

Improving access to strategic health supplies through pooled procurement: PAHO's Revolving Funds

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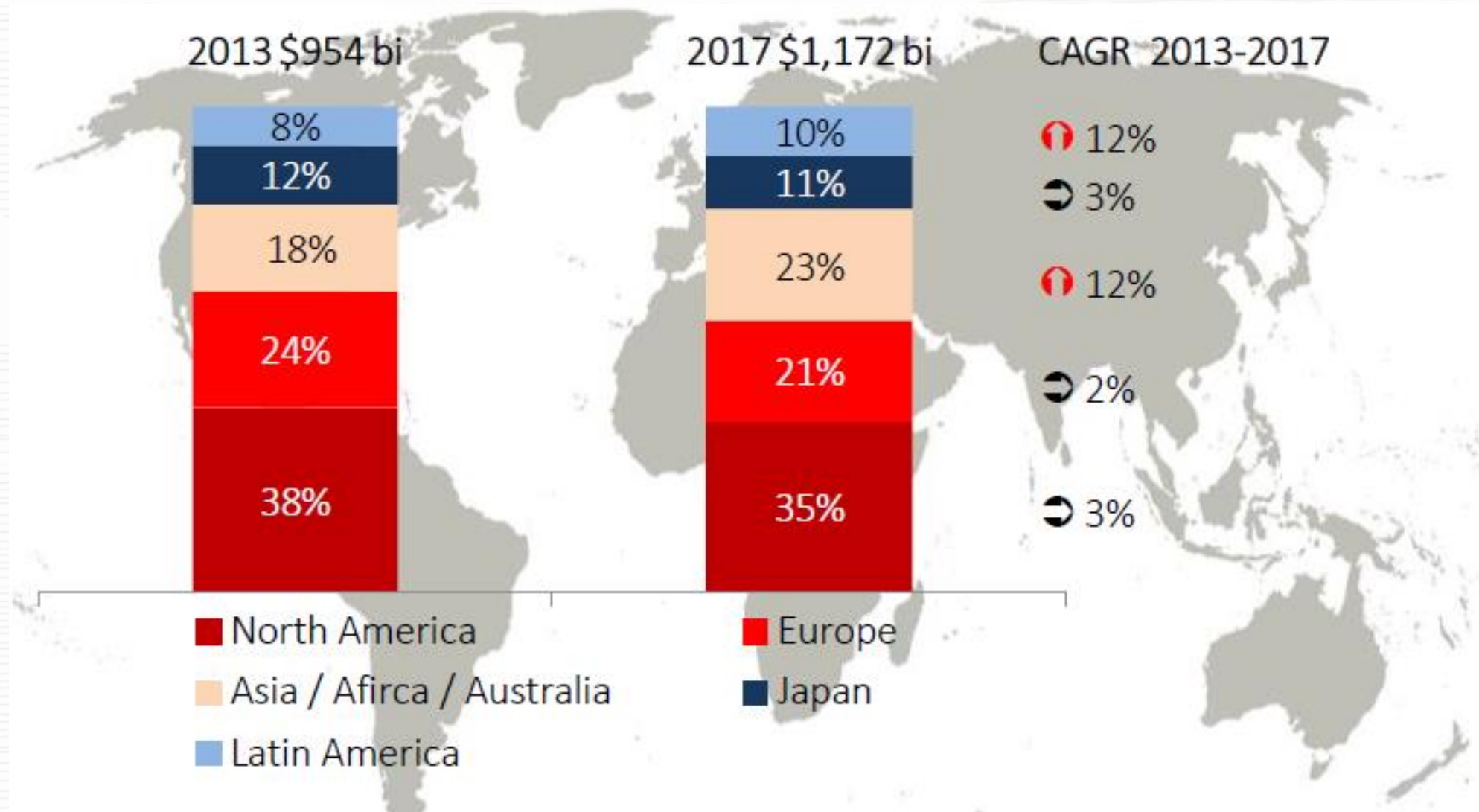
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Pan American Health Organization/World Health Organization

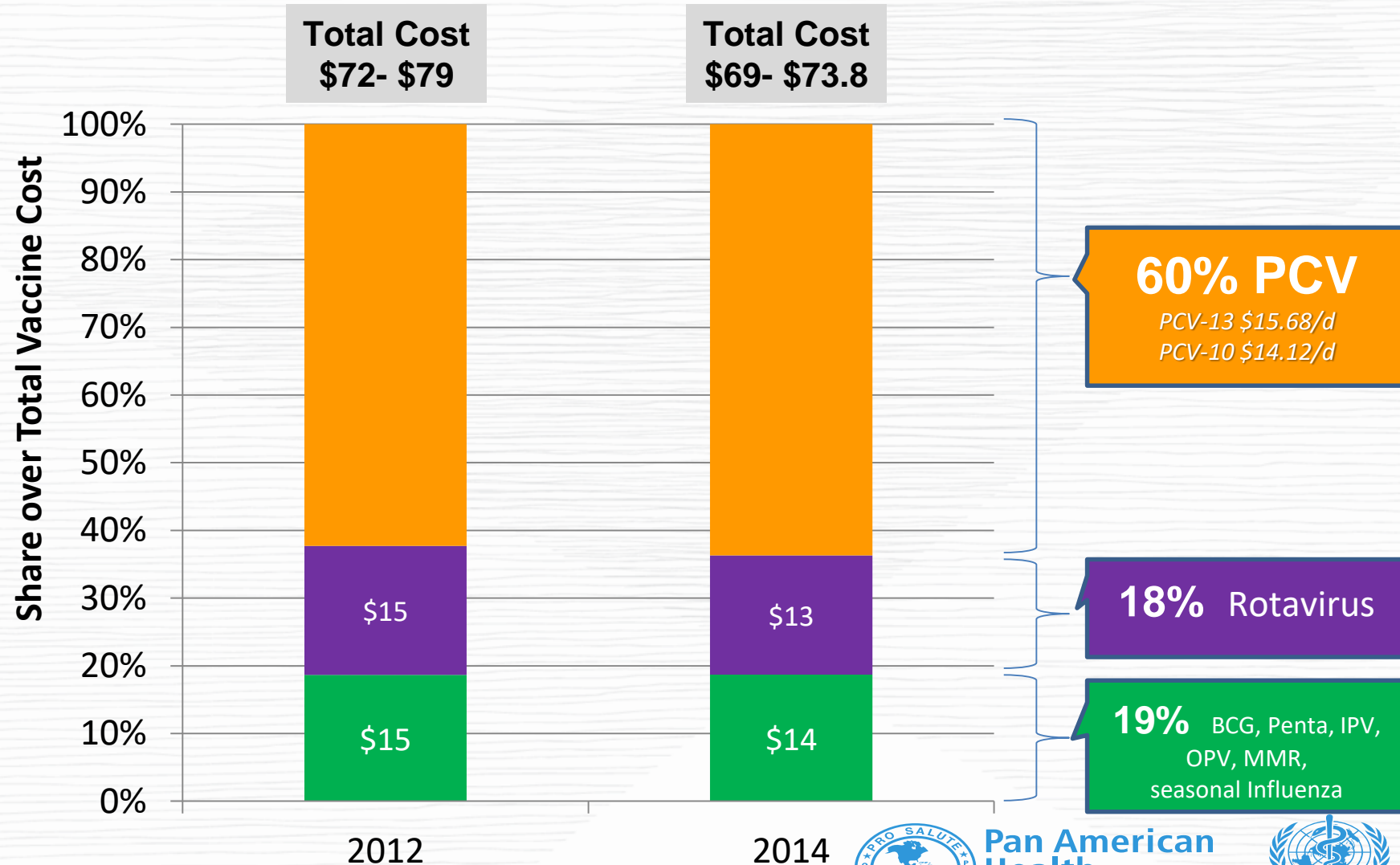


PAHO

Increased Awareness on Pricing and Sustainability



Pneumococcal conjugate and Rotavirus vaccines
represent 80% of the Total Vaccine Cost
to protect a child against 13 vaccine preventable diseases



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The commitment

PAHO Member States' Resolutions & the Revolving Fund for Vaccines

- **1977 CD25.R27** “Establishment of the Expanded Program on Immunization (EPI) and the PAHO Revolving Fund”
- **2013 CD52R5** “Principles of the PAHO Revolving Fund for Vaccine Procurement”
- **2013 CD52/15** “Review of the Charge Assessed on the Procurement of Public Health Supplies for Member States”+
- **2014 CD53/23 Report** “PAHO Revolving for vaccine procurement: Challenges and Opportunities”

+Note: From the 4.25% fee received from countries, 3% is capitalized and 1.25% to defray operating costs



CD55/10 (2016) ACCESS AND RATIONAL USE OF STRATEGIC AND HIGH-COST MEDICINES AND OTHER HEALTH TECHNOLOGIES :

Adopted by Member States to improve equitable access to safe, effective and quality medicines and other HT

- Help countries identify the best policies and strategies for increasing access to these products without excessive costs to their health budgets.
- Calls on countries to work together and on multiple fronts, including the development of policies and legal frameworks to regulate the pharmaceutical sector and to promote transparency in pricing, as well as strengthening regulatory systems to ensure the quality of medicines, **and increasing their utilization of joint procurement mechanisms including PAHO's Strategic Fund and Revolving Fund, which obtain quality medicines, vaccines and other medical products at lower prices for member countries by consolidating demand**
- *Policy Options:*
 - *Comprehensive national health and pharmaceutical and other health technology policies ,*
 - *Strategies that improve transparency and knowledge for decision making,*
 - ***Strategies that improve pricing outcomes and efficiency***
 - *Strategies that promote the rational use of medicines and other health technologies*



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The Funds

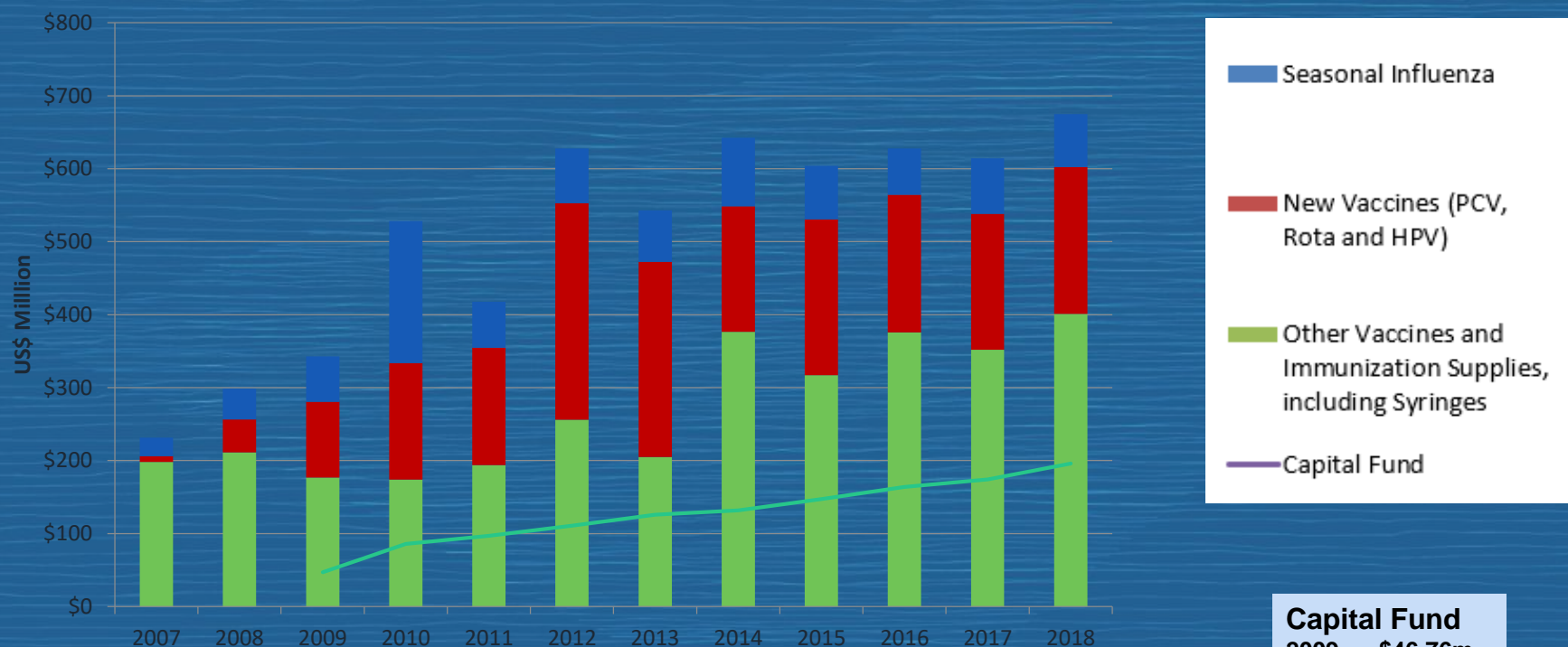
The Revolving Fund for Vaccines: 40 Year Anniversary, 1979-2019

41 countries
and territories



25 million
people are protected annually with at least
one vaccine procured through
The PAHO Revolving Fund

RFV in numbers



Working Capital Fund Objective:

Common fund that gives PAHO Member States access to financial credit to place vaccine procurement orders & to defer payment for 60 days following satisfactory receipt of order

Source of Credit: 4.25% Contribution

3% of net value goods contributes to the working capital fund

1.25% defray part of PAHO administrative & operating costs

Capital Fund

2009	\$46.76m
2010	\$85.74m
2011	\$96.75m
2012	\$110.63m
2013	\$125.93m
2014	\$131.86m
2015	\$147.30m
2016	\$163.83m
2017	\$180.00m
2018	\$196.00m

Strategic Fund

MORE THAN 250 PRO

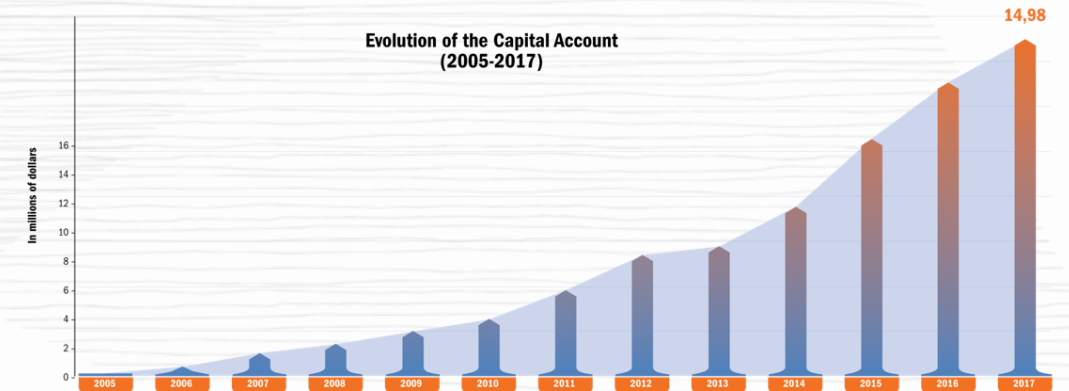
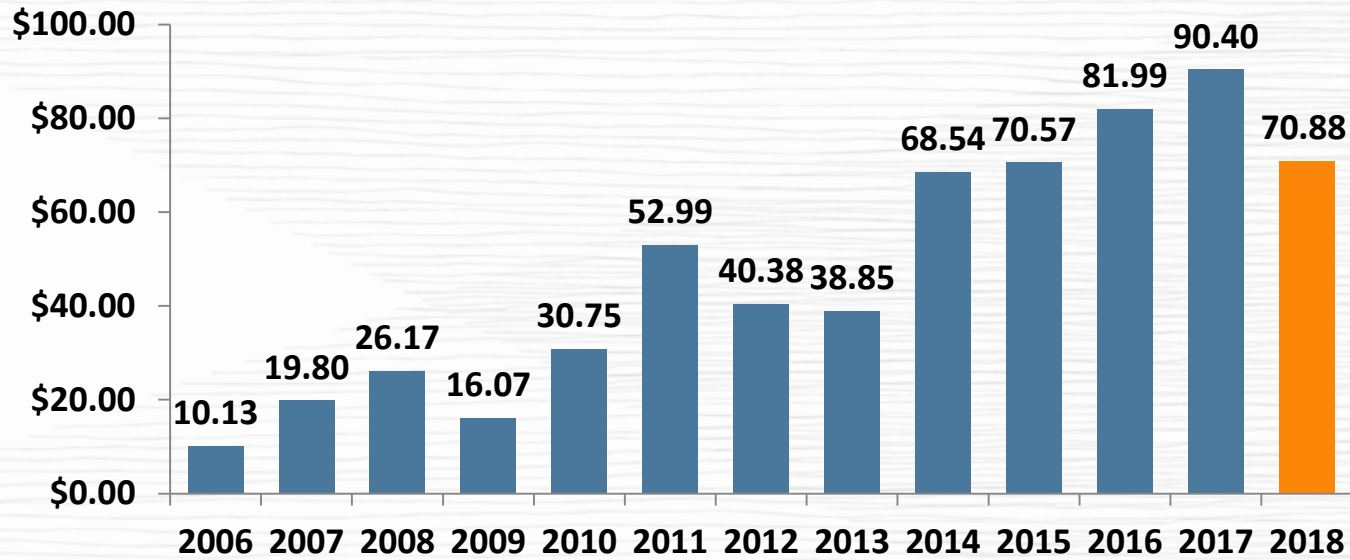
- MEDICINES
- DIAGNOSTIC KITS & HEALTH SUPPLIES
- VECTOR CONTROL



AMERICA and THE CARIBBEAN



SF in numbers



The PAHO Revolving Funds

Benefits for Stakeholders

For Countries

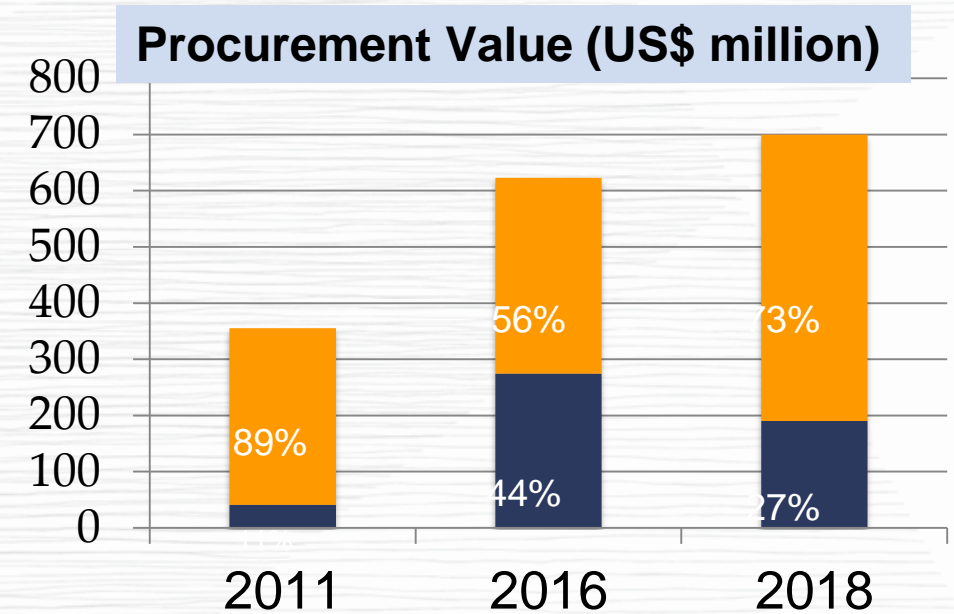
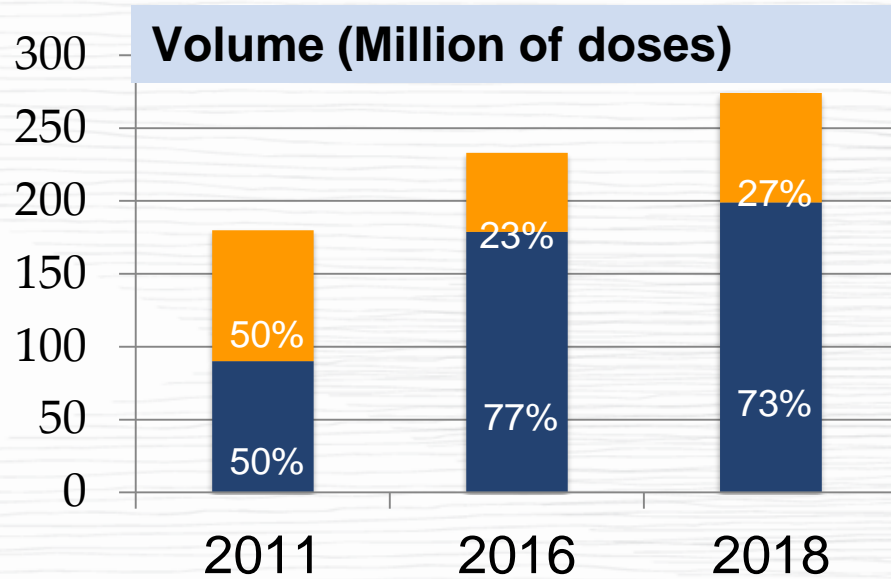
- Technical cooperation mechanism
- Timely and continuous supply
- Safe, quality products
- Supports financial sustainability
- “Catalyst” for a sustainable uptake of new products
- Access to a credit line (60 days)

For Manufacturers

- Direct access to 41 countries and territories
- mechanisms to support technical programs and enforce robust health systems
- Post-marketing surveillance
- Reliable forecasts and transparent relations
- Long Term Agreements
- Prompt payments

The impact

Improved affordability



DCVMN* IFPMA**

Additional saving as result of buying from DCVMN (Ex. Penta \$3.50 - \$1.00)

Result from negotiations with two HPV suppliers: US\$11.4 millions in annual savings⁺

Result from negotiations with two PCV suppliers: US\$12 millions in annual savings⁺⁺

* IFPMA: International Federation of Pharmaceutical Manufacturers

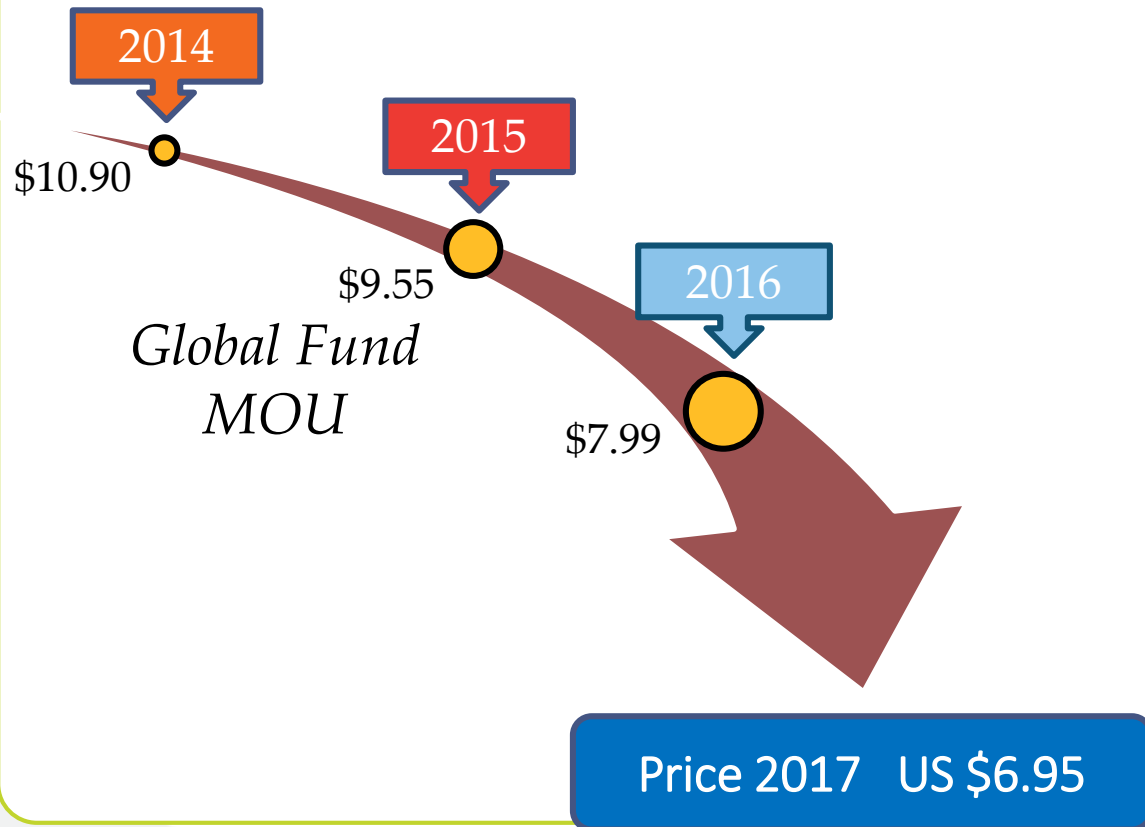
** DCVMN: Developing Countries Vaccine Manufacturers Network

⁺ For participating countries since 2015

⁺⁺ For participating countries since 2016

Improved affordability

Efavirenz + Lamivudine + Tenofovir
600mg + 300mg + 300mg Tablet, Bottle 30tb

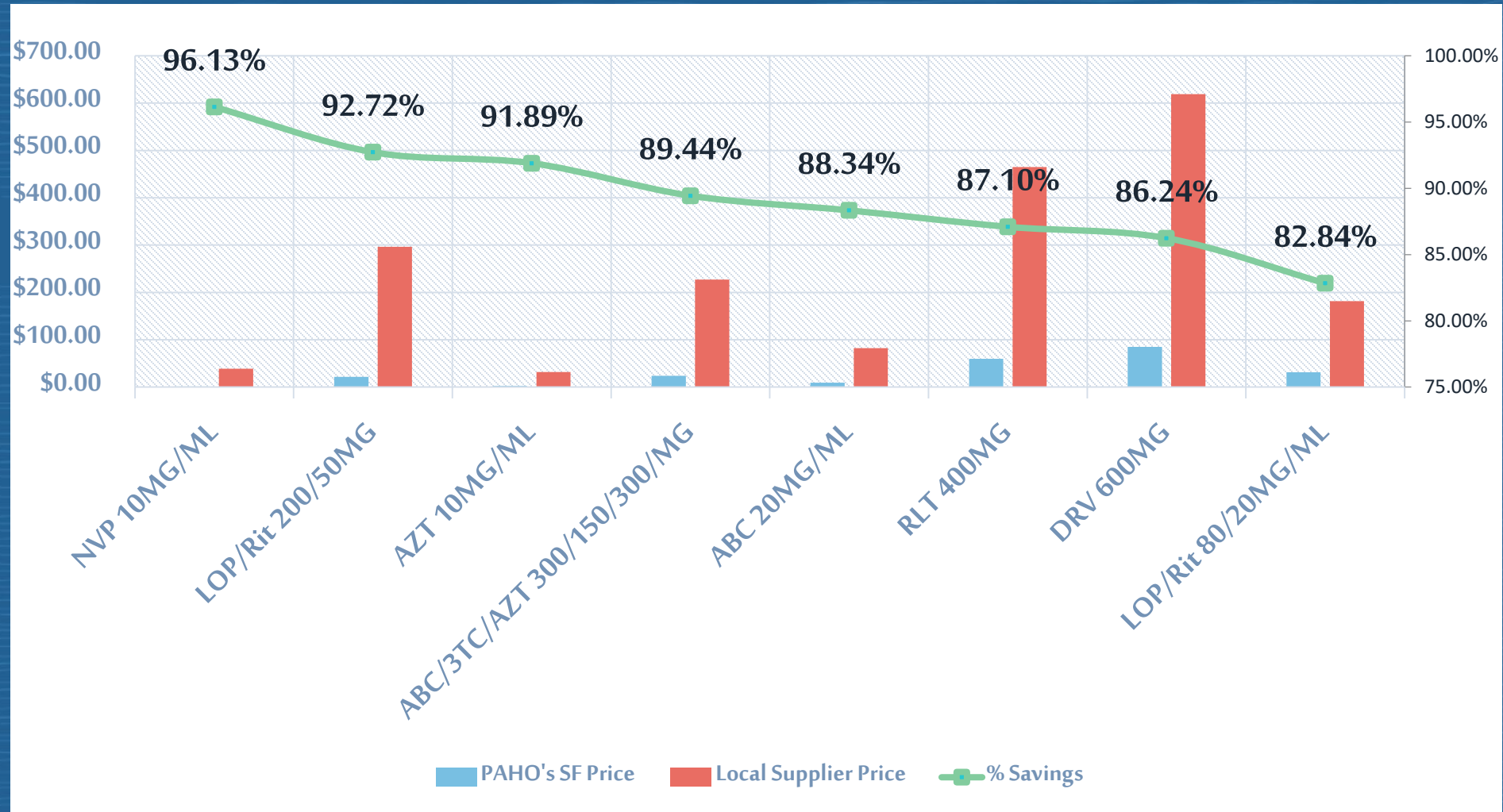


Competitive Prices

Per-tablet price comparison for a
HIV/AIDS medicine
(Darunavir)



Improved Health Systems' Sustainability



Improved access

Expanded access

to quality care and treatments

Among the objectives of the Strategic Fund is to work together with countries to expand access to quality care and treatments and to ensure the sustainability of national health systems. The budgetary impact of medicines procurement is a growing concern for countries in the Region, which largely depend on their own resources to purchase medicines and other essential supplies.

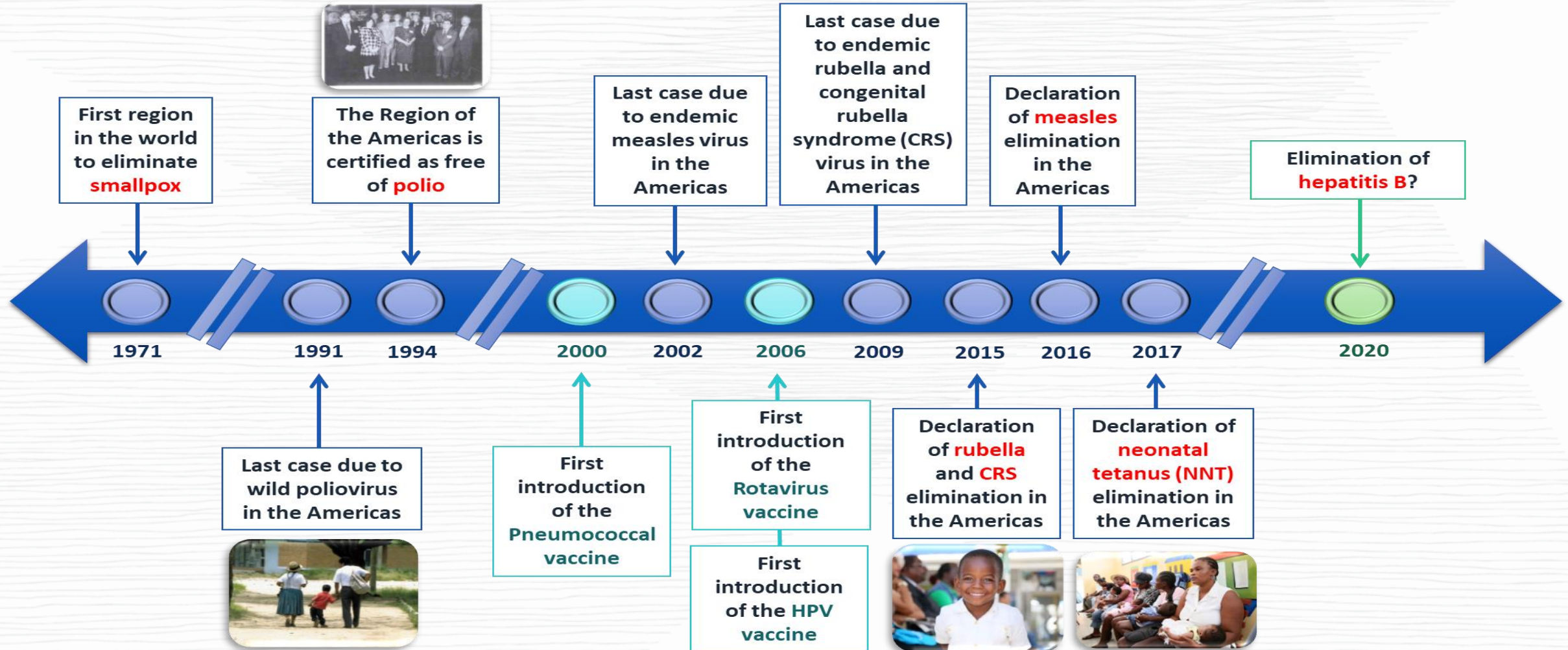
In recent years, the Strategic Fund has served as a transparent and efficient mechanism for cost reduction without compromising the quality of the products. Member States have thus managed to expand access to and rational use of essential medicines that save lives and improve the quality of life of the peoples of the Americas. For example, more than 607,000 people living with HIV/AIDS have received the preferred first-line treatment with medicines acquired through the Strategic Fund.

Units of preferred ARV first-line treatment procured through the Strategic Fund



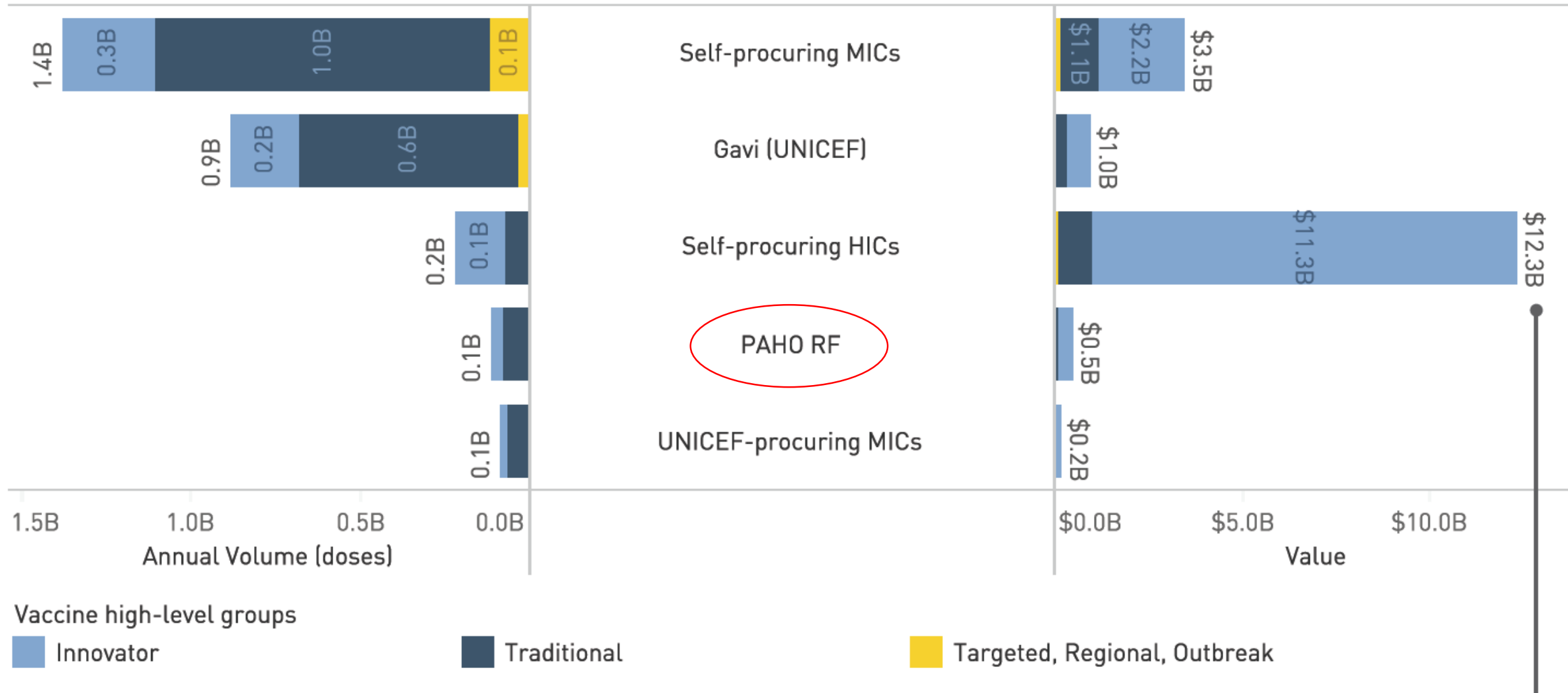
Improved health outcomes

The Elimination and Eradication of Vaccine-Preventable Diseases in the Americas



The Challenges

Global market volume and value by country group (2017)



The SF role

Medicines with several competitive generic alternatives

- e.g. ARV
- Competition of quality assured medicines exerts downturn pressure on prices and secures best prices in pooling-tendering scheme
- **SF is very effective in procuring at affordable prices**

Medicines with supply issues due to lack of commercial interest from traditional pharma

- e.g. Benznidazol and other NTD medicines
- Pooled procurement helps stabilize the market by through a demand-side incentive
- **SF has ensured supply of NTD medicines and has worked as an incentive to manufacturers to enter the market**

Medicines under patent protection (monopolies and/or oligopolies)

- e.g. Trastuzumab
- Manufacturers has shown little interest on offering medicines through the SF (advantages of market fragmentation, no differential pricing, prevent reference pricing, etc.)
- **SF now devising a comprehensive strategy to improve access to these strategic health supplies**



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Links with subregional price negotiations

- **2000-2005: Regional joint negotiations on HIV medicines**
- **2010-2013: SICA* price negotiations for essential medicines**
- **2015: Mercosur-UNASUR joint negotiation for high cost medicines**
 - CMC** Decision 32/14, 11 september 2015, Montevideo (Uruguay)
 - MERCOSUR/UNASUR joint committee to negotiate with multinational pharmaceutical companies on prices for purchasing high cost medicines.
 - Technical cooperation on quality criteria, and extending care programs (planning needs)
 - Significant savings for **Darunavir** (Hetero Labs), reduced prices for Sofosbuvir, (Gilead).
 - **Extended price to all countries participating in the Strategic Fund**
 - **Impact on the global price (Global Fund)**

* *The Central American Integration System (SICA)*

** *Chamber World INC. (CMC)*



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HEP C prices for MS excluded from special pricing

INN	Brand name	Price per 30 days supply (bottle)	Company
Sofosbuvir (400mg)	SOVALDI®	USD1,800.00 (I)	Gilead
Ledipasvir (90mg)/sofosbuvir (400 mg)	HARVONI®	USD2,600.00 (I)	Gilead
Sofosbuvir (400 mg)/velpatasvir (100 mg)	EPCLUSA®	USD2,600.00 (I)	Gilead
Daclatasvir	DAKLINZA™	USD1,413.22	Bristol
Simeprevir	OLYSIO™	Company did not want to offer the product through SF	Janssen

- **Transparent prices, no volumen guarantee, PAHO or its MS is under no obligation to procure**
- **(I) if a volumen of 9000 bottles of ny of teh Gilead products is reached by the SF, Gilead will provide an additional resduction of 5%/ 33000 bottles.**

Additional Challenges

- **Barriers to consolidate demand**
 - Low capacities for demand forecasting and supply chain management at country level; lack of proper health information systems at national level
 - Patents and other IP related issues
 - Tiered pricing and sole source products
- **Products of that are difficult to procure**
 - Sole or limited source products
 - Small volumes
 - Controlled substances



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#UniversalHealth

#HealthForAll