

# HOW DO YOU MOTIVATE DRUG SUPPLIERS TO SUBMIT TENDERS?



## Why was it done?

Challenges with drug supply is a global as well as a national problem. A decline in interest among the suppliers to submit tenders in our country, has been detected. This is more profound compared to other European countries due to a small market and a strict interpretation of EU public procurement rules.

## How was it done?

In 2015 and 2016, the national purchasing authority for all drugs used in all the public hospitals, tested three new contract types on 17 drugs:

- Purchase obligation for the national purchasing authority
- Limit on reimbursement obligation for replacement drug and
- Two national suppliers of one drug.

Contract type a and b aimed to reduce the suppliers' economic risk and c was primarily tested to secure national drug supply.

## What was done?

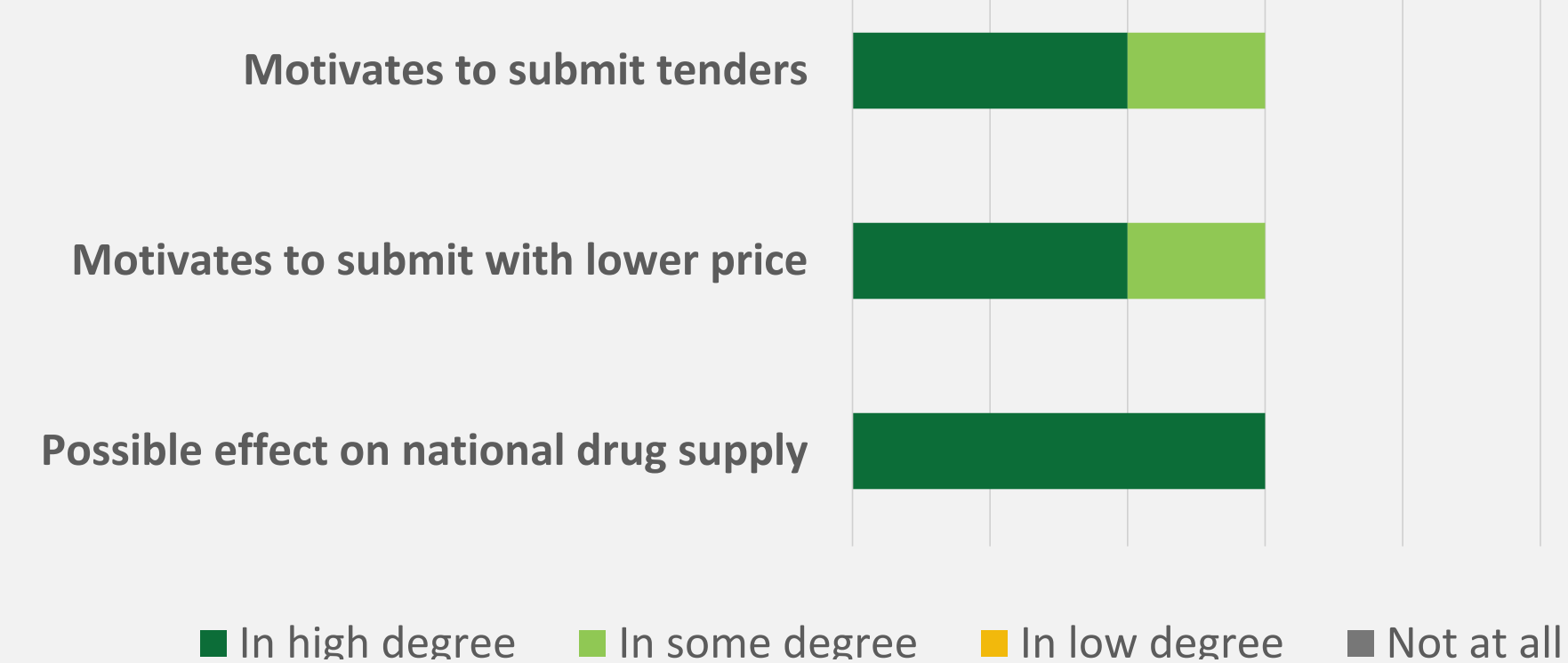
The aim of the study was to evaluate whether three selected contract types motivated suppliers to submit tenders, submit with a lower price and whether they affected national backorders.

Suppliers, who had the opportunity to submit tenders for the new contract types, were included in the study. For the 2015-tenders' 7 of 8 semi structured interviews were carried out and for the 2016-tenders, 10 electronic questionnaires were provided (50 % respond rate). In total 2 parallel importers and 15 generic suppliers participated. Three of the 17 drug suppliers responded twice related to two different contract types.

## What has been achieved?

### Contract type a: Purchase obligation for the national purchasing authority

#### Results from questionnaires (n = 3)



#### Related comments from questionnaires and interviews (n = 5)

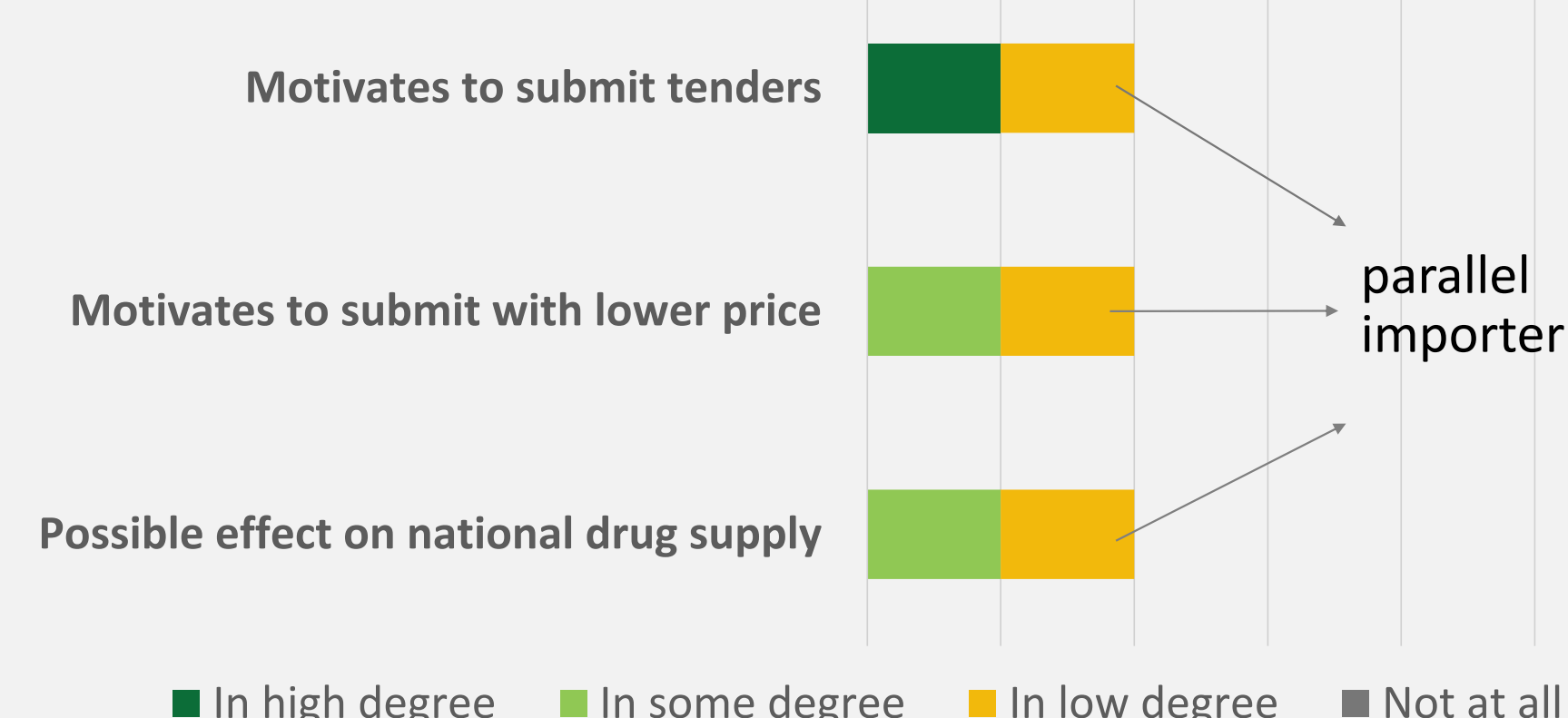
- It is easier to predict amounts and make budget
- The prizes are perhaps as low as they can be
- It makes it possible to order a certain amount from our own global system.

#### Conclusion

The respondents reported that this contract type motivates to submit tenders and submit with a lower price. It might reduce national backorders due to a predictable sale.

### Contract type b: Limit on reimbursement obligation for replacement drug

#### Results from questionnaires (n = 2)



#### Related comments from questionnaires and interviews (n = 6)

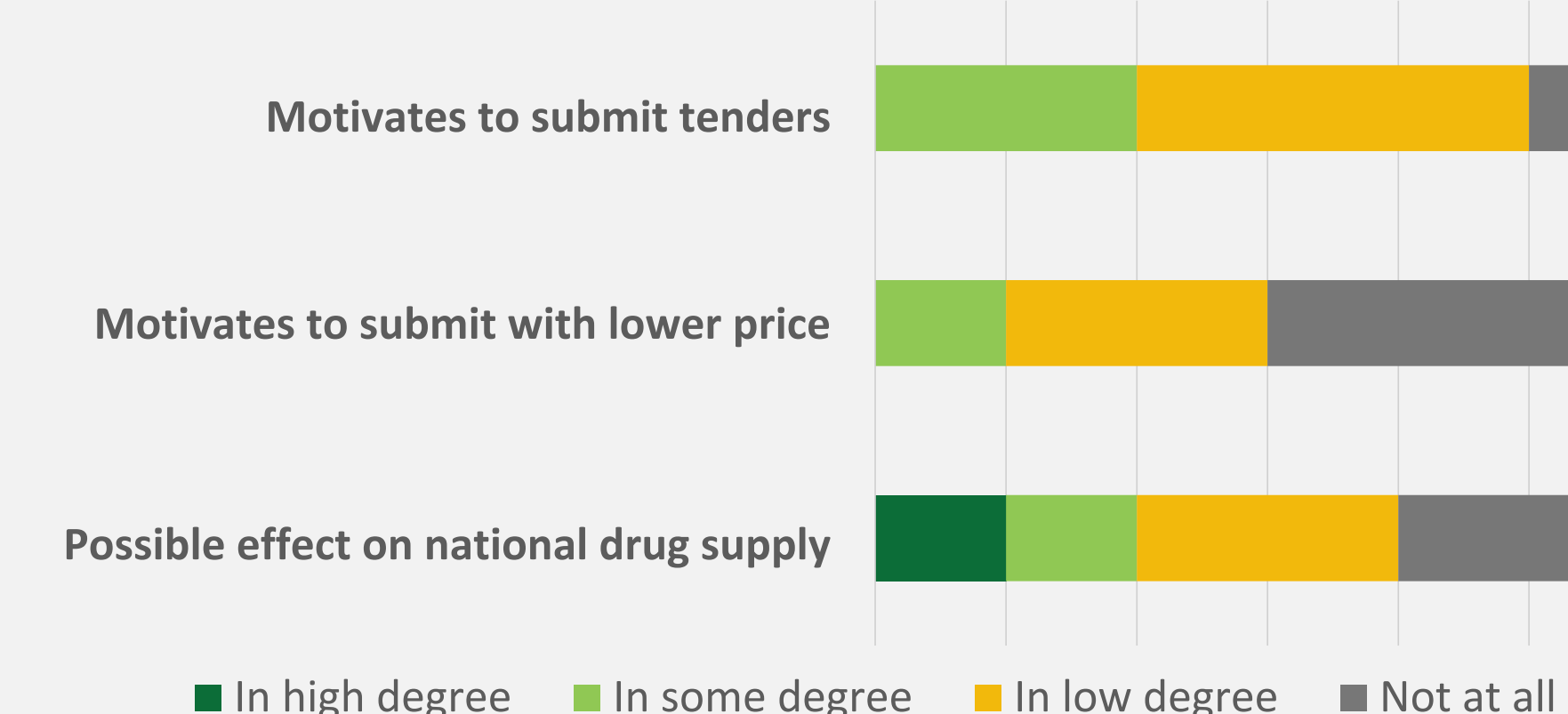
- Due to prices close to original, parallel importers have limited benefit
- It enhances the economic safety
- The prizes are perhaps as low as they can be
- It effects national drug supply, since it motivates suppliers to submit tender.

#### Conclusion

The generic respondents reported that this contract type reduces their economic risk, which motivates to submit tenders and due to that might reduce national backorders.

### Contract type c: Two national suppliers of one drug

#### Results from questionnaires (n = 6)



#### Related comments from questionnaires and interviews (n = 9)

- It does not motivate suppliers, since the amount is reduced
- It does not motivate suppliers to submit tender with lower price, since the amount is reduced
- It is false security, since both drug suppliers order months in advance.

#### Conclusion

The respondents reported that this contract type did not have considerable effect on the national supply, since the forecast and amount of orders from both suppliers are fixed months in advance.

## What next?

In order to address the challenges with drug supply, new types of contracts, which reduce the suppliers' economic risk, will be further implemented in future national tenders.