

Glossary of public procurement terms

Working definitions of public procurement terms for the “Study on Best Practices in Public Procurement of Medicines”

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Public procurement of medicines (PPM) is an important policy that can contribute to more affordable patient access to needed medicines. Acknowledging its optimisation potential, the European Health and Digital Executive Agency (HaDEA) commissioned a **study on best practices in the PPM**. The study was conducted by Gesundheit Österreich Beratungs GmbH (Austrian National Public Health Institute) and Tetra Tech SP. Z.O.O.

This glossary provides **working definitions** for the study and includes **terms related to the following, study-specific definition of PPM**:

For the purpose of this study, we define public procurement of medicines (PPM), in line with EU Procurement Directives, as all aspects surrounding the process of purchasing medicines (e.g. for inpatient and outpatient use) by a contracting authority, such as a body of public law (e.g. governments, local health authorities, and social health insurance institutions) or an institution affiliated to the public sector (e.g. not-for-profit institution), from economic operators chosen by the contracting authority. The study acknowledges the importance of supporting policies in the pharmaceutical value chain (such as managed-entry agreements and policies to encourage uptake of generic and biosimilar medicines) and analyses their contribution towards effective PPM.

Terms are **listed alphabetically** in the glossary.

Definitions were developed for the purpose of this study based on previous terminology work. The glossary also includes existing definitions of relevant terms from the [online glossary of pharmaceutical terms](#) of the WHO Collaborating Centre for Pharmaceutical Pricing and Reimbursement Policies.

Please note that **definitions may be subject to change during the study**. We appreciate any comments and suggestions for change, deletion or addition. Please contact: ppm@goeg.at

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Glossary of terms related to public procurement of medicines

Term	Definition
Award criterion	Award criterion means the criterion that the purchaser (contracting authority) uses to select the winning tender. Several award criteria may be used simultaneously, in which case the relative weighting of each should be indicated by the contracting authority.
Central purchasing body (CPB)	A central purchasing body (CPB) is a purchaser (contracting authority) providing centralised purchasing services to one or more contracting authorities, including purchasing goods and services, awarding public contracts, and concluding framework agreements, as well as ancillary services such as managing procurement projects and providing advice. A central purchasing body is therefore responsible for the centralised procurement of medicines (CPM). However, central purchasing bodies can also provide services to individual contracting authorities, offering expertise in procurement methods and knowledge of the market. Central purchasing bodies typically exist at the central government level but may also exist at regional level.
Centralised procurement of medicines (CPM)	Centralised procurement of medicines (CPM) is one variant of joint (or pooled) procurement of medicines. Centralised procurement of medicines is conducted by a central purchasing body (CPB) and typically happens at national level although centralised procurement may also be organised at regional (sub-national) level.
Clinical pharmacy	Clinical pharmacy is a specialisation in pharmacy that involves pharmacists providing patient care that optimizes medication therapy and promotes health, wellness, and disease prevention. Within the system of health care, clinical pharmacists are experts in the therapeutic use of medications. They routinely provide medication therapy evaluations and recommendations to patients and health care professionals. Ward pharmacy services in the hospital are one area of clinical pharmacy.
Competitive dialogue	Competitive dialogue is a two-stage procurement method that involves the purchaser (contracting authority) pre-selecting potential suppliers based on their initial submissions and initiating a dialogue with them to identify the best possible method to address the need specified by the purchaser. Competitive dialogues are one of six defined EU procurement procedures (the others being open procedure tenders, restricted procedure tenders, competitive procedures with negotiation, and two procedures intended for exceptional circumstances: negotiated procedures without prior publication and innovation partnerships).
Competitive procedure with negotiation	A competitive negotiated procedure is a two-stage procurement method that involves pre-selection of suitable potential suppliers by the purchaser (contracting authority) and negotiations of submitted tenders. Competitive procedures with negotiation are one of six defined EU procurement procedures (the others being open procedure tenders, restricted procedure tenders, competitive dialogue procedures, and two procedures intended for exceptional circumstances: negotiated procedures without prior publication and innovation partnerships). This procedure is restricted to specific or complicated cases where negotiations are required.
Contract award notice	A contract award notice is a publication that informs all suppliers participating in a public procurement procedure of its outcome. According to EU public procurement law, contract award notices must include, among others, information about the products or services procured, details about the procedure, the number of bids received, as well as the name(s) of winning supplier(s) and the value of the winning bid.
Contract notice	A contract notice is a formal advertisement announcing a new call for competition, i.e. a new opportunity for suppliers to submit bids for a public procurement procedure. A contract notice must contain sufficient details about the products or services to be procured, including, among others, minimum requirements and award criteria set by the purchaser (contracting authority), to allow potential suppliers to determine whether to submit a bid.
Contracting authority	Contracting authority means a public body legally authorized to conduct public procurement.
Dynamic Purchasing System (DPS)	A dynamic purchasing system is a procurement technique for making recurring purchases while allowing economic operators to join the system on an ongoing basis.

Term	Definition
Electronic auction	Electronic auction is a procurement technique which is based on a repetitive electronic process. It occurs after an initial full evaluation of the tenders, allowing them to be ranked using automatic evaluation methods to make the final choice of the best offer.
Electronic catalogue	Electronic catalogue is a procurement technique that may be used in framework agreements to allow reopening of competition for specific contracts on the basis of updated catalogues.
e-procurement	e-procurement means conducting procurement processes using electronic tools and online platforms. This includes online publication of procurement documents, such as calls for competition and contract award notices, electronic (rather than paper-based) submission of tenders, and electronic invoicing.
Facility-based procurement of medicines	Facility-based procurement of medicines means that procurement activities are conducted by individual facilities (hospitals or pharmacies). This contrasts with centralised or regional procurement where two or more purchasers procure medicines through a joint (or pooled) procedure. Depending on relevant national provisions, individual facilities may engage both in centralised / regional procurement and in facility-based procurement for different types of products (e.g. joint procurement may only be deemed advantageous for high-priced products).
Framework agreement	A framework agreement is an arrangement between one or more purchasers (contracting agency / agencies) and one or more suppliers (e.g. pharmaceutical companies) that provides the terms which govern contracts to be awarded for a certain period of time for recurring purchasing, in particular with regard to price and, where necessary, the quantity envisaged. It may have a binding character (legal consequences).
Horizon scanning	Horizon scanning means the systematic identification of health technologies that are new, emerging or becoming obsolete and that have the potential to effect health, health services and/or society. An emerging health technology in this context is a health technology that has not yet been adopted within the healthcare system. Pharmaceuticals are in the Phase II or III clinical trial, or pre-launch stage; medical devices are in the pre-marketing stage. A new health technology is a health technology that is in the launch, early post-marketing, or early diffusion stages. Horizon scanning systems (e.g. early awareness and alert (EAA) systems) aim to support decision-making and the adoption and use of innovative technologies to the benefit of patients and health services.
Hospital (pharmaceutical) formulary (HPF)	A hospital pharmaceutical formulary, or hospital formulary, is a list of medicines that may be prescribed and applied by physicians in a hospital.
Innovation partnership	Innovation partnership is a formal procurement method for exceptional circumstances when existing products or solutions are not suitable for addressing the needs of the purchaser (contracting authority). Upon publication of the requirements for an innovative product or solution and submission of requests to participate by potential suppliers, the contracting authority selects one or more bids to establish innovation partnerships. The innovation partnership provides some certainty that research and development processes required to bring innovative solutions to the market will result in them being purchased (if the development is successful). Innovation partnerships are one of two defined EU procurement procedures for exceptional circumstances (the other being negotiated procedures without prior publication). There are four regular defined EU procurement procedures (open procedure tenders, restricted procedure tenders, competitive dialogue procedures, competitive procedures with negotiation).
Interface management	Interface management relates to policies, mechanisms, and measures of cooperation between the hospital and outpatient sectors, such as collaborative projects, joint committees, or cross-sectorial funding schemes. Interface management measures aim to provide a link between hospital and outpatient sectors since the start of a therapy in hospital care can influence the future long-term medication of the patient after discharge.
Joint procurement, pooled procurement, group procurement	Joint procurement means combining the procurement actions of two or more purchasers (contracting authorities). In a joint procurement, there is only one tender published on behalf of all participating purchasers. Joint procurement can be organised through a permanent joint procurement organisation (e.g. central purchasing body) or collaboration agreements between purchasers.

Term	Definition
Managed-entry agreement (MEA)	<p>A managed-entry agreement (MEA) is an arrangement between a manufacturer and payer/provider that enables access to (coverage/reimbursement of) a health technology subject to specified conditions. These arrangements can use a variety of mechanisms and are usually classified into financially-based and performance-based MEA. The latter links price (reward for manufacturers) to health outcomes.</p> <p>Examples of managed-entry agreements:</p> <ul style="list-style-type: none"> · Access with evidence development (AED) · Conditional coverage · Conditional treatment continuation (CTC) · Coverage with evidence development (CED) · Only in research (OIR) · Only with research · Outcome guarantees · Patient access scheme (PAS) · Pattern or process care · Performance based agreement · Performance based health outcome reimbursement schemes · Performance-linked reimbursement · Price volume agreements · Risk sharing schemes
Market consultation	<p>Market consultation forms part of market research and relates to direct engagement of the purchaser (contracting authority) with economic operators (suppliers). Procurers use market consultation to prepare procurement procedures and to inform economic operators of their procurement plans.</p>
Market research, market analysis	<p>Market research is a process to gather information that could assist in strategic decision making on procurement procedures and techniques. This includes intelligence on whether and how to divide a contracting authority's requirements into lots, the suitability of a framework agreement or dynamic purchasing, or whether to use a competitive negotiated procedure.</p>
Medicines reconciliation	<p>Medicines reconciliation is the process of generating an accurate list of all medicines currently taken by a person, using it to optimise medication and prevent medication errors. Medicines reconciliation includes the listing of all medicines and their name, dosage, frequency, and route, including for over-the-counter and complementary medicines, to provide the most accurate list of medicines. It is an important task in clinical pharmacy.</p>
Most Economically Advantageous Tender (MEAT)	<p>Most Economically Advantageous Tender (MEAT) means the principle that award criteria specified by the purchaser (contracting authority) should go beyond price as the sole criterion and take into account relevant qualitative, environmental and/or social aspects. In EU public procurement law, a contract for purchasing goods and services shall be awarded to the "Most Economically Advantageous Tender" (MEAT). According to EU public procurement law, MEAT can be based on price, cost (using a cost-effectiveness approach), or the best price-quality ratio, although the use of price only as award criterion may be precluded by member states.</p>
Multi-award procedure	<p>A multi-award procurement procedure means that a contract for purchasing goods and services is awarded to two or more suppliers. A multi-award procedure may be preferred to a winner-takes-it-all procedure as there are concerns of limited competition or supply issues in case of the latter.</p>
Negotiated procedure without prior publication	<p>A negotiated procedure without prior publication is a formal procurement method for exceptional circumstances when publication of a call for competition is not possible due to extreme urgency (e.g. in a public health crisis) or futile because only one possible supplier can address the needs of the purchaser (contracting authority). Negotiated procedures without prior publication are one of two defined EU procurement procedures for exceptional circumstances (the other being innovation partnerships). There are four regular defined EU procurement procedures (open procedure tenders, restricted procedure tenders, competitive dialogue procedures, competitive procedures with negotiation).</p>

Term	Definition
Open procedure tender	An open procedure tender is a formal procurement method where any interested potential supplier may submit a tender. In this one-stage procedure, suppliers respond to an open call for competition set up by the purchaser (contracting authority) which details the criteria used for awarding the contract. Open procedure tenders are one of six defined EU procurement procedures (the others being restricted procedure tenders, competitive dialogue procedures, competitive procedures with negotiation, and two procedures intended for exceptional circumstances: negotiated procedures without prior publication and innovation partnerships).
Pharmaceutical and Therapeutics Committee (PTC), Pharmaceutical commission, Pharmaceutical committee	A Pharmaceutical and Therapeutics Committee is a body, usually at hospital, regional, or national level, which is assigned to develop a list of medicines (hospital pharmaceutical formulary) that is authorised for hospital use.
Procurement	Procurement is the process to purchase goods and services (e.g. medicines) that involves several steps and several stakeholders based on national, or supranational, regulation, policies, structures and procedures. Different procurement procedures and different techniques can be applied.
Procurement procedures	Procurement procedures describe award processes that are defined by law to conduct a procurement. The EU Public Procurement law defines four regular procurement procedures (open procedure tender, restricted procedure tenders, competitive dialogue procedures, and competitive procedures with negotiation) and two procedures intended for exceptional circumstances (negotiated procedures without prior publication and innovation partnerships).
Procurement techniques	Procurement techniques relate to different methods for managing a procurement procedure, e.g. by making use of e-procurement or repetitive calls for recurring purchases. The EU Public Procurement law lists the following procurement techniques: framework agreements, dynamic purchasing systems, electronic auctions, electronic catalogues, centralised purchasing activities and central purchasing bodies, occasional joint procurement, and procurement involving contracting authorities from different EU member states.
Public procurement	Public procurement refers to the process by which the public sector (e.g. federal or regional governments, public hospitals) purchase work, goods or services from companies, as is frequently the case for health technologies, including medicines.
Public procurement of medicines (PPM)	<i>Project-specific working definition:</i> For the purpose of this study, we define public procurement of medicines (PPM), in line with EU Procurement Directives, as all aspects surrounding the process of purchasing medicines (e.g. for inpatient and outpatient use) by a contracting authority, such as a body of public law (e.g. governments, local health authorities, and social health insurance institutions) or an institution affiliated to the public sector (e.g. not-for-profit institution), from economic operators chosen by the contracting authority. The study acknowledges the importance of supporting policies in the pharmaceutical value chain (such as managed-entry agreements and policies to encourage uptake of generic and biosimilar medicines) and analyses their contribution towards effective PPM.
Regional public procurement of medicines	Regional procurement of medicines means the joint procurement of medicines by two or more purchasers (contracting authorities) at a sub-national level. This can be organised through a permanent procurement organisation (e.g. regional purchasing body) or collaboration agreements between contracting authorities.
Restricted procedure tender	A restricted procedure tender is a formal, two-stage procurement method. Any interested potential supplier can submit a request to participate in the first stage, but only suppliers who fulfil pre-qualification criteria set out by the purchaser (contracting authority) may submit tenders in the second stage. Restricted procedure tenders are one of six defined EU procurement procedures (the others being open procedure tenders, competitive dialogue procedures, competitive procedures with negotiation, and two procedures intended for exceptional circumstances: negotiated procedures without prior publication and innovation partnerships).
Tendering	Tendering is any formal and competitive procurement procedure through which tenders (offers) are requested, received and evaluated for the procurement of goods, works or services, and as a consequence of which an award is made to the tenderer whose tender/offer is the most advantageous.
Winner-takes-it-all procedure	A winner-takes-it-all procedure is a procurement procedure where the full contract for purchasing goods and services is awarded to the single winning bid.

