

# MAXIMISING VALUE FOR HEALTH SERVICES AND PATIENTS IN A SEA OF PROCUREMENT OPPORTUNITIES

Yang M<sup>1,2</sup>, Lin W<sup>1,2</sup>, Lambros P<sup>1,3</sup>, Lam L<sup>1</sup>, Chynoweth T<sup>1,2</sup>

<sup>1</sup>Health Purchasing Victoria <sup>2</sup>Pharmacy Department, Monash Health <sup>3</sup>Pharmacy Department, Eastern Health

## Background

Australia's pharmaceutical industry operates in a dynamic, competitive landscape characterised by ongoing patent expiration and new medicine development. In this environment of rapid market change, strong supplier relationship management and market analysis helps ensure medicine pricing accurately reflects these shifting market dynamics to ultimately deliver sustainable value in the resource-constrained healthcare sector.

Moving away from a responsive style of procurement focused on identifying clinical or operational gaps, Health Purchasing Victoria (HPV) has achieved an agile procurement model that incorporates ongoing, proactive market analysis and a robust supplier relationship management framework. These have proved vital in realising benefits for health services and maintaining a responsive approach to evolving clinical requirements.

## HPV actions

### Industry news insights

HPV makes use of global and national pharmaceutical industry news to gather valuable insights into the sector, including Government policy updates and pharmaceutical company announcements of mergers, acquisitions and strategic business changes. HPV appreciates that commentary on court proceedings provides insights into the timelines for entry of market competition, allowing HPV to act in a more timely manner to maximise health sector benefits.

### Australian regulatory and subsidy decisions: A richer data source

Although patent expiry dates are firm markers in a product's life cycle, they do not necessarily correlate with new market competition. In Australia, strong indicators of emergent market competition are publicly available through the Australian Register of Therapeutic Goods (ARTG) and the Pharmaceutical Benefit Advisory Committee (PBAC). HPV monitors the addition of new products to the ARTG database, contributing vital information for ongoing market analysis. Subscribers to respective Therapeutic Goods Administration (TGA) email publications are notified of:

- Newly-published Australian Public Assessment Reports (AusPAR-) for prescription medicines.
- Newly-registered prescription medicines (New Chemical Entities (NCEs) or New Biological Entities (NBEs)).

A product's Pharmaceutical Benefits Scheme (PBS) status heavily influences assessment of its financial feasibility and benefits, and clinical comparison with competitors. The PBS is a strong indicator of market impact and procurement opportunity. Products flagged for PBAC review are easily identified through publicly-available PBAC meeting documents.

### Supplier relationship management

HPV's robust supplier relationship management supports appropriate transparency and open communication with suppliers. Fostering these productive relationships has mutually benefited benefited suppliers, HPV and patients.

### Evaluation

HPV's evaluation approach is part of a broader category management strategy enabling HPV to identify and monitor sourcing opportunities, address clinical concerns, and manage and mitigate medicine shortages. As a result, HPV generated financial benefits of \$24.6 million between 2016 and 2018.

HPV has also delivered non-financial benefits, including an increase in dedicated industry medicine specialists providing training and education to health service staff, process improvement and improved service delivery.

### Conclusion

Through purposeful and continuous market analysis and a strong supplier relationship management framework, HPV's pharmaceutical procurement professionals have positioned themselves to deliver improved health service value and patient outcomes. This has maximised benefits and enabled reinvestment in the healthcare sector, contributing to optimal patient care.

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Contact: [m.yang@hpv.org.au](mailto:m.yang@hpv.org.au)

### Who is HPV?

Health Purchasing Victoria (HPV) works collaboratively with Victoria's health sector to help ease cost pressures for health services through strategic procurement to provide value for hospitals so they can deliver the best outcome for patients.

