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

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The challenge
Increased Awareness on Pricing and Sustainability

Share of Global Market by Region 2013 – 2017, Ref: Americas Market Intelligence
Pneumococcal conjugate and Rotavirus vaccines represent 80% of the Total Vaccine Cost to protect a child against 13 vaccine preventable diseases.

- **Total Cost**: $72 - $79
  - 60% PCV
    - PCV-13 $15.68/d
    - PCV-10 $14.12/d
  - 18% Rotavirus
  - 19% BCG, Penta, IPV, OPV, MMR, seasonal Influenza

- **Total Cost**: $69 - $73.8
  - 60% PCV
  - 18% Rotavirus
  - 19% BCG, Penta, IPV, OPV, MMR, seasonal Influenza
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 CD52/R5** “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
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
Strategic Fund

MORE THAN 250 PRODUCTS

- Medicines
- Diagnostic Kits & Health Supplies
- Vector Control

- Providing the best scientific evidence to inform selection of supplies
- Fostering efficiency in the location of resources
- Prioritizing reductions in inequality and vulnerability
- Providing care in emergency situations
- Seeking significant impact on public health outcomes
SF in numbers

# The PAHO Revolving Funds

## Benefits for Stakeholders

<table>
<thead>
<tr>
<th>For Countries</th>
<th>For Manufacturers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Technical cooperation mechanism</td>
<td>• Direct access to 41 countries and territories</td>
</tr>
<tr>
<td>• Timely and continuous supply</td>
<td>• mechanisms to support technical programs and enforce robust health systems</td>
</tr>
<tr>
<td>• Safe, quality products</td>
<td>• Post-marketing surveillance</td>
</tr>
<tr>
<td>• Supports financial sustainability</td>
<td>• Reliable forecasts and transparent relations</td>
</tr>
<tr>
<td>• “Catalyst” for a sustainable uptake of new products</td>
<td>• Long Term Agreements</td>
</tr>
<tr>
<td>• Access to a credit line (60 days)</td>
<td>• Prompt payments</td>
</tr>
</tbody>
</table>
The impact
Improved affordability

**Volume (Million of doses)**

- 2011: 50% DCVMN, 50% IFPMA
- 2016: 77% DCVMN, 23% IFPMA
- 2018: 73% DCVMN, 27% IFPMA

**Procurement Value (US$ million)**

- 2011: 89% DCVMN, 11% IFPMA
- 2016: 56% DCVMN, 44% IFPMA
- 2018: 3% DCVMN, 97% 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

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* 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

2014: $10.90
2015: $9.55
2016: $7.99

Global Fund MOU

Price 2017: US $6.95

Competitive Prices

Per-tablet price comparison for a HIV/AIDS medicine (Darunavir)
Improved Health Systems’ Sustainability

![Graph showing savings percentage and price comparison]
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 807,000 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

30,000

90,997,500
The Elimination and Eradication of Vaccine-Preventable Diseases in the Americas

Improved health outcomes

- First region in the world to eliminate smallpox
- The Region of the Americas is certified as free of polio
- Last case due to endemic measles virus in the Americas
- Last case due to endemic rubella and congenital rubella syndrome (CRS) virus in the Americas
- Declaration of measles elimination in the Americas
- Elimination of hepatitis B?

- First introduction of the Rotavirus vaccine
- First introduction of the Pneumococcal vaccine
- First introduction of the HPV vaccine
- Declaration of rubella and CRS elimination in the Americas
- Declaration of neonatal tetanus (NNT) elimination in the Americas
The Challenges
## The SF role

<table>
<thead>
<tr>
<th>Medicines with several competitive generic alternatives</th>
<th>Medicines with supply issues due to lack of commercial interest from traditional pharma</th>
<th>Medicines under patent protection (monopolies and/or oligopolies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• e.g. ARV</td>
<td>• e.g. Benznidazol and other NTD medicines</td>
<td>• e.g. Trastuzumab</td>
</tr>
<tr>
<td>• Competition of quality assured medicines exerts downturn pressure on prices and secures best prices in pooling-tendering scheme</td>
<td>• Pooled procurement helps stabilize the market by through a demand-side incentive</td>
<td>• Manufacturers has shown little interest on offering medicines through the SF (advantages of market fragmentation, no differential pricing, prevent reference pricing, etc.)</td>
</tr>
<tr>
<td>• SF is very effective in procuring at affordable prices</td>
<td>• SF has ensured supply of NTD medicines and has worked as an incentive to manufacturers to enter the market</td>
<td>• SF now devising a comprehensive strategy to improve access to these strategic health supplies</td>
</tr>
</tbody>
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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)
<table>
<thead>
<tr>
<th>INN</th>
<th>Brand name</th>
<th>Price per 30 days supply (bottle)</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sofosbuvir (400mg)</td>
<td>SOVALDI®</td>
<td>USD1,800.00 (I)</td>
<td>Gilead</td>
</tr>
<tr>
<td>Ledipasvir (90mg)/sofosbuvir (400 mg)</td>
<td>HARVONI®</td>
<td>USD2,600.00 (I)</td>
<td>Gilead</td>
</tr>
<tr>
<td>Sofosbuvir (400 mg)/velpatasvir (100 mg)</td>
<td>EPCLUSA®</td>
<td>USD2,600.00 (I)</td>
<td>Gilead</td>
</tr>
<tr>
<td>Daclatasvir</td>
<td>DAKLINZA™</td>
<td>USD1,413.22</td>
<td>Bristol</td>
</tr>
<tr>
<td>Simeprevir</td>
<td>OLYSIO™</td>
<td>Company did not want to offer the product through SF</td>
<td>Janssen</td>
</tr>
</tbody>
</table>

- 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.

HEP C prices for MS excluded from special pricing
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
THANK YOU!