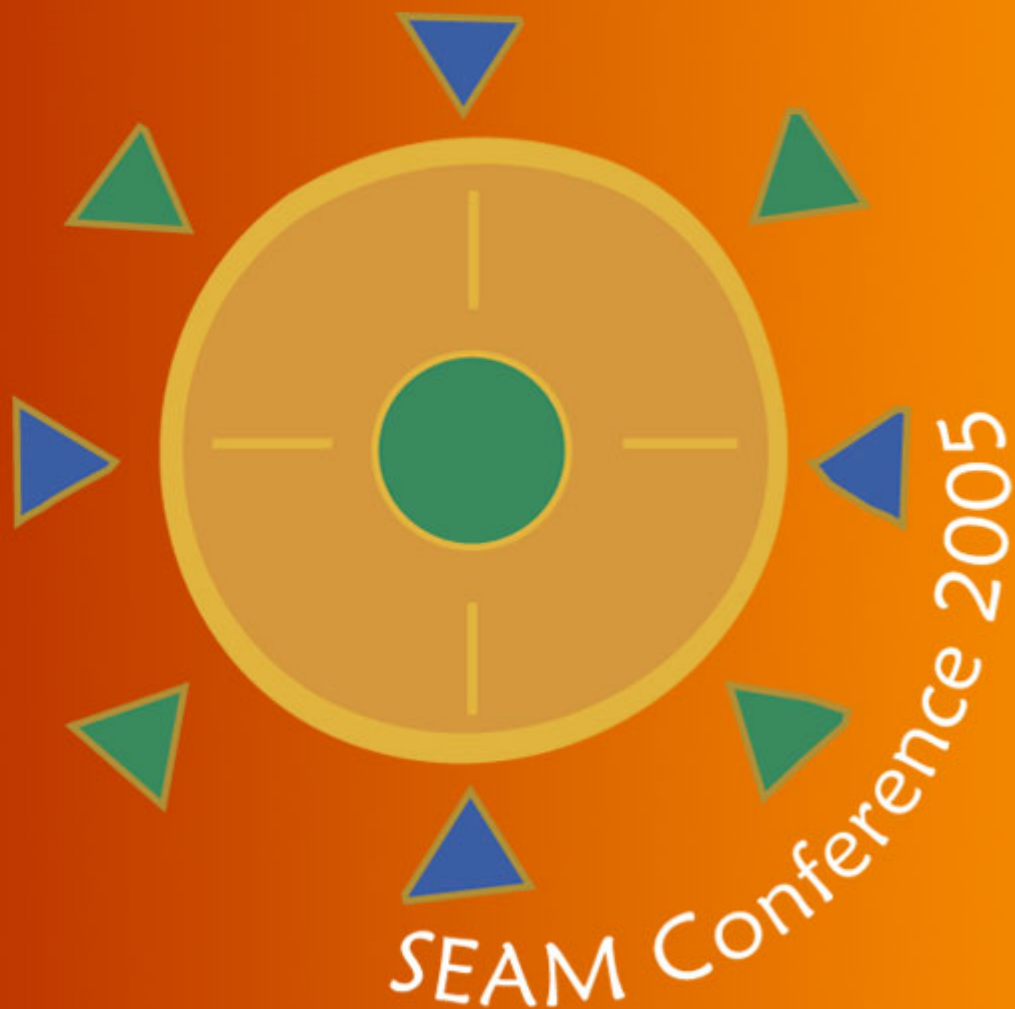




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Targeting Improved Access

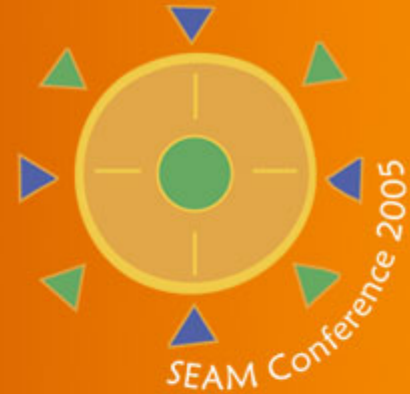


MANAGEMENT SCIENCES *for* **HEALTH**

SEAM | Strategies for Enhancing Access to Medicines

Funding for the SEAM Program is provided by the Bill & Melinda Gates Foundation.

Targeting
Improved
Access



Accra, Ghana • June 20–22

Pooled Procurement of Essential Pharmaceuticals for Decentralized Health Services in El Salvador

David Lee, MSH, USA

Funding for the SEAM Program is provided by the Bill & Melinda Gates Foundation.



MANAGEMENT SCIENCES *for* HEALTH

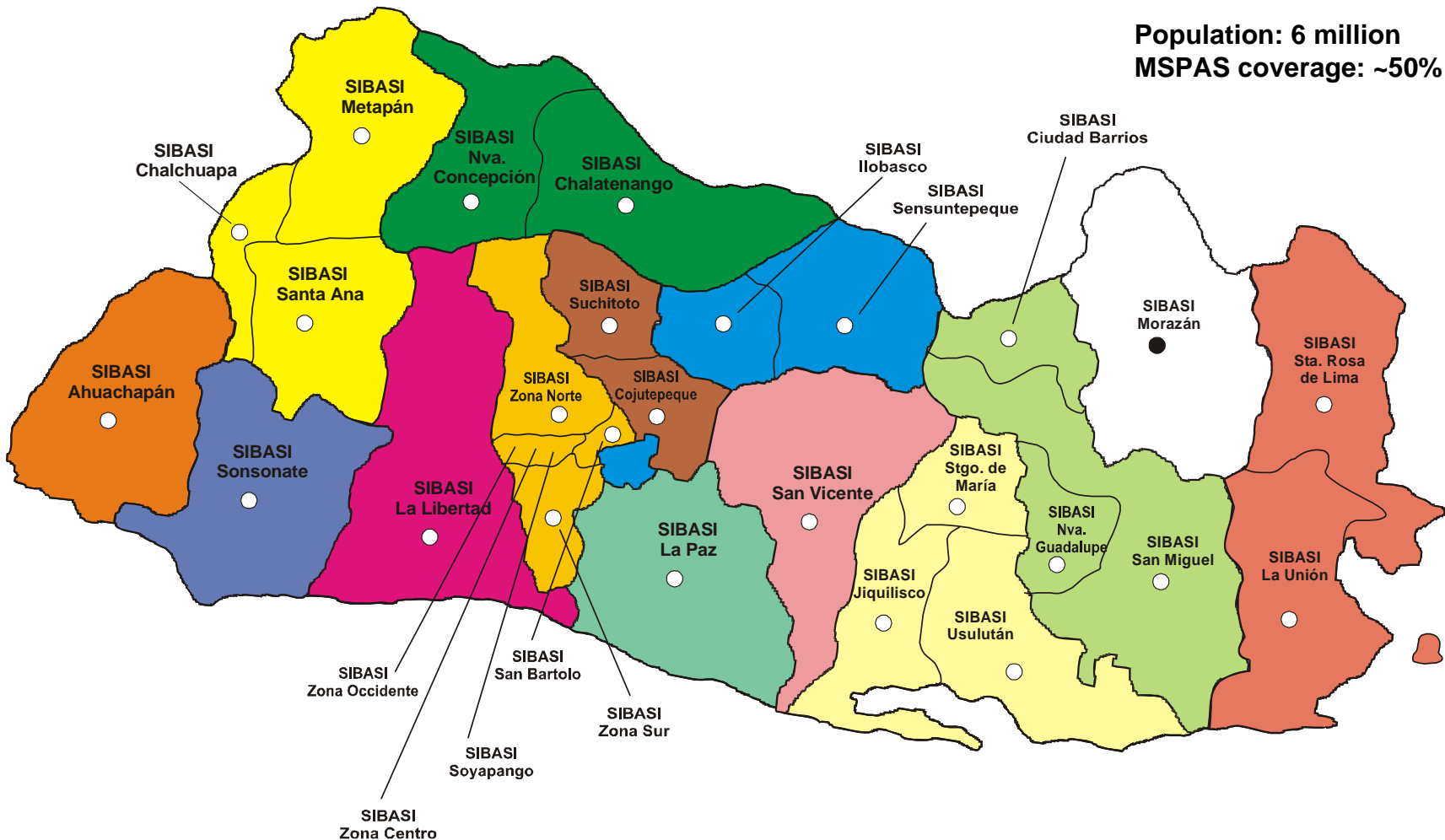
SEAM | *Strategies for Enhancing Access to Medicines*

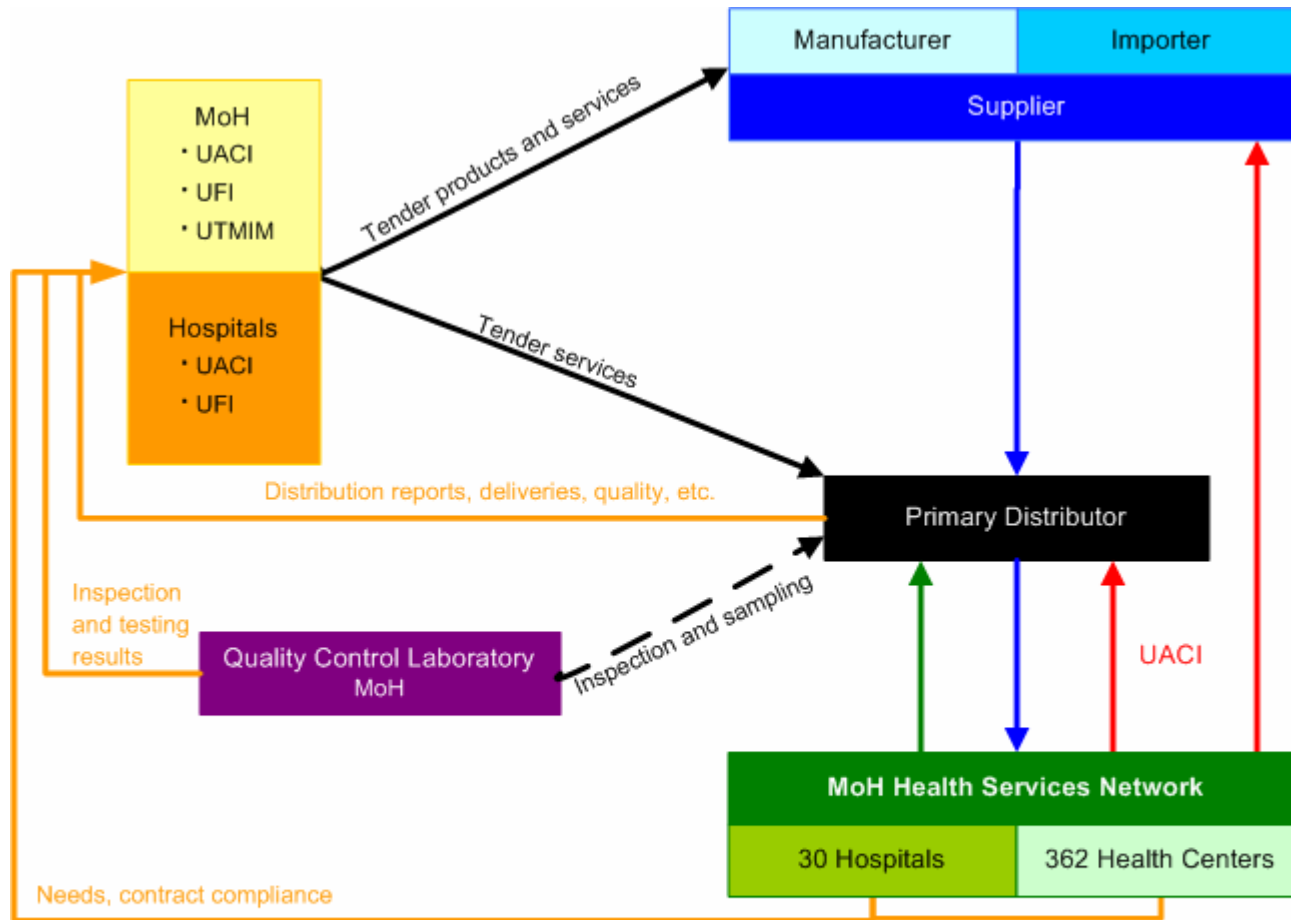


MINISTERIO DE SALUD PUBLICA Y ASISTENCIA SOCIAL

DISTRIBUCION GEOGRAFICA NACIONAL (DE LOS SIBASI)

Population: 6 million
MSPAS coverage: ~50%





The Proposed Model



Barriers that were overcome

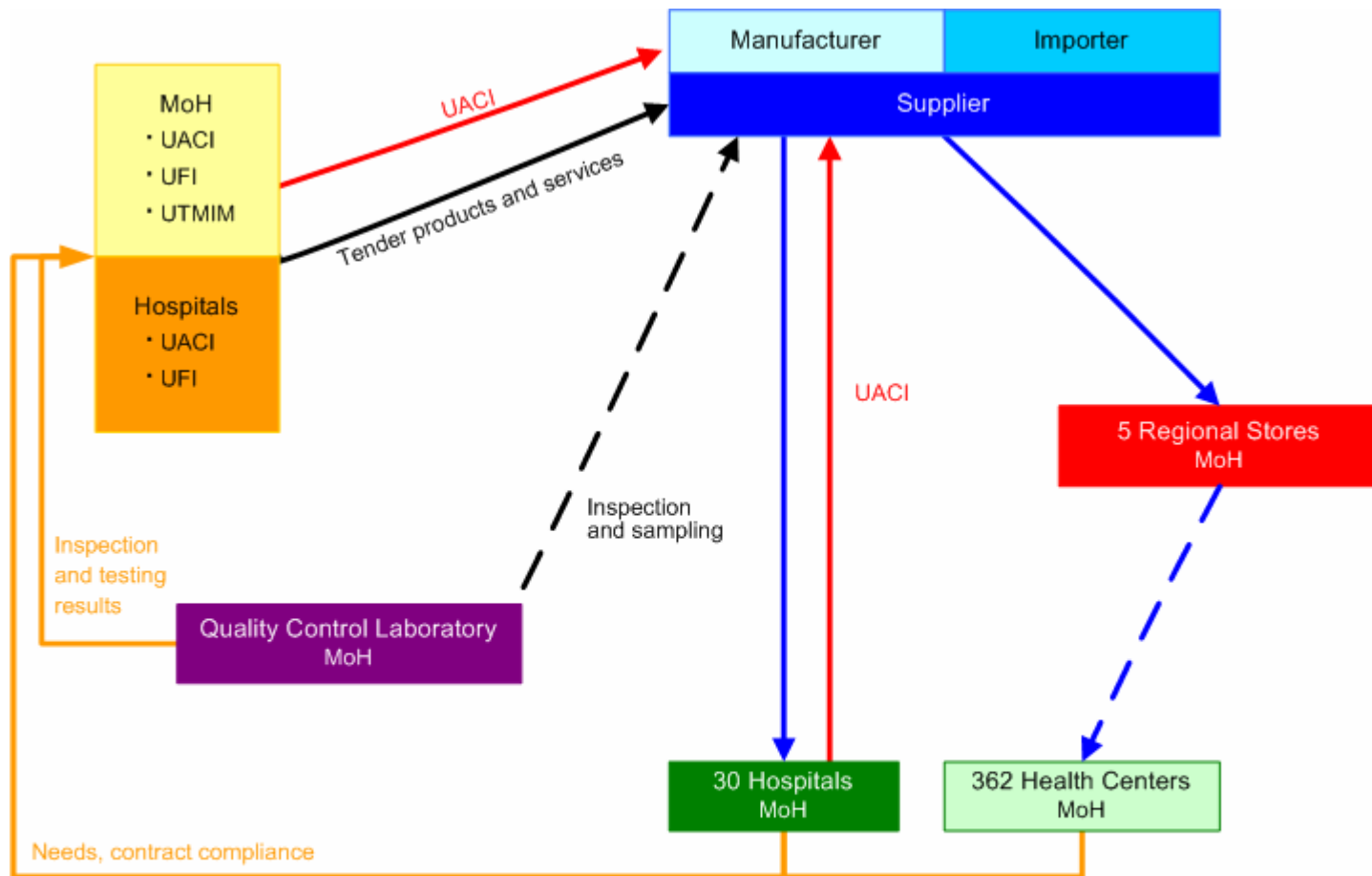
- ❖ Resistance from some hospital directors
 - ❖ Participatory process
 - ❖ Transparency
- ❖ Requirement of national budget approval prior to initiating tender process
 - ❖ Legal interpretation of laws and regulations





Barriers to Contracting a Primary Distributor

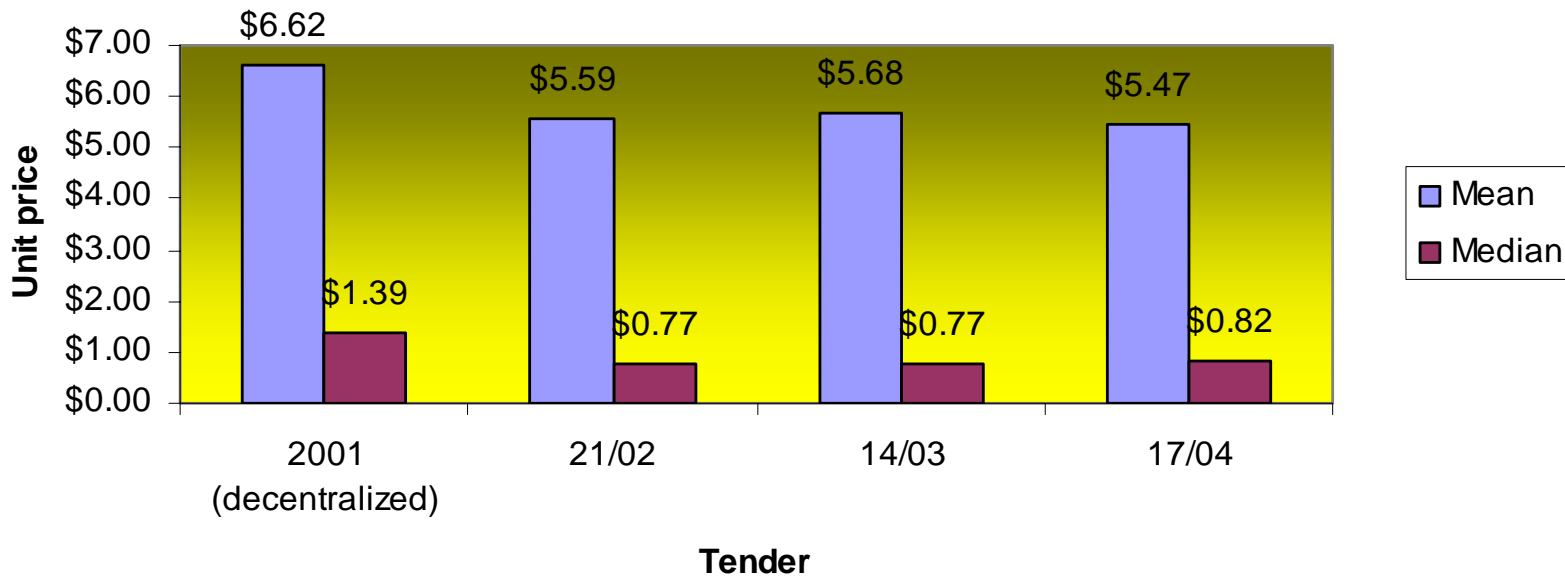
- ❖ Political objection to health services privatization
 - ❖ State Guarantee on Health and Social Security (Decree 1024)
- ❖ Administrative arguments
- ❖ Weak logistics management capacity
- ❖ Decision-maker changes
 - ❖ Minister of Health resignation (2003)
 - ❖ National elections (2004)



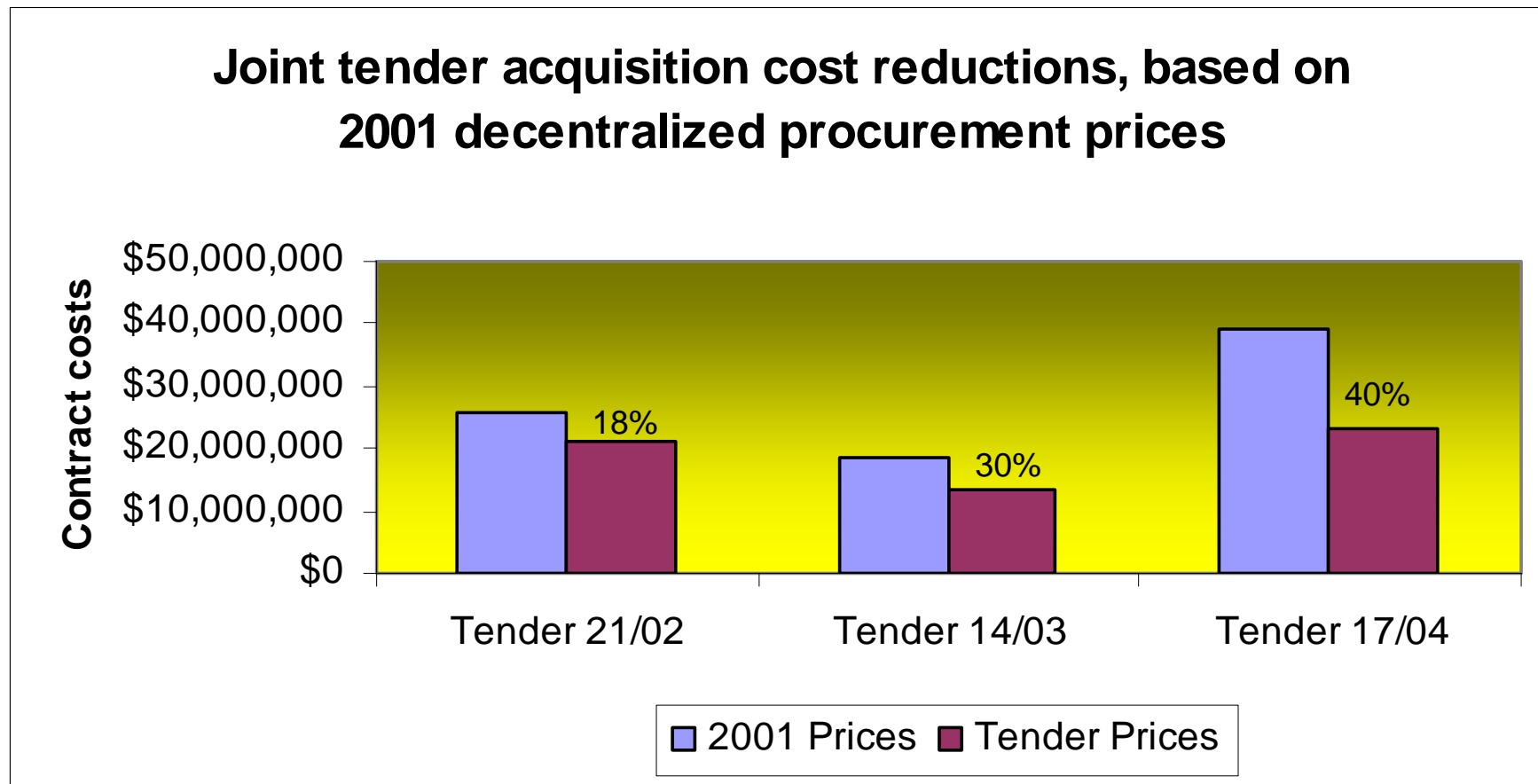
The Current System

Achievements: Pooled Procurement

Mean and Median Unit prices for 128 medicines in Decentralized Procurement and Three Joint Tenders

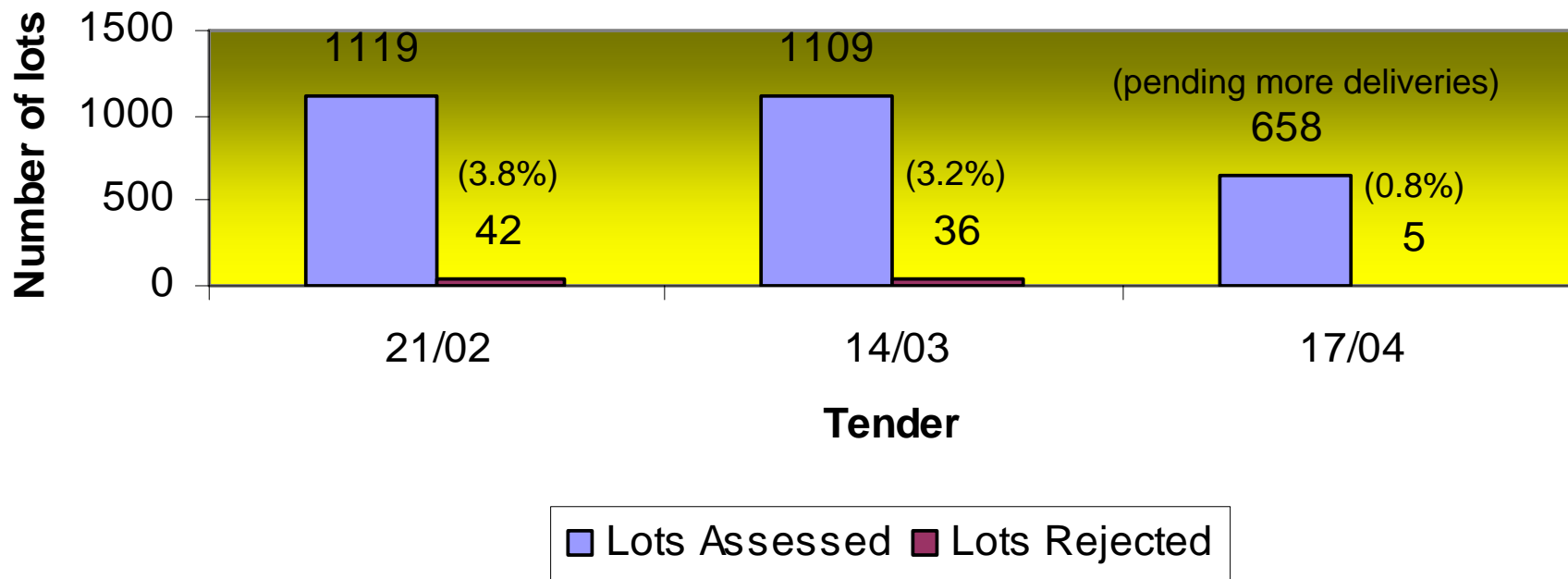


Achievements: Acquisition Cost Reductions



Achievements: Product Quality Assurance

Number and Percentage of Lots Assessed and Rejected in Three Joint Tenders



Increase in Medicines Availability in Central and Regional Medical Stores



The Challenge



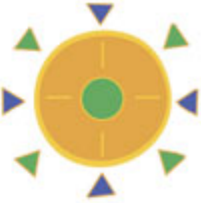
Lessons Learned: Procurement

- ❖ Implementation of joint procurement/tender program for medicines supply to a network decentralized health services
- ❖ Active participation of hospitals in program design for its acceptance and transparency
- ❖ Benefits of joint tenders (number of tender processes and associated costs, efficiency of pharmaceutical spending, and quality assurance)



Lessons Learned: Distribution

- ❖ Need for effective logistics system to optimize benefits of joint tenders
- ❖ MoH decision and level of political commitment needed to overcome obstacles to proposed primary distributor system
- ❖ Threats to sustainability of the joint procurement/tender program



Lessons Learned: Product QA

- ❖ Greater effectiveness and efficiency through
 - ❖ shared quality assurance efforts
 - ❖ de-listing of suppliers that did not meet product quality and contract specifications (delivery times and quantities)
 - ❖ enhanced managerial capacity to procure required reagents and supplies (use of budgeted funds)
 - ❖ quality control laboratory staff participation in tender evaluation

Conclusion

- ❖ Decentralized health systems may achieve significant product cost reductions and improvements in quality assurance through pooled procurement.
- ❖ Effective logistics systems are needed to optimize benefits of pooled procurement.