

Role of Tendering of Medicines in European Countries

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Abstract

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Problem statement: In many countries the world over, tendering is a major policy for procuring medicines for the public sector. For Europe, there were indications that tendering seems to be a key policy for the hospital sector. In fact, the actual use of this policy was not well known for the hospital sector nor for the outpatient sector.

Objectives: To assess the importance of tendering as a national procurement policy in European countries

Design: Cross-country descriptive study; outpatient sector, questionnaire survey; inpatient sector, pharmaceutical health information system hospital pharmacy reports based on defined indicators

Setting and population: Outpatient survey, 30 countries of the European Union and European Economic Area; response rate, 19 countries; inpatient survey, all EU member states (response rate: 25 countries) plus Norway and Turkey

Intervention: The investigation on tendering in the outpatient sector was performed in the first half of 2008. The inpatient sector survey was undertaken from summer 2009 to spring 2010. Respondents were country representatives of public medicines authorities, supported by hospital experts.

Outcome measures: Use of tendering as procurement policy, regulation on tendering, organisational aspects (individual/joint tendering)

Results: In the outpatient sector, a rather small number of countries (Belgium, Cyprus, Estonia, Ireland, Malta, Romania, Iceland) used tendering for procuring medicines. The use of this purchasing policy in the outpatient sector is usually connected to specific products (e.g., medicines defined in national pandemic plans) or defined patient groups (e.g., military, pensioners). In the hospital sector, tendering is a major policy, however, it is usually not the sole procurement policy. Negotiations usually undertaken by hospitals are a common complementary policy. Only in 8 of the 27 countries is tendering the sole procurement policy. Tendering is either performed at a national level by a national procurement agency or at institutional or regional level by hospitals or hospital groups.

Conclusions: The approach for procuring medicines in Europe differs from the rest of the world. Tendering has its relevance for the hospital sector. For medicines used in the outpatient sector, however, tendering is predominantly only applied if stipulated by law and/or for procuring medicines of strategic relevance (from a public health view or with strong budgetary impact). Funding source: Austrian Federal Ministry of Health; European Commission, Executive Agency for Health and Consumers (EAHC); European Social Insurance Platform (ESIP)

Background

Tendering is a major policy for procuring medicines for the public sector in many countries world-wide.

However, in the European countries, the distinction between the public and private sectors is not always clear (medicines are often supplied through private channels, but largely publicly funded), and the health service coverage, i.e., reimbursement of health expenditure by a social health insurance or a national health service, is in general more comprehensive. Pharmaceutical coverage usually includes for the majority of the population medicines dispensed in hospitals and medicines prescribed by physicians but the scope of coverage varies. Around 75% of health expenditure and two thirds of pharmaceutical expenditure is on average covered by the public payers (PHIS database).

In European countries, the hospital and outpatient sectors were usually two very distinct sectors, based on different funding and organisation, impact medicines procuring and prices.

While there were indications that tendering seems to be a key policy for the hospital sector, this policy was considered to be of little relevance for the inpatient sector. But the actual use of this policy was not well known for neither of the sectors.

Study aims

To assess the importance of tendering as a national procurement policy in European countries, by investigating its relevance for both the hospital and the outpatient sector in the European countries, in particular in the European Union (EU) Member States

Methods/Introduction

The results were accessed via a cross-country descriptive study. The study consisted of two separate parts for the outpatient and inpatient sector, applying different methodologies.

Methods: Investigation of the outpatient sector

Methodology: questionnaire survey plus follow-up interviews

Geographical scope: 30 countries (members of the European Union (EU) and EEA (European Economic Area))

Response rate: 19 countries

Respondents: national competent authorities for pharmaceutical pricing and reimbursement

Time-line: The survey was performed during the first half of the year 2008.

Framework: The survey was undertaken as an exercise providing technical support to the WG on Pricing and Reimbursement of the High Level Pharmaceutical Forum of the European Commission.

Methods: Investigation of the inpatient sector

Methodology: country profiles on the inpatient pharmaceutical sector (so-called PHIS Hospital Pharma report) based on a template written by the "respondents" (see below)

Geographical scope: All 27 Member States of European Union (EU) and Norway and Turkey

Response rate: 27 countries (thereof 25 EU Member States)

Respondents: national competent authorities for pharmaceutical pricing and reimbursement, supported by hospital experts (in particular hospital pharmacists)

Time-line: The survey was performed from summer 2009 to spring 2010.

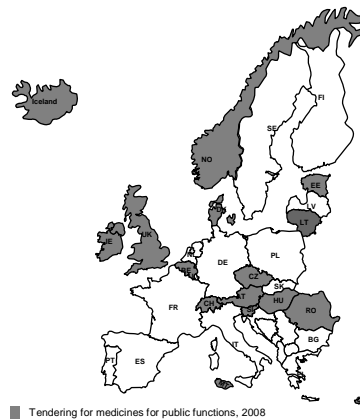
Framework: The survey was a key component of the PHIS (Pharmaceutical Health Information System) project, co-funded by the European Commission, Directorate-General for Health and Consumers.

Results / outpatient sector

Country	Year	Policy	Notes
BE	2008	Tendering for public functions	Specific products
CY	2008	Tendering for public functions	Specific products
EE	2008	Tendering for public functions	Specific products
IE	2008	Tendering for public functions	Specific products
LU	2008	Tendering for public functions	Specific products
LT	2008	Tendering for public functions	Specific products
MT	2008	Tendering for public functions	Specific products
RO	2008	Tendering for public functions	Specific products
SI	2008	Tendering for public functions	Specific products
IS	2008	Tendering for public functions	Specific products
NO	2008	Tendering for public functions	Specific products
UK	2008	Tendering for public functions	Specific products
DE	2008	Tendering for public functions	Specific products
FR	2008	Tendering for public functions	Specific products
ES	2008	Tendering for public functions	Specific products
IT	2008	Tendering for public functions	Specific products
PL	2008	Tendering for public functions	Specific products
PT	2008	Tendering for public functions	Specific products
SE	2008	Tendering for public functions	Specific products
SK	2008	Tendering for public functions	Specific products
TR	2008	Tendering for public functions	Specific products
GR	2008	Tendering for public functions	Specific products
HR	2008	Tendering for public functions	Specific products
CZ	2008	Tendering for public functions	Specific products
HU	2008	Tendering for public functions	Specific products
BG	2008	Tendering for public functions	Specific products
RU	2008	Tendering for public functions	Specific products
UA	2008	Tendering for public functions	Specific products
MD	2008	Tendering for public functions	Specific products
BY	2008	Tendering for public functions	Specific products
PL	2008	Tendering for public functions	Specific products
SK	2008	Tendering for public functions	Specific products
TR	2008	Tendering for public functions	Specific products
GR	2008	Tendering for public functions	Specific products
HR	2008	Tendering for public functions	Specific products
CZ	2008	Tendering for public functions	Specific products
HU	2008	Tendering for public functions	Specific products
BG	2008	Tendering for public functions	Specific products
RU	2008	Tendering for public functions	Specific products
UA	2008	Tendering for public functions	Specific products
MD	2008	Tendering for public functions	Specific products
BY	2008	Tendering for public functions	Specific products

Some countries used tendering for public functions, such as rather specific product groups (like medicines as defined in pandemic plans) and for defined patient groups (for instance soldiers).

Only a few countries (Belgium, Cyprus, Estonia, Hungary, Ireland, Lithuania, Malta, Romania, Slovenia, and Iceland) used tendering for outpatient care at the time of the study. Meanwhile, tendering the outpatient sector plays an important role in the Netherlands. Additionally, the appliance of the discounts by the sickness funds in Germany might also be considered as a tendering element.



Tendering for medicines for public functions, 2008



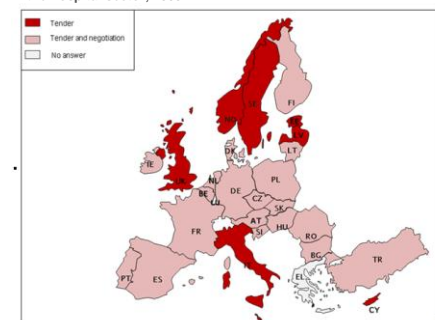
Tendering for medicines in outpatient care, 2008

Results / inpatient sector

Key policies for procuring medicines in the inpatient sector are tenders, which might be open or restricted, competitive negotiations and direct procurement (negotiations) between the supplier and purchaser. In the European countries medicines which are used in hospitals are mainly procured via tenders or direct negotiations. Procurement by competitive negotiations is the case in some countries (e.g. so-called "market evaluation" in Slovakia).

Many European countries apply a mix of different purchasing policies. There are a few countries where tendering is the sole or key policy for procuring medicines. In eight countries (Cyprus, Estonia, Italy, Latvia, Malta, Norway, Sweden, UK) all or the majority of medicines used in (public) hospitals are (centrally) tendered. For instance, in Denmark and Norway all medicines for public hospitals are procured at a centralised level by a national procurement agency. Centralised procurement is usually carried out by Ministries of Health, social health insurance institutions or procurement agencies.

Relevance of tendering and negotiations for procuring medicines in the hospital sector, 2009



No data available for Greece and Luxembourg

In some other countries (e.g. Romania and Slovakia) some medicines (mostly expensive products, e.g. blood factors) are tendered at a centralised level, while the remaining medicines are procured via direct negotiations between the hospitals and the pharmaceutical companies/wholesalers.

In countries where procurement both by tendering and by negotiations is carried out, the relevance of the policies differs between the countries. While several Western European countries reported on tendering being applied in a rather large number of acquisitions, direct negotiations by hospitals with suppliers (e.g. manufacturers or wholesalers) are the key purchasing policy in Austria, Germany and some EU Member States in Central and Eastern Europe. Tenders are only launched if required by EU legislation. Nonetheless, even these countries reported on an increased use of tenders.

In some countries direct negotiations might take place as a second step following (centralised) tenders. This allows hospitals to negotiate lower prices compared to the centrally procured prices.

Some countries have established regional procurement committees (e.g. Regional Therapeutic Committees in Italy or joint municipal authorities for primary health care in Finland), which are responsible for purchasing medicines for hospitals. Hospitals may join purchasing groups which procure together. Purchasing groups are formed by hospitals in the same region and/or under the same management.

Summary and conclusions

While tendering has its relevance for the hospital sector in the European sector, in the outpatient sector procurement by tendering is, however, predominantly applied if stipulated by law and/or for procuring medicines of strategic relevance (from a public health view or with strong budgetary impact). This might be connected to the organisation of the supply chain which, though funded publicly to a large extent, is organized via private actors in the outpatient sector.

Despite the strong relevance, over the last years, tendering appears to get some importance also in the outpatient sector, in particular a tool for cost-containment. The impact of the changes with regard to accessibility to medicines should be observed.

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