

# Antiretroviral Procurement



Parliament Committee on Economic Development

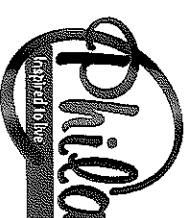
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28 June 2017



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# Overview of Pharmaceutical Industry



## Total Current Estimated Value of State Pharmaceutical Contracts:

- R 12.8 Billion per Annum, subject to price adjustments for foreign exchange fluctuation (*Based on awarded volumes, not actual procurement*)

## Number of Suppliers with State Contract and Line Items

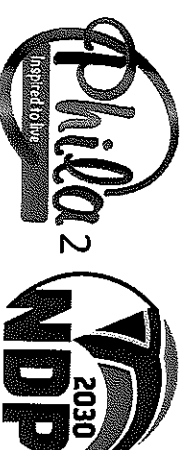
- 80 Suppliers on contract, across over 1000 line items

④ **Number of suppliers with products in the Private Sector**  
(Single Exit Price Database): 161

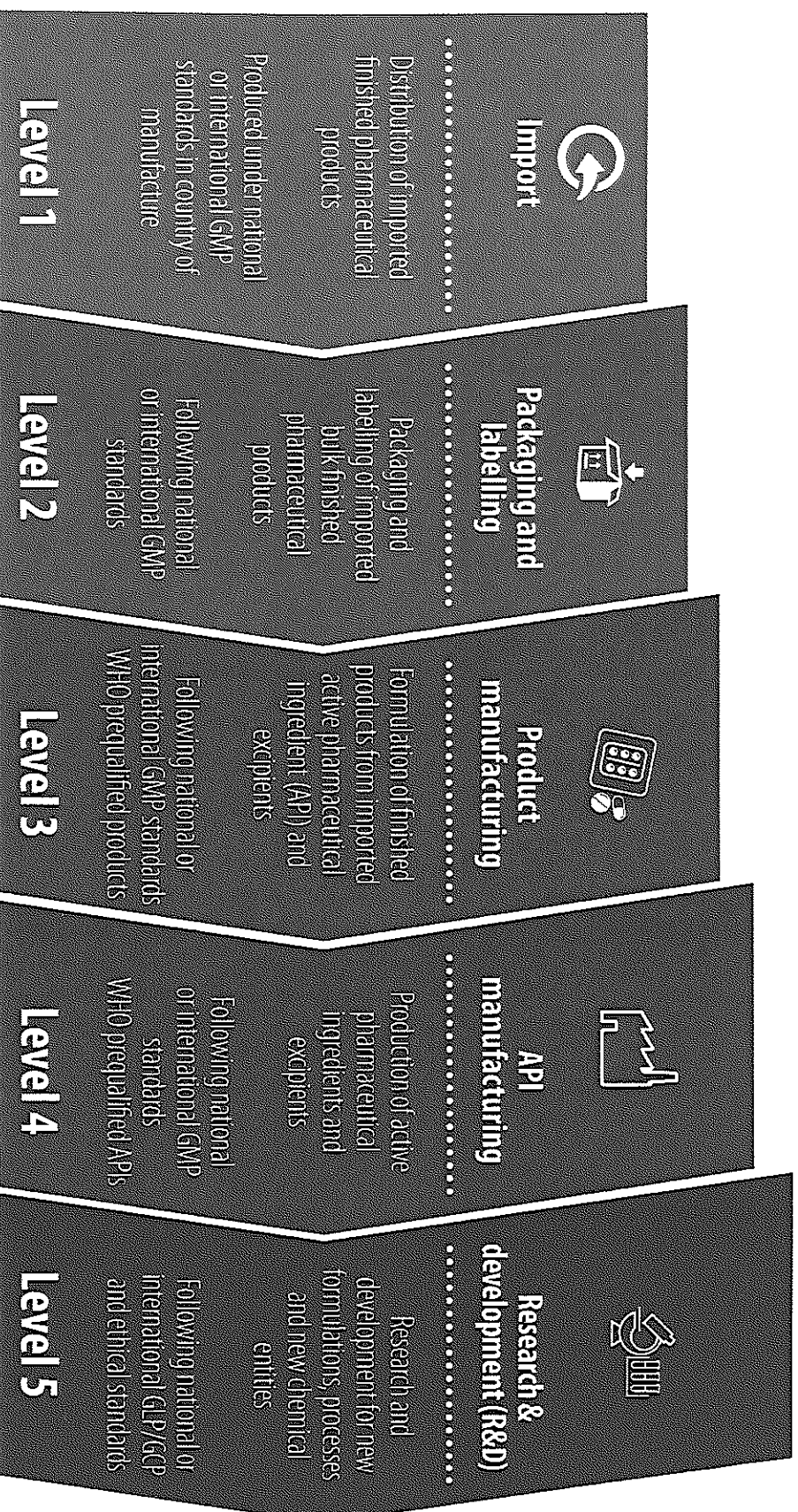


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# Pharmaceutical Value Chain



# Factors that affect local production

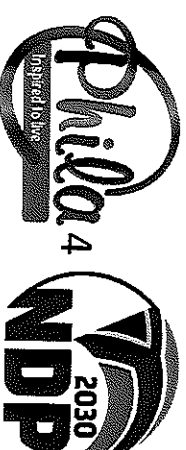


1. Access to appropriately skilled persons to develop production capability
2. Availability of the physical infrastructure to produce a medicine
3. Disease burden in the market
4. Standards adopted by the national medicines regulator
5. Economic incentives and disincentives
6. Duties and import controls
7. Collaborative partnerships



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# Criteria of Award: 2015

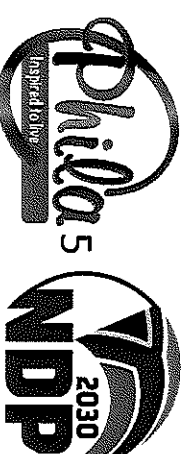


1. Administrative Criteria (Standard requirements) – SDB, BBBEE, ETC
2. Legislative Compliance (Relating to medicine)
  - Limited to suppliers who are applicants on the Medicine Registration Certificate and products that are registered
3. Technical evaluation including sample evaluation
  - Capacity to supply
  - Security of supply of Active Pharmaceutical Ingredients
  - Price reasonability – previous tender price, SEP, international price
4. 90/10 preference point system
5. Preference for local manufacturers



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# Criteria of Award: 2015

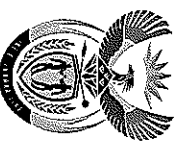


## Details: Preference for local manufacturers

Through engagement with DTI it was agreed that the HP13-2015ARV contract would be designated for preference for local manufacturers, “**provided that this does not negatively impact upon security of supply and affordability**”.

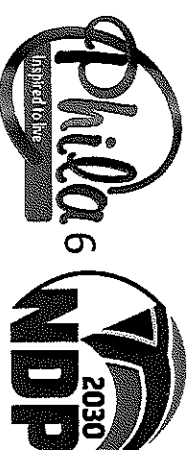
### The following conditions applied:

- Bids for products that qualify for this preference must comply with all of the following criteria:
- The Medicine Control Council (MCC) certificate of registration for a product lists the primary site of production as one that is located in the Republic of South Africa;
- The reference price as published by National Department of Health has not been exceeded;
- Demonstrated capacity to service the required volumes as evaluated in terms of the data provided in the Bid Response Document;
- Bids are within 10% of the bid with the highest points scored;
- Compliance to all other aspects contained in these Special Conditions of Contract.



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# Criteria of Award: 2015



## Algorithm for 2-way split:

Category	Difference between points scored	Recommended percentage split
A	Equal points	50/50
B	< 5 points	60/40
C	>5-10 points	70/30
D	>10-20 points	80/20
E	>20 points	90/10

- For a three way split: Supplier share = 33.3% + (supplier score - mean score) x 2.3%
- For a four way split: Supplier share = 25% + (supplier score - mean score) x 2%



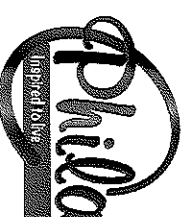
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## Split awards were recommended based on

volumes required, the strategic nature of the product, sources of API, supplier capacity and past supplier performance. All splits take into account the sources of Active Pharmaceutical Ingredients (API), aiming to split awards across API sources as well as overall manufacturing capacity. Capacity was declared by bidders at the time of bidding.

**Item 41 FDC TEE:** A four-way split recommended and the top scoring bidders, as well as any local manufacturers were invited to negotiations due to the strategic importance of the product. The four bidders with best points post-negotiation received the split award.



# The 2013 and 2015 ARV tender

Supplier	2013		2015	
(2013) Medivision (Pty) Ltd (2014 Mylan)	R 1 129 046 168	19%	R 4 195 186 480	29%
Sonke Pharmaceuticals (Pty) Ltd	R 88 337 250	1%	R 3 204 109 864	22%
Pharmacare Limited	R 1 220 094 965	21%	R 2 677 972 187	19%
Cipla Medpro South Africa Limited (link to Medpro)	R 530 874 835	9%	R 2 003 367 124	14%
Abbott Laboratories SA (Pty) Ltd (2015 Abbvie)	R 480 636 490	8%	R 1 394 407 650	10%
Adcock Ingram Healthcare (Pty) Ltd	R 825 599 941	14%	R 706 541 954	5%
Aurobindo Pharma (Pty) Ltd	R 59 796 900	1%	R 53 097 120	0%
MSD (Pty) Ltd	R 319 638	0%	R 9 960 317	0%
Dezzo Trading (392)	R 307 230	0%		0%
DPR Pharmaceuticals (Pty) Ltd	R 228 733 470	4%		0%
Medpro Pharmaceutica (Pty) Ltd	R 917 216 390	16%		0%
Specpharm Holdings (Pty) Ltd	R 28 666 810	0%		0%
Winthrop Pharmaceuticals (Pty) Ltd	R 405 882 600	7%		0%
<b>Total Value</b>	<b>R 5 915 512 687</b>		<b>R 14 244 642 696</b>	



# Distribution & Performance to Date



	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17
ABBYIE	P	P	P	P	A	A	A	A	A	A	A	A	A	A	A	P	P	A	A	A	A	A	A	A	A	A
Adcock Ingram Healthcare	P	P	P	P	P	P	P	P	P	P	P	P	A	A	A			A	A	P	P	P	A	A	A	
Aurobindo Pharma	P	A	A	A	A	A	A	A	A	A	A	A	A	A	A	P	P	A	A	A	A	P	A	A	A	A
Cipla Medpro SA	P	A	A	P	A	A	A	A	P	A	A	A	A	A	A	P		A	A	A	A	A	A	A	A	
EMCURE																P	P				P	A	A	A	A	A
MSD (Pty) Ltd	P	P	P	P	A	A	A	A	A	A	A	P	A	A	A	P	P	A	A	P	A	A	A	A	A	A
MYLAN	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	A	A
Pharmaceare	P	P	P	P	P	P	A	A	A	A	A	A	A	A				A	A	P	P	P	P	P	A	
Sonke	P	P	P	P	A	P	A	A	A	A	A	P	A	A	A	P	P	A	A	A	A	A	A	A	A	A

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G

Good Performance

A

Average Performance - Improvement required in next period

P

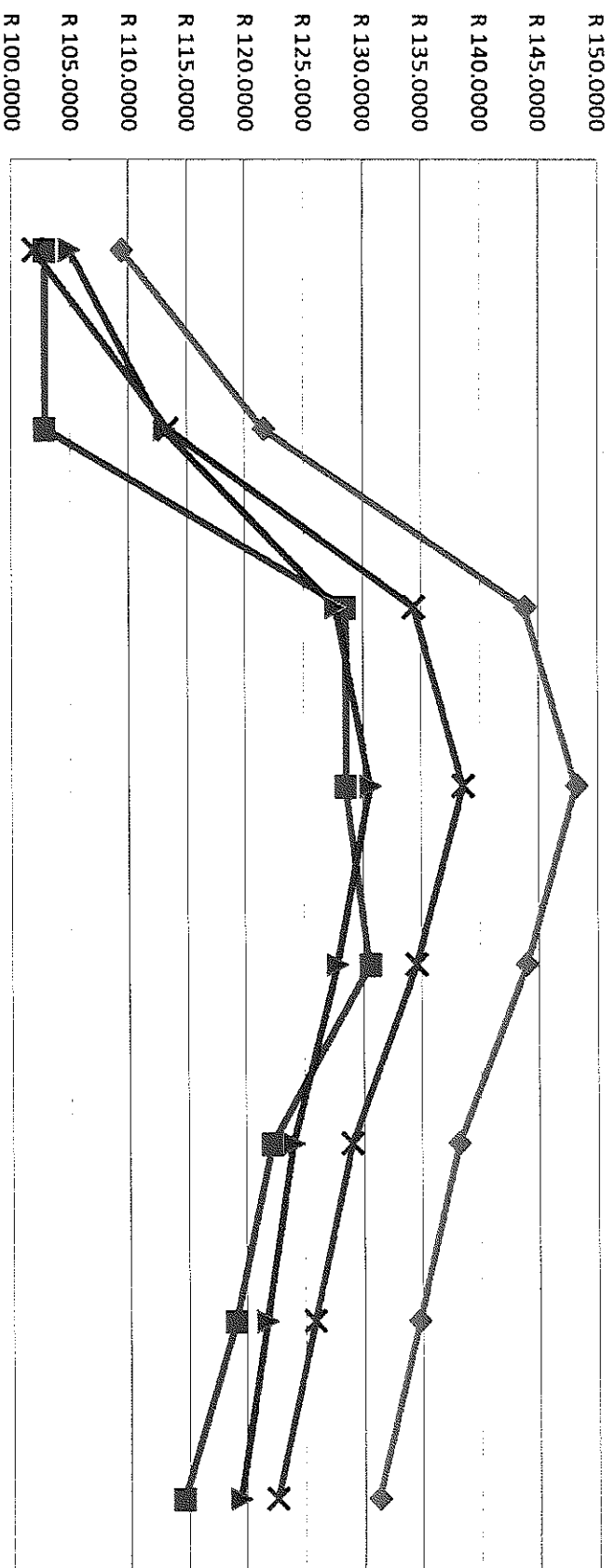
Poor Performance - Perpetuation may lead to written warning

Data unavailable for this product

# Price Fluctuation TEE FDC



## HP13 FDC TEE CPA



Supplier	Base	CPA 1	CPA 1,1	CPA 2	CPA 2,1	CPA 3	CPA 3,1	CPA 4
Cipla Medpro South Africa Limited	R 109.4400	R 102.8900	R 121.5600	R 143.84	R 148.22	R 143.98	R 138.20	R 131.28
MYLAN (PTY) LTD	R 102.8900	R 102.8900	R 128.55	R 128.55	R 130.61	R 122.20	R 119.07	R 114.54
Pharmacare Limited	R 104.9826	R 113.0000	R 127.73	R 130.62	R 127.82	R 124.00	R 121.73	R 119.42
Sonke Pharmaceuticals (Pty) Ltd	R 101.8900	R 113.3400	R 134.40	R 138.54	R 134.53	R 129.07	R 125.82	R 122.53