

17 April 2008

Dear Service Provider

**REQUEST FOR PROPOSALS – SUPPLY OF DISPENSING AND DISTRIBUTION SERVICES FOR GROWTH HORMONE**

PHARMAC invites proposals for the supply of growth hormone dispensing and distribution services to PHARMAC.

This request for proposals (**RFP**) letter incorporates the following schedules:

- Schedule 1 specifies the services for which PHARMAC is requesting proposals and sets out the background to the RFP;
- Schedule 2 describes the process that PHARMAC expects to follow in relation to the RFP; and
- Schedule 3 specifies the information you need to include with your proposal.

If you wish to submit a proposal, please submit it to PHARMAC no later than 5.00 p.m. on 02 May 2008.

If you have any questions about this RFP, please contact Jan Quin, Team Leader, Medical, on 04 916 7511 or email [jan.quin@pharmac.govt.nz](mailto:jan.quin@pharmac.govt.nz).

We look forward to receiving your proposal.

Yours sincerely



Matthew Brougham  
Acting Chief Executive

## **Schedule 1: Description of services and background to RFP**

### **1. Description of services**

PHARMAC is interested in considering any proposal from suppliers of dispensing and distribution services for the provision of those services in relation to growth hormones. In particular, PHARMAC is interested in the following types of services:

#### *Dispensing of Growth Hormone:*

- Dispensing growth hormone prescriptions monthly upon receipt of an order from the NZGHC Coordinator and prescriptions endorsed by the NZGHC.
- Ensuring that the dispensing, packaging and labelling of the prescribed growth hormone is carried out in accordance with the Medicines Regulations 1984 and all other applicable laws.

#### *Distribution of Growth Hormone:*

- Delivery of prescribed growth hormone directly to the delivery address nominated by patients (usually a pharmacy) within 24 hours of dispensing.
- Ensuring that any prescribed growth hormone that is not able to be delivered within 24 hours of dispensing is delivered as soon as reasonably practicable.
- Ensuring that dispensed growth hormone is delivered in such a way that the chemical and therapeutic integrity of growth hormone is maintained throughout its distribution to the relevant patient (i.e. ensuring that the product remains under 25 degrees throughout the delivery process).
- Accepting liability for all growth hormone that is lost or damaged during distribution to patients.

#### *Other Services relating to the provision of dispensing and distribution services:*

- Receiving growth hormone stock from suppliers in anticipation of each monthly order.
- Handling and storing growth hormone between 2-8 degrees prior to dispensing.
- Liaising with PHARMAC staff around any issues related to the distribution of growth hormone.

At this stage we anticipate running this service for a period of one year at which time we will be reviewing all dispensing and distribution options for growth hormone treatment. It is possible that we may continue with the same system or an alternative system could be developed.

## 2. **Background to RFP**

PHARMAC is looking to develop a contract for the national dispensing and distribution of growth hormone from 1 July 2008.

Currently there are two different brands of growth hormone on the market: Norditropin SimpleXx injection 5mg, 10mg and 15mg (Novo Nordisk); and Genotropin 16iu and 36iu cartridges in packs of 5 (Pfizer).

Growth hormone is a relatively high cost pharmaceutical. The approximate value of subsidised growth hormones distributed in New Zealand each month is \$350,000.

Currently around 200 patients are receiving subsidised growth hormone each month, although this number varies depending on patients' eligibility under the access criteria, and the amount of stock a patient is holding. The patients are geographically scattered around New Zealand in both rural and urban locations.

Eligibility for funded treatment with growth hormone is currently determined by the New Zealand Growth Hormone Committee (NZGHC) under criteria determined by PHARMAC.

Once a patient is approved for treatment with growth hormone the NZGHC determines the appropriate dose. The brand is determined by the patient's treating clinician.

Currently bulk prescriptions are written monthly by the NZ Growth Hormone Committee (NZGHC) for patients in Northland and Auckland, the rest of the North Island, and the South Island, totalling three orders per month. This system may remain the same or may be modified during the term of the agreement to two orders – one for Norditropin SimpleXx and one for Genotropin .

Currently, stock is ordered by the NZGHC from the two suppliers and delivered to the dispensing pharmacy. The orders are then dispensed by the pharmacy and distributed via courier to the patients' designated delivery address. PHARMAC is amenable to receiving submissions that propose an alternative process to that currently in place.

The product is not currently dispatched as a cold chain item. However, it needs to be kept below 25 degrees Celsius throughout the delivery process and be refrigerated at its destination.

There are 11 orders per year. The December order contains stock for 2 months supply to cover the holiday period.

## Schedule 2: RFP Process

PHARMAC expects to follow the process set out below in the sequence indicated.

### 1. Submission

- (a) You may submit more than one proposal. Each proposal will be considered as a separate proposal.
- (b) Proposals must be submitted no later than 5.00 p.m. (New Zealand time) on **02 May 2008**. Late proposals will only be considered at PHARMAC's discretion.
- (c) You cannot withdraw your proposal, once submitted, while the RFP process is continuing.
- (d) All proposals must be submitted to PHARMAC at Level 14, Cigna House, 40 Mercer Street, PO Box 10-254, Wellington 6011, New Zealand, to the attention of Kyle Reid, High Cost Pharmaceutical Coordinator, either by hand delivery, by courier or by post. In addition to the hard copy, bidders may submit their proposal electronically (in secure read only format) by email to [kyle.reid@pharmac.govt.nz](mailto:kyle.reid@pharmac.govt.nz). In the event of any discrepancies between a bidder's hard copy and electronic proposals, the hard copy proposal will take precedence.

### 2. Evaluation

- (a) Following the deadline for submitting proposals an Evaluation Committee comprising PHARMAC staff will evaluate each proposal to select its preferred proposal(s).
- (b) The basis on which the Evaluation Committee will evaluate proposals, and the weight to be given to the criteria and other matters that it considers, are to be determined by the Evaluation Committee at its sole discretion. The matters to be taken into account by the Evaluation Committee will, however, include:
  - (i) the decision criteria set out in PHARMAC's then current Operating Policies and Procedures (**OPPs**), as published on PHARMAC's website ([www.pharmac.govt.nz](http://www.pharmac.govt.nz)), to the extent applicable;
  - (ii) information required to be included with your proposal, as specified in Schedule 3;
  - (iii) any other matters that the Evaluation Committee considers to be relevant.
- (c) Each proposal will be evaluated on the basis that the price offered, the expenditure entailed and any other terms included in the proposal are the best that you are able to offer. If you do not put forward your best terms you risk having your proposal excluded at the evaluation stage.
- (d) PHARMAC is not bound to select the lowest priced proposal or any proposal.

### 3. **Negotiation**

- (a) PHARMAC may negotiate with the submitter(s) of one or more preferred proposals, in the latter case whether or not the acceptance of either service provider's proposal would exclude acceptance of the other proposal.
- (b) Negotiations will proceed on the basis that PHARMAC's standard terms and conditions for provision of services, which are available on request from PHARMAC, will apply.
- (c) Given that PHARMAC expects your proposal to be the best you can offer, PHARMAC does not intend to initiate negotiation with you on price. However, PHARMAC does not exclude the possibility that the final price agreed will be different from the price put forward in your proposal, as a result of the impact that other negotiated terms may have on price.
- (d) PHARMAC may negotiate and enter into a provisional agreement with a preferred service provider(s) on whatever special terms, in addition to PHARMAC's standard terms and conditions, PHARMAC considers appropriate.
- (e) If PHARMAC and the service provider(s) are unable to reach a provisional agreement within what PHARMAC considers to be a reasonable time, PHARMAC may terminate those negotiations and negotiate with a different service provider(s).

### 4. **Consultation and approval**

- (a) Any provisional agreement will be conditional on consultation (at PHARMAC's discretion) with interested parties, to the extent PHARMAC considers consultation to be necessary or appropriate, and on Board approval (or approval by PHARMAC's Chief Executive under delegated authority).
- (b) PHARMAC will not consider any counter-offers received during consultation.
- (c) The provisional agreement and responses to any consultation will be considered by PHARMAC's Board (or by PHARMAC's Chief Executive under delegated authority) in accordance with the decision criteria in PHARMAC's then current OPPs.
- (d) If the Board or the Chief Executive does not approve the provisional agreement, then PHARMAC may initiate negotiations for a provisional agreement with any other service provider(s).
- (e) The RFP process will be complete once PHARMAC has notified service providers of either:
  - (i) the Board's or its Chief Executive's decision to accept a negotiated agreement; or
  - (ii) the termination of the RFP process.

## 5. **Miscellaneous**

- (a) PHARMAC reserves the right:
  - (i) to make such adjustments to the above RFP process as it considers appropriate, at any time during the process, provided that it notifies service providers affected by those changes;
  - (ii) to meet with any submitter of a proposal at their place of business to discuss their proposal and to gain an understanding of their work environment;
  - (iii) not to accept any proposal;
  - (iv) to seek clarification of any proposal;
  - (v) to enter into an agreement or arrangement that differs in material respects from that envisaged in this RFP letter;
  - (vi) to suspend this RFP process. For example, if during the RFP process (and before a provisional agreement is entered into) it becomes apparent to PHARMAC that further consultation is appropriate or required we may suspend the RFP process in order to consult. In this situation we may ask you to adapt and resubmit your proposal in light of consultation, or alternatively we may request that new proposals be submitted;
  - (vii) to terminate this RFP process at any time, by notifying service providers who submitted proposals, and, following termination, to negotiate with any service provider(s) on whatever terms PHARMAC thinks fit;
  - (viii) to readvertise for proposals.
- (b) You must not initiate or engage in any communication with other service providers in relation to the RFP whether before or after submitting proposal(s), until such time as a provisional agreement is accepted by PHARMAC's Board or Chief Executive.
- (c) You must not at any time initiate any communication with PHARMAC's directors or officers, the Ministry of Health, the Minister of Health or District Health Boards, with a view to influencing the outcome of this RFP process.
- (d) You must pay your own costs for preparing and submitting your proposal.
- (e) Proposals are submitted in reliance on your own knowledge, skill, and independent advice, and not in reliance on any representations made by PHARMAC.
- (f) Your submission of a proposal will be taken as acceptance of the terms contained in this RFP letter. PHARMAC may exclude your proposal if you do not comply with any of the terms contained in this RFP letter.

- (g) This is an RFP and not a tender. Your proposal is not an offer capable of being converted into a contract for the supply of dispensing and distribution of growth hormone services by PHARMAC's apparent acceptance and instead a separate agreement needs to be negotiated.
- (h) PHARMAC is not liable in any way whatsoever for any direct or indirect loss (including loss of profit), damage or cost of any kind incurred by you or any other person in relation to this RFP.
- (i) PHARMAC will consider your proposal and information exchanged between us in any negotiations relating to your proposal, excluding information already in the public domain, to be confidential to us and our employees, legal advisors and other consultants, the Ministry of Health and DHBs (**Confidential Information**). However, you acknowledge that it may be necessary or appropriate for PHARMAC to release Confidential Information:
  - (i) pursuant to the Official Information Act 1982; or
  - (ii) in the course of consultation on a provisional agreement entered into with a service provider; or
  - (iii) in publicly notifying any approval by the PHARMAC Board of that agreement; or
  - (iv) otherwise pursuant to PHARMAC's public law or any other legal obligations.

PHARMAC may consult with you before deciding whether to disclose Confidential Information for the purposes described in sub-clauses (i) to (iv) above. You acknowledge, however, that it is for PHARMAC to decide, in its absolute discretion, whether it is necessary or appropriate to disclose information for any of the above purposes, provided that PHARMAC shall act in good faith in disclosing any Confidential Information.

## 6. **Anticipated timetable**

- (a) Following receipt of proposals, PHARMAC anticipates:
  - (i) the Evaluation Committee evaluating proposals in May 2008;
  - (ii) negotiating with submitter(s) of one or more preferred proposals in May 2008;
  - (iii) PHARMAC's Board or Chief Executive considering the provisional agreement in or after May 2008,

provided that the above time frames are only approximate and may be extended, without notice being required from PHARMAC, if any stages of the RFP process take longer than anticipated.

### **Schedule 3: Information to be included in the proposal**

- (a) name of service provider;
- (b) contact person;
- (c) contact details (address, telephone, fax etc.);
- (d) details of services proposed and key features of the proposal;
- (e) specific details of how you will ensure that the product remains below 25 degrees throughout the delivery process;
- (f) pricing (GST exclusive), broken down into dispensing costs and distribution costs, and including any related conditions or proposed terms affecting cost for PHARMAC;
- (g) reliability/resourcing/ability to ensure continuity of supply of services;
- (h) relevant expertise and experience
- (i) evidence of supporting organisational infrastructure to help facilitate the delivery of the services, or an ability to initiate facilitation services in a short time frame;
- (j) proposals/suggestions about services not expressly identified in the RFP that PHARMAC may wish to consider;
- (k) the service provider's own rationale for why it considers PHARMAC should accept its proposal;
- (l) any particular information that the service provider considers PHARMAC should take into account when evaluating the proposal;
- (m) a declaration of any conflicts of interest that you or an associated person or organisation may have that could affect or compromise you or PHARMAC in relation to your participation in this RFP process or performance or any agreement if successful;
- (n) any other information PHARMAC may require.