Supplier briefing: various wound care products RFP

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Introduction

- Scope of the meeting

- What will happen following the meeting

Introduction

- This presentation will cover:
  a) Scope of RFP
  b) Types of proposals being sought
  c) Discretionary variance limits (DV limit)
  d) Tiered pricing
  e) Evaluation
  f) Submitting proposals
  g) Timeframes
- Opportunity to ask questions at the end of presentation

Wound care subcategory	Product type
Combine dressings (includes Gamgee dressings)	Combine dressings (sterile)
	Combine dressings (non-sterile)
Compression bandages	2 layer compression bandage kits
	3 – 4 layer compression bandage kits
	Compression bandages (includes layers required to create compression system)
Foam dressings (excludes anti-microbial foam dressings)	Foam adhesive dressings (with or without adhesive border)
	Foam non-adhesive dressings
	Foam shaped dressings
Laparotomy sponges (sterile and non-sterile)	Laparotomy sponges (with or without tape)
Low adherent dressing with adhesive border	Low adherent dressings with adhesive border
Securement bandages (excludes tubular bandages)	Securement bandages (sterile)
	Securement bandages (non-sterile)
IV Pressure Pads (sterile)	IV Pressure Pads (sterile)

Types of proposals being sought

- Up to a maximum of three suppliers for each product type;
  - Single primary supplier with 20% DV limit;
  - Dual suppliers with 5% DV limit; or
  - Three suppliers with 1% DV limit.

- Some product types allow for limited bundling, for example:
  - Combine dressings (sterile and non-sterile)
  - 2 layer compression bandage kits and 3 – 4 layer compression bandage kits
  - Securement bandages (sterile and non-sterile)

2 layer compression bandage kits

- In addition to other proposals for compression bandage kits, suppliers may also choose to submit proposals for 2 layer compression bandage kits to cover the **entire compression bandage kit market**.
- What could this mean for DHB hospitals?
  - Must purchase from a single primary supplier of 2 layer compression bandage kits in 80% cases where a DHB is required purchase a **compression bandage kit.**
  - 20% allowance to use alternative brands of 2 layer compression bandage kits or other brands of 3 – 4 layer compression bandage kits.
- Excludes individual compression bandages required to create compression bandage system.

Discretionary Variance Limit (DV Limit)

- What is a DV limit?
  - Discretionary variance limit.
  - Allows DHB hospitals to purchase *DV products* outside of the PHARMAC selected supplier products.
  - A *DV product* is any product that is not listed (including because it is delisted as a result of this RFP), but could otherwise be described as belonging to the relevant product type category.
- Three levels of DV limit for each product type depending on the different types of supplier proposals progressed:
  - Single supplier: 20% DV
  - Dual suppliers: 5% DV
  - Three suppliers:1% DV

DV limit ctd…

- How does a DV limit currently work for hospital medicines?
  - Hospital purchase data is analysed annually at the national level
    - From the date of HSS to the end of the financial year (30 June)
  - If a *National DV Limit* breach is identified then further analysis is conducted at the individual DHB hospital level
    - Compensation may be claimed by the selected supplier(s)
  - If *Individual DV Limits* have been breached but the *National DV Limit* has not - then there is no further action
- This does not mean that this is how it will definitely work for devices

Tiered Pricing

- Tiered pricing option is only available for dual or three supplier proposals.
- Tiered pricing proposals must:
  - be based on a **percentage range of individual DHB hospital purchasing volume** for each product type (eg laparotomy sponges);
  - not include more than three tiers;
  - also include flat pricing.
- If accepted, tiered pricing will be published and made freely available to all DHBs.
- DHB hospitals currently have tiered pricing arrangements in place with suppliers. A similar mechanism could apply, but is subject to further negotiation and consultation.
- DHBs generally prefer simple pricing arrangements due to higher costs associated with administering tiered pricing arrangements. We expect to take this cost into account along with any other advice received from DHBs.

Evaluation

- Multi-factorial approach
- Starting point will be PHARMAC's statutory objective:

  "To secure for eligible people in need of pharmaceuticals, the best health outcomes that are reasonably achievable from pharmaceutical treatment and from within the amount of funding provided"

- We will be guided by the decision criteria set out in PHARMAC's then current OPPs.

Evaluation ctd…

- Information that will be taken into account by the Evaluation Committee when applying PHARMAC's decision criteria will include in particular:
  - the supplier and product specifications for various wound care products as outlined in Attachment One;
  - information provided by the supplier in the Supplier Form (Schedule 4) and Proposal Form (Attachment Two);
  - any advice from the WCAG, PTAC or its relevant sub-committee;
  - any advice from relevant clinicians and/or DHB staff; and
  - any advice received from WCAG, relevant clinicians and/or DHB staff as a result of any product evaluations (if applicable).

Submitting your proposals

- Closing date is **4.00 pm, Tuesday 27 October 2015**.
- All proposals must be submitted through GETS (www.gets.govt.nz).
- In your proposals, you must complete and include the following:
  - Schedule 4: Supplier Form
  - Attachment Two: Proposal Form (Excel)
  - Any other information requested by PHARMAC as outlined in Attachment One: Supplier and Product Specifications
- You may also include any other additional information that you think PHARMAC should consider when evaluating your proposals.

Anticipated timeframes

- **November 2015 – February 2016:** Evaluation
- **February 2016 – March 2016:** Negotiations
- **March 2016:** Consultation
- **April 2016:** Board decisions
- **August 2016:** Implementation*

* Earliest date of implementation based on anticipated timeframes and minimum transition period (3 months).

Questions?