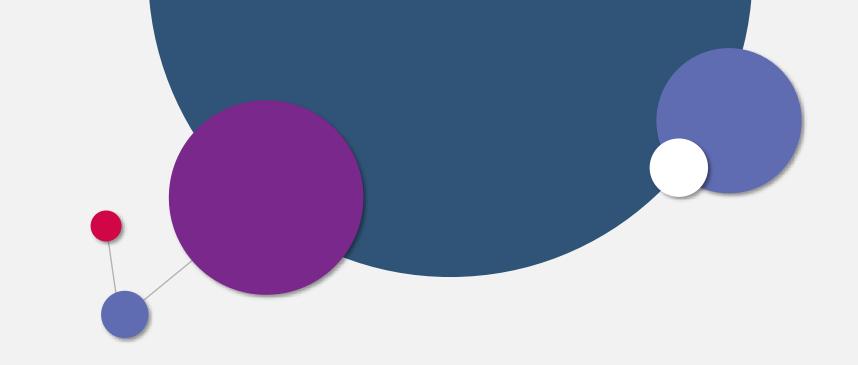


Assessment of Tender Adjudication Criteria Among European and Leading Emerging Markets

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INTRODUCTION

The procurement of medicines through competitive bidding (tendering) is a common measure taken by governments to lower pharmaceutical expenditure. Tendering can occur by a centralized procedure, through a national body, or by a decentralized procedure, with procurement decisions being considered by individual hospitals or regional organizations. In countries with a decentralized health service, such as Italy or Spain, reimbursement decisions are considered at the national level, however, individual regions within each country can issue tenders and negotiate specific volume and price arrangements with manufacturers. With the introduction of new high-priced medicines, there has been a shift towards a centralized and joint procurement as a method of reducing costs. While the tender process is used for the purchase of medicines with approved equivalents, their adjudication depends on product performance against the tender criteria, with individual criterion weights varying by country/region. This research explores the criteria used by several countries to rate and adjudicate pharmaceutical tenders.

METHODS

A literature review was conducted on tender processes and criteria. Furthermore, interviews were conducted with 22 payers from Italy, Spain, the UK, Turkey, Saudi Arabia, Australia and Brazil to determine the key criteria used to rate tenders. Topics of discussion included the tender process, criteria, and potential future changes. Responses were then categorised into either 'high-', 'moderate-' and 'low importance' rating for each tender criterion.

RESULTS

Bibliographic research on the tender process and specific key criteria in Italy, Spain, the UK, Turkey, Saudi Arabia, Australia and Brazil produced limited results (Table 1).

Table 1. Country-specific drug tendering stakeholders and key tender criteria based on secondary research

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Country		Institutions involved in tendering	Most important tender criteria	Source	
Brazil		Tender procurement of medicines in the public sector is decentralized; Conducted independently by 5,500 municipalities, 26 states, the Federal Government (Ministry of Health), hospitals	Price (an auction-based mechanism); Best technique (efficacy/safety) and price may be used; Contracts can also be awarded based on the highest economic return	[<u>1</u>] [<u>2</u>] [<u>3</u>] [<u>4</u>] [<u>5</u>] [<u>6</u>]	
Italy		Servizio Sanitario Nazionale (SSN); Tendering is decentralized for each of the 20 Regional Health Authorities (RHAs); RHAs have different purchasing power related to their size	Lowest price/best offer; M.E.A.T* can be used for certain medicinal products where additional services can be provided	[<u>7</u>] [<u>8</u>] [<u>9</u>] [<u>10</u>] [<u>11</u>]	
Spain		Nacional de Gestión Sanitaria (INGESA) under the Ministry of Health tendering for hospital-only medicines; Regional authorities (Comunidades Autónomas); Public hospitals	Lowest price or M.E.A.T*; Regions (i.e., Andalusia) use auction-like systems for procuring off-patent medicines in the outpatient sector, tender with the lowest price is selected	[<u>9</u>] [<u>10</u>] [<u>12</u>] [<u>13</u>] [<u>14</u>]	
UK		National Health Service (NHS); Commercial Medicines Unit (CMU); Devolved Health Administrations in Wales, Scotland and Northern Ireland; Hospital trusts	M.E.A.T*; Shift to more outcome-focused award criteria (i.e., more emphasis on clinical outcome data)	[<u>9</u>] [<u>15</u>] [<u>16</u>]	
Turkey	C*	Decentralized tendering; Social Security Institution (SSI); Hospital purchasing bodies; Individual hospitals; Pharmacies	Lowest price	[<u>17</u>] [<u>18</u>] [<u>19</u>]	
Saudi Arabia		Centralized public sector, decentralized private sector; National Unified Procurement Company (NUPCO)/ Ministry of Health; GCC (Gulf Cooperation Council); Health insurance companies	Lowest price, efficacy; Locally manufactured products could win a tender even if their submitted price is up to 10% higher than others	[<u>20</u>] [<u>21</u>] [<u>22</u>]	
Australia		Australian state and territory governments; Hospital groups, individual hospitals	Cost-effectiveness (limited data available)	[23] [24]	

Abbreviations: *M.E.A.T, Most Economically Advantageous Tender consisting of a budget-impact/cost-effectiveness-based analysis

Of the 22 payers interviewed, 18 were advisors or key decision-makers on pharmaceutical tendering from Italy, Spain, the UK, Turkey, Saudi Arabia, Australia and Brazil. Country-specific payer interviews that did not suggest weighting to specific criteria were excluded. All geographies considered price as the key criterion. Other criteria such as production capacity, shelf life and distribution capabilities were considered to be of "high importance". Environmental impact, after sales services and pack size/weight were only suggested to be of moderate to low importance (Figure 1).

Figure 1. Country-specific relative importance of tendering criteria based on payer interviews

Criteria	Relative Importance			
	High importance	Moderate importance	Low importance	
Price				
Distribution capabilities				
Shelf life				
WHO/CDC recommendation	選送以初			
Production capacity				
Environmental impact				
After sales services	灣沒刻刻			
Pack size/weight				

We identified country-specific trends, such as increasing the weight of cost-effectiveness criteria when adjudicating tenders in the UK, whereas payers from Italy and Spain expected increased quality performance metrics, national as opposed to regional tenders (Italy), and multi-buy purchase (Spain) going forward. Payers from Australia and Saudi Arabia considered a robust distribution and supply infrastructure as key aspects for tender decision making due to supply concerns for remote regions. Local manufacturing can be favoured in Brazil, Turkey, and Saudi Arabia. Future tenders could grant an increased weight to environmental factors according to three payers from the UK, Spain and Italy.

Table 2. Key country-specific considerations and insights based on payer interviews

Country	Key country-specific considerations, insights and trends		
	 Local manufacturing by the sponsor can be favoured in tendering decisions as this provides a guarantee of sufficient distribution and sustainability of the contract No changes to the tendering process are expected 		
	 Multiple suppliers could win one tender, so authorities could issue purchasing contracts according to local-specific needs Price-only focus may shift towards quality and performance as assessment criteria A shift towards a centralized tender process, as opposed to regional, is expected 		
	 Regions may differ in their approach to tender evaluation and negotiation In addition to price, technical support may be a differentiating criterion, however, when products have no differentiating technical characteristics, the decision is based on price 		
	 The UK is moving towards budget impact/cost-effectiveness criteria for tenders Patient associations are gaining influence when considering drug procurement/tendering Brexit may influence procurement decisions to favour local manufacturers 		
	 Manufacturers will have a 15% pricing advantage during tender contract decisions if the product is manufactured within Turkey If all sponsors provide similar documentation, the lowest price will often win the tender contract, regardless of other product characteristics No changes to the tendering process are expected, however, there may be a greater focus on direct purchasing for drug procurement 		
	 NUPCO issues national tenders for the KSA and the GCC in which manufacturers bid to either the ministry of health or a specific healthcare department Drug supply is heavily dependent on international manufacturers despite a preference for local manufactures as a result of issues in production, specifically for biologics Stability data out of cold storage is especially important during pilgrimage (Hajj) season to ensure supply to rural medical facilities throughout the region 		
	 Northern Territory, Aboriginal/Torres Strait Islander populations are in rural and remote areas, drug suppliers with strong distribution infrastructures capable of consistent supply are favoured in tendering decisions Generally, price consists of 60% of the weighted criteria for tender adjudication No changes to the tendering process are expected in the near future 		

Abbreviations: NUPCO, National Unified Procurement Company; KSA, Kingdom of Saudi Arabia; GCC, Gulf Cooperation Council

CONCLUSION

Information on country-specific tender criteria assessment is rarely found through public sources. Although economic criteria remain the highest valued ones across geographies, country/region-specific requirements could be determinant in the adjudication of tenders, including geographical, sociodemographic, religious and political aspects. Furthermore, as certain tendering criteria may be differently weighted in the future, changes in the tendering process should be constantly monitored.

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