72,078,998.15

Member State	Total Value
Trinidad and Tobago	\$ 2,714,668.49
Dominican Republic	\$ 605,409.08
Bermuda	\$ 30,625.25
Turks and Caicos Islands	\$ 24,761.91
	\$ 3,375,464.73



Member State	Total Value
Guatemala	\$ 7,557,627.75
El Salvador	\$ 2,486,896.13
Honduras	\$ 1,929,074.09
Panama	\$ 1,407,058.03
Costa Rica	\$ 912,202.12
Nicaragua	\$ 538,615.24
Belize	\$ 111,556.74
	\$ 14,943,030.10



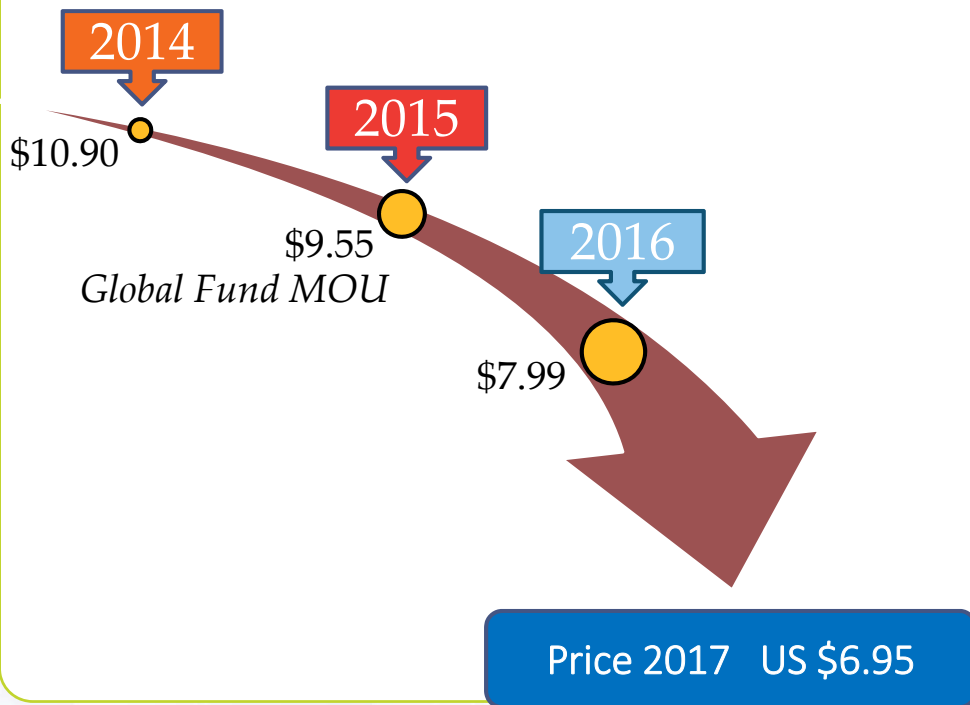
90.4 million procured through **STRATEGIC FUND**
on behalf of Member States in 2017

Source: Procurement and Supply Management Department – PAHO, 2018

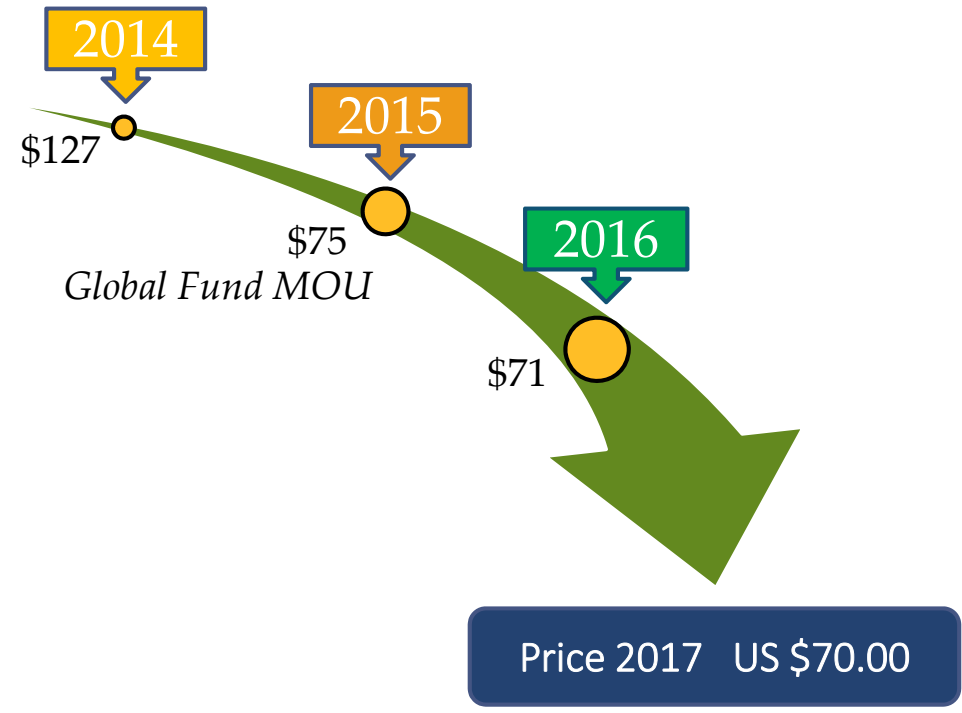


Reduction of prices in ARV in collaboration with GTFM and other partners

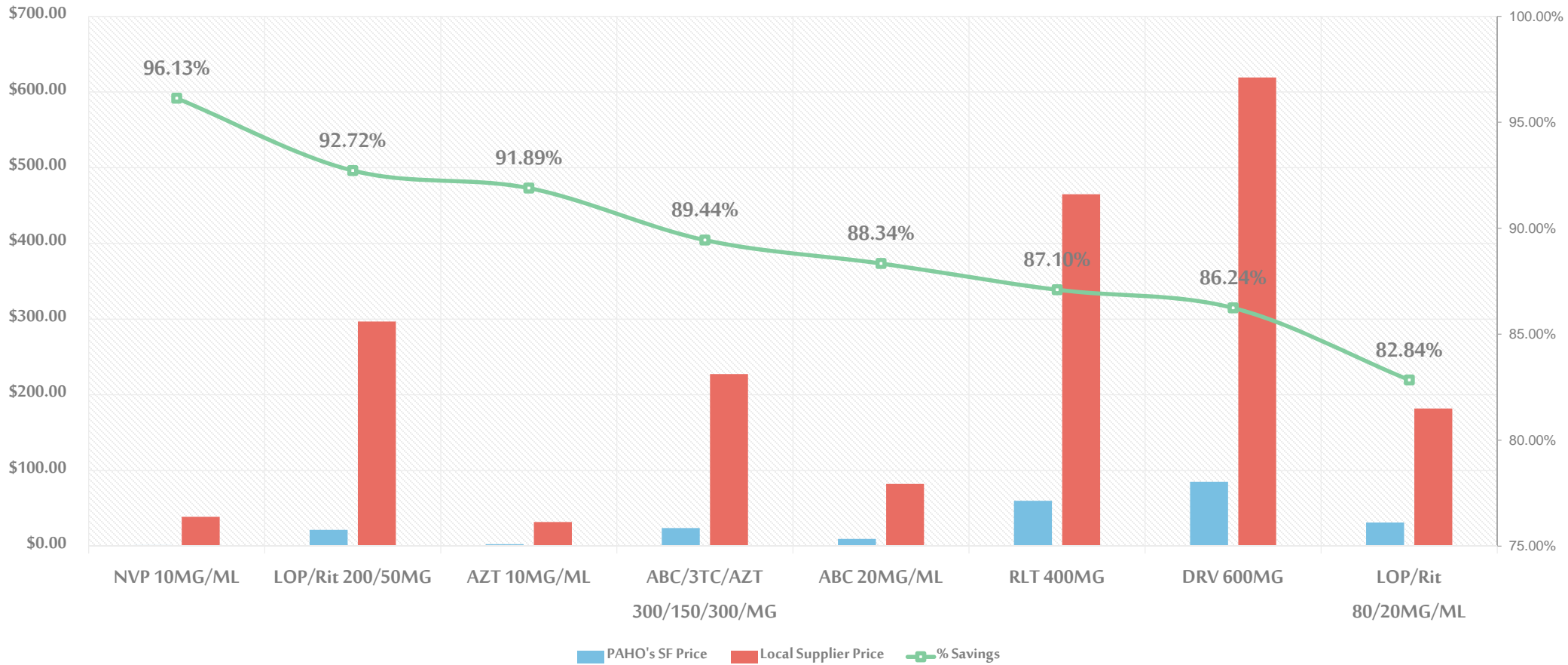
Efavirenz + Lamivudine + Tenofovir 600mg + 300mg + 300mg Tablet, Bottle 30tb



Darunavir tb 600 mg



Potential financial savings when procuring through the SF



BUDGETARY IMPACT

Budgetary impact*

Acquisition cost/local
\$16.50 millions

Acquisition cost/Strategic Fund
\$3.04 millions

Savings for country
**\$13.40
millions**

Acquisition cost/local
\$7.98 millones

Acquisition cost/Strategic Fund
\$1.14 millones

Savings for country
**\$6.84
millions**

**e.g. based in budgetary estimates for two member countries*

Price comparison
Per tablet Darunavir 60mg



SF improves affordability of medicines...

NCD: e.g. price comparison in CARICOM

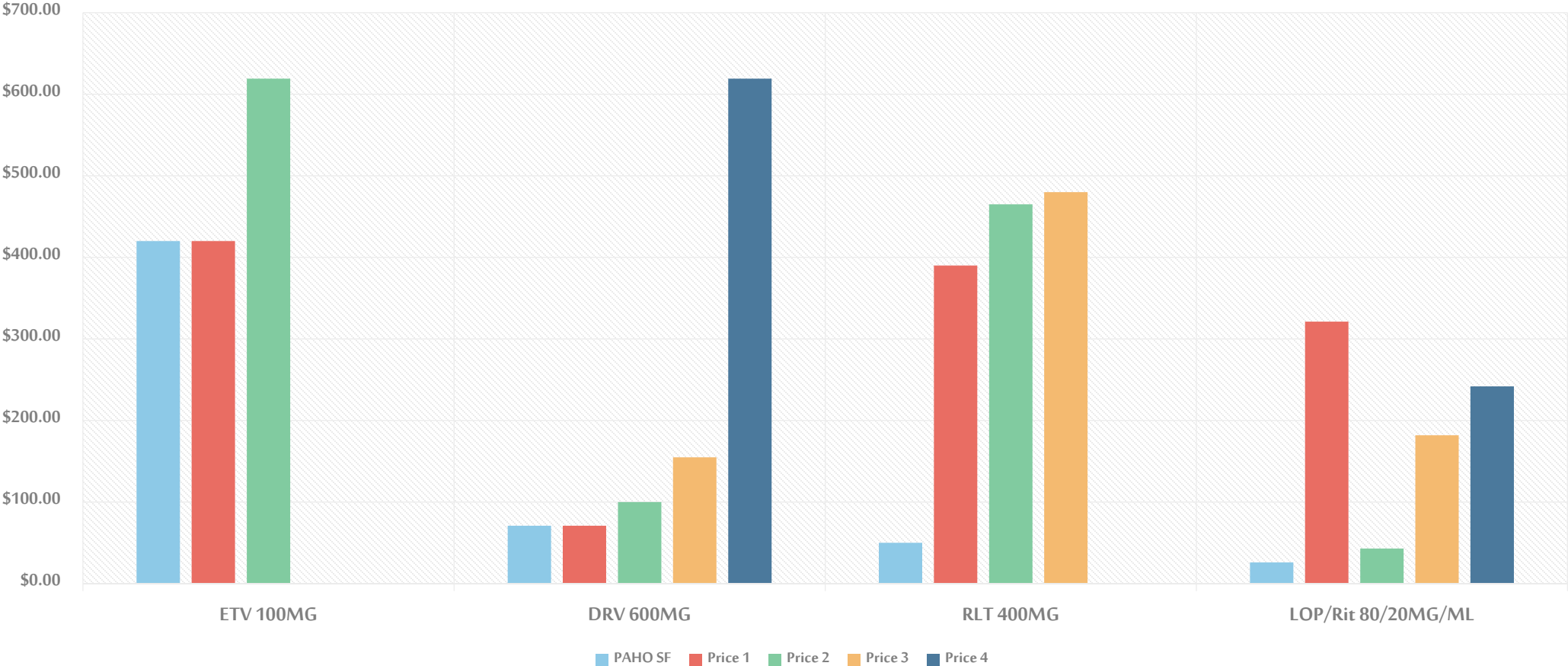
Medicine	SF Price (US\$)*	Country 1 **		Country 2 **	
		Price (US\$)	% Diff	Price (US\$)	% Diff
Cytarabine (100 mg, Pwdr for Inj)	\$3.40	\$12.74	275%	\$3.51	3%
Docetaxel (20 mg/ml, Inj)	\$5.95	---	---	\$89.00	1395%
Doxorubicin (50 mg, Pwdr for Inj)	\$8.35	\$8.80	5%	\$13.75	65%
Etoposide (20 mg/ml, Inj)	\$2.38	\$3.60	52%	\$3.56	50%
Ifosfamide (1 g, Pwdr for Inj)	\$17.76	---	---	\$28.00	58%
Vinblastine (10 mg, Pwdr for Inj)	\$2.94	\$9.94	238%	\$5.20	77%

* PAHO SF price is an estimate of the cost based on Long Term Agreements (LTAs) with manufacturers including freight, shipping and insurance up to port of delivery. Also includes 3% contribution to the PAHO Capitalization Account and 1.25% PAHO administrative fee. In all cases product are subject to a quality assurance process.

** Country prices reflect cost of delivery to port and does not include taxes/fees from customs and delivery.



Comparison of prices for Key ARV medicines between SF and MS



Successful Experience : Trinidad y Tobago

Resulted in significant financial savings , improved operational efficiencies and improved access and availability HIV Medicines

TC provided by SF :

1. Assess the Health Supply chain and develop a TC strategic framework.
2. Follow-up missions to lead workshops on best SC practices and promote the use of the SF.
3. Financial studies which outlined the potential savings of using the SF. ~85.6% savings

Minister: Local suppliers overcharging Govt
RHAs face 'rip-off'

By Ria Taitt
ria.taitt@trinidadexpress.com

"WE are being ripped off. And this practice is going to stop."

So declared Health Minister Terrence Deyalsingh as he cited several examples where local suppliers had "ripped off" the regional health authorities (RHAs) through "absurd" price mark-ups.

Among the price comparisons Deyalsingh made was the fact that the same titanium plate required for orthopaedic surgeries that was being sold online for US\$18 is being sold in Trinidad and Tobago for TT\$5,800.

Contributing to the budget debate in the House of Representatives yesterday, the minister, holding up an object, said: "This is a 4.05 inch titanium plate. This plate is US\$18 online. Do you know how much the RHAs pay from local supplier for this same plate, with the same specifications, from the same manufacturer? TT\$5,800."

He noted that this was 46 times the online price that Trinidad and Tobago RHAs were paying a local supplier for each plate it purchased.

"You see this titanium screw?" he said, holding up another object. "This screw online from the same [US] supplier cost US\$3.50. Do you know how much we pay for this screw in Trinidad and Tobago? TT\$600." He said that was 21 times higher than the online price.

"This is why we cannot perform enough surgeries in our public health system...No wonder you have poor patients who cannot get their joints replaced."

"We are being ripped off," he said, declining to give names of suppliers. "This is an absolute absurdity and I am telling the people of Trinidad and Tobago...give me six months to a year and I will fix that."

A bipolar hemithroplasty, used to repair hips, was TT\$4,092 online. "We pay \$26,440 in Trinidad and Tobago," he said, 6.5 times the price.

Deyalsingh said he got all these prices after sending an e-mail to all the foreign suppliers "as an ordinary nobody", indicating that he wanted to buy one of each of the items, and therefore savings from bulk buying were not factored into the equation.

"We are going to haul the RHAs over the coals for this and we will be bringing this under Central Tender," he said. He said the four RHAs spent collectively \$26 million annually on bolts, pins and joints from local suppliers, but could not perform as many surgeries as required due to the cost of supplies.

He said these supplies will be brought under Nipdec which is ready to do a special tender and to work with the Pan American Health Organisation (PAHO). He said Government had also solicited the support of the Trinidad and Tobago Medical Association, which was giving them two orthopaedic specialists who have no connection to any commercial interest for the programme.

The minister said the whole issue of drug procurement was being addressed. He said Government in 2016 paid \$2.6 million for supplies of an HIV drug called Nevirapine. In 2017 it paid just \$300,000 "simply by going through PAHO (to procure the same drug)."

"We were paying 85.6 per cent more for the same drug because we were buying it through tender and not going through PAHO Strategic Fund," he said.

He said Government would therefore be buying as many drugs as possible through

ABSRD MARK-UPS: Health Minister Terrence Deyalsingh gesticulates during his contribution at yesterday's budget debate in the Lower House of Parliament. —Photo courtesy The Office of the Parliament of Trinidad and Tobago

PAHO, which buys in bulk for the world. The minister said the whole society was sick with diabetes, cancer, hypertension and high cholesterol.

He noted that former prime minister, the late Eric Williams, had said that the future of the children lies in their school bags. "That vision is now being eroded not by their school bags but by their lunch kits," he said.

He said Trinidad and Tobago and the Caribbean were wearing the "crown" for the first in the world for diabetes and heart attacks, adding that the only crown he wanted the country and region to wear was for first in the world for cricket, football and athletics.

Deyalsingh said there was another "clear and present" danger facing the country - vascular dementia and Alzheimer's which, if no plan was laid down, now a future minister would have to grapple with.

He said Government was hoping to bring this under its non-communicable disease (NCD) plan. He said there is a school of thought that vascular dementia has a high NCD component and that diabetes is linked to this affliction.

On the bright side, the minister noted that there was a marked decrease in flu-related deaths as well as suspected, probable and confirmed cases of Zika, CHIKV and dengue in 2017. Dengue cases went from 2,301 in 2016 to 46 in 2017; Zika from 1,579 in 2016 to 499 in 2017 (with just four actually confirmed) and ChikV from 104 in 2016 to 10 in 2017.

BUDGET 2017/18

PAHO to the rescue



How can the PAHO Strategic Fund be used?



1- Sign up:

- Sign an agreement with the PAHO Strategic Fund.

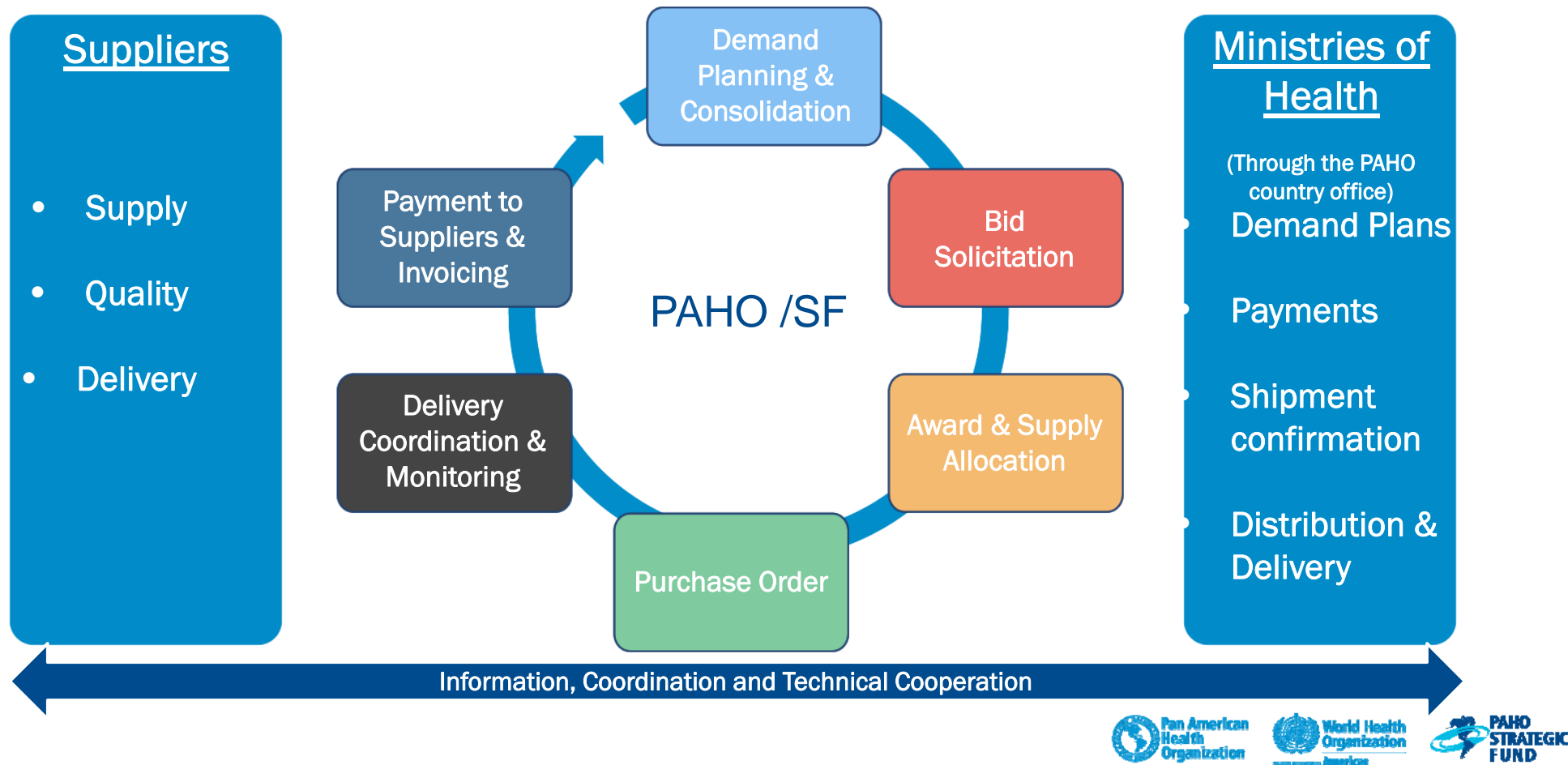
2- Plan:

- Prepare a procurement plan based on your needs

3- Submit a request:

- Submit an official request for a specific number of units

PAHO Revolving Funds Procurement cycle and stakeholders



Remarks / Challenges

Sourcing and Buying

Forecast and
demand planning

Small volumes,
customized
labeling, etc.

Changes in
quantities,
number of
shipments, etc.

Limited sources
for key products

Tendering –
receiving
complete offers

Decentralized
strategic
marketing - high
cost medicines

Strategies for the Acquisition of Medicines

1 -

- Maximize the use of long-term agreements (LTAs)

2 -

- Regional demand planning, consolidation and joint purchasing (where/when possible)

3 -

- Key negotiations with sole sources, and exploring new market opportunities

4 -

- Continuous work on identifying new sources



PAHO STRATEGIC FUND

Thank you.

www.paho.org/strategicfund