

DR. TAWFIK A.M. KHOJA

DR. SALEH BAWAZIR

PHARMACIST AHMED AL-KHATEEB

The Gulf Cooperation Council for Health Ministers

Council Mission

The Gulf cooperation council countries have a common ground on the basis of language, religion, geographical, historical, environmental, economical, social and heritage. The common interest of building a strong relationship between these countries are obvious. The Council Of Health Ministers for the Gulf Cooperation Council was established to coordinate the cooperation between its member states in all health field of preventive, intervention and rehabilitation. In addition, the council aim to disseminate health knowledge and improve health awareness among general public.

The Executive Office

The Executive Office carry out all secretariate work for the ministerial council and the executive board. The executive director represents the executive board in all communications and organizations.

Establishment of The Executive Board of The Health Ministers' Council For The Gulf Cooperation Council States.

The beginning was a result of frequent meetings before 1395 AH (1975 AD) among some Health Ministers in the region about the

importance of coordinating situations and cooperation among the Gulf Health Ministries .

It was HE Dr. Abdul-Aziz Bin Abdallah Al-Khuwaiter , Saudi Minister of Health , who initiated the idea to which all responded positively . The first meeting was held in Safar 1396 AH (February 1976 AD) , a year later .

Consequently, the meetings became annual under the name “ Health Ministers’ Conference for the Arab Countries in the Gulf

In 1981 AD , the Health Ministers decided to change the name to “ Health Ministers’ Council for the Arab Countries in the Gulf ” . In 1991, the General Secretariat of the Cooperation Council requested from the existing Councils (Arab Education , Social Affairs , Health) – which existed before the Cooperation Council – to change their names into “ the Executive Board of the Health Ministers’ , of the Social Affairs Ministers , of the Education Ministers) respectively .

The Council Structure

1- Health Ministers’ Conference (Council)

This is formed of the Health Ministers of the six states in the Cooperation Council , and it is convened twice annually (one time at one of the member states in January/February every year according to the alphabetic order of the states , and the other in

Geneva during the convening of the WHO World Health Assembly in May every year) . In addition , coordination meetings are held during the convening of the regional committee of the Eastern Mediterranean and the Arab Health Ministers' Council .

2-The Executive Body

This consists of permanent members (one member from each of the Cooperation Council States) . It is convened three times a year under the chairmanship of the Executive Director to set the work strategy of the Executive Board , prepare the agendas of the Ministerial Conferences , to issue recommendations with regard to the studies and reports prepared and submitted by the related committees and the work groups and to review the annual budget of the Executive Board. In addition to these regular meetings, the Executive Body convenes as required .

3-Technical Committees and Work Groups

These are a group of specialists in certain fields who are nominated by the member states and the Executive Director . They study various subjects that are referred to them and which

are related to their specializations . The results of their work are submitted to the Executive Director .

Objectives of the Council

- 1- Realization of coordination and integration . Strengthening cooperation in various fields of health among the GCC states .**
- 2- Setting and developing policies and health regulations which aim at developing the health services in the GCC states .**
- 3- Unification of common situations in international gatherings , and strengthening relations with all regional and international organizations .**
- 4- Setting a unified drug policy for the region which allows full control of imported drugs and helps establishing national drug industries that realize self-sufficiency for the GCC states .**
- 5- Encouraging joint studies and research , and presenting recommendations and giving technical advice to the GCC states in the various fields of health in such a way that helps realization of its objectives .**
- 6- Realization of coordination and integration in the field of group purchasing of drugs , medical supplies and its expansion to include other medical needs .**

7- Deciding on plans , programmes and joint work projects in the field of health .

8-Endorsing the general plan and the executive programmes related to carrying out studies and research in the fields of health problems , control of endemic diseases , health education , and environmental health sanitation in the GCC states .

9- Organizing exchange of experiences in the fields of education and medical training in a way that realizes developing and unifying systems of education in faculties of medicine and health institutes.

History of Group Purchasing

The escalation of health care cost is one of the major challenges facing health care administration. Several reasons had contributed to such escalations, that include the following:

- a- The rapid growth and expansion in the health care sector.**
- b- Increase in the cost of pharmaceuticals and hospital supplies.**
- c- Changes in the pattern of diseases.**

These changes lead to the establishment of the concept of Group Purchasing in health care industry. In 1909, the hospital superintendents club of New York was addressed regarding the

establishment of a purchasing agency for New York hospitals. The first group was formed in 1910. In 1918, the Cleveland hospital association begun its group purchasing operations. Between 1962 to 1974, more than 40 groups were organized in United States. As early as 1964, studies reported that through group purchasing the annual cost of drugs was reduced from 2% to 3% and cost was reduced by 4%. The savings to members of the community pharmacy groups have been substantial, and first year price reduction of 25% are common.

In 1981, five countries including Morocco, Mauritania, Algeria, Tunis and Libya, established bulk purchasing group in 1981. The group announced its first tender in 1982 which contains 144 drugs. Unfortunately, the system did not develop well due to many logistics.

The Gulf Experience

Group Purchasing – Origin and Development

- 1- The concept started in February 1976 AD when the Ministers of Health in the GCC states requested the General Secretariat to form a technical committee whose function is to :**

- A) study setting a unified system for registration and control of drugs ; as well as preparing a directory of drugs in the GCC states.**
- B) Study the possibility of unifying the process of purchasing some drugs for the ministries and governmental institutions. The General Secretariat was to put a detailed program with regard to requesting , importing and tenders ; taking in consideration the local regulations.**
- C) Study the possibility that the member states may make use of the Drug Control Laboratory in both Saudi Arabia and Kuwait.**

- 2- Between 1980 to 1989 several resolutions were issued that aim to support the group purchase.**
- 3- In 1985 AD, the member states were called upon to secure at least 60% of their needs from all items submitted through group purchasing.**
- 4- In 1987 AD, it was agreed that the member states should obtain at least 60% of their drug needs and – for the locally produced drugs – at least 20% of the needs through group purchasing.**

This is to make sure that prices will not go up for the rest of the member states.

5- In 1991 AD, a consultative committee from the Faculty of Pharmacy , King Saud University was formed to study means of development of group purchasing. The consultative committee held a lot of meetings with representatives of the member states taking part in group purchasing , and to set scientific bases for improving group purchase.

6- In the 40th Conference held in Riyadh in 1996 AD, it was agreed to the following:

a) collect 0.5% of the amount of the tenders awarded in the group purchasing tenders to establish a fund for supporting joint research among the member states,

b) to abrogate drug preparations from companies which don't fulfill the condition of bio-equivalence testing in the group purchasing tenders.

7- In the 44th Conference in Doha in 1998 AD agreed to the following

- a- the basics of drug tender awarding were agreed upon.**
- b- the main principles for inspection of drug factories were endorsed**
- c- to study the project of central registration of drugs in the GCC states.**

- 8- In the 46th Conference in Muscat in 1999 AD, the percentage given to the Drugs and Medical Supplies was unified at 10%. Meanwhile , the acceptance of analysis certificates issued from the certified reference laboratories for registration was endorsed and at the same time Gulf drugs are treated in terms of pricing in the same procedures followed with national drugs in each state.**
- 9- In the 47th Conference in Geneva in 1999 AD, it was endorsed that two of the companies registered in two states of those whose laboratories were assigned as reference laboratories for the GCC states participate in group purchasing of drugs. The drug central registration system in the GCC states was also agreed upon.**

10- In the 48th Conference in 2000 AD, the following were done :

- a) A tender for laboratories and blood banks supplies was introduced. The Executive Board is to take executive steps in coordination with the member states.**
- b) The Executive Board is requested to review the bases and the mechanisms for awarding group purchasing tenders in the light of the remarks made by the group purchasing committees.**
- c) The member states should necessarily commit themselves to the previously issued ministerial resolutions, which state that they at least should share in the group purchasing tenders with no less than 60% of its annual needs.**

11- In the 49th Conference, the rules of pricing drugs in the GCC states were endorsed.

12- In the 50th Conference, the following were done :

- a) Endorsement of the principles of awarding drug tenders.**
- b) Widening the participation of other governmental and nongovernmental institutions belonging to private sector, within the group purchasing program through the concerned ministry in each state.**

- c) Preparation of the directory of special specifications of hospital supplies; and the medical rehabilitation directory with the objective of securing high standards of efficiency and quality.**
- d) Endorsement of the regulations of qualifying companies for medical supplies (as appended).**
- e) Submission of Laboratories and Blood Banks Tender as a separate tender for the year 2001; within the time frame suggested for the meetings of the group purchasing committees for the next tenders.**
- f) Companies taking part in the tenders should have a local agent in each state.**

Objectives of Group Purchasing :

The Group purchasing program was introduced to realize the following objectives :

- 2- Securing financial surplus through purchasing large amounts for a smaller price.**
- 3- Qualifying companies that follow good manufacturing practices and that are registered according to the rules and regulations set by the Executive Board , thus ensuring high quality of purchased items.**

- 4- Ensuring use of the same drugs manufactured by the same company by all the GCC states.**
- 5- Rapid processing and awarding of presented tenders.**
- 6- Ensuring a continuously flowing supply of drugs , hospital supplies and equipment all year round through regular successive deliveries.**
- 7- Encouraging other health sectors , e.g. specialized hospitals to secure their needs through group purchasing.**
- 8- Encouraging the policy of purchasing from generic registered companies to get more financial surplus.**
- 9- Supporting the Gulf drug industry to realize Gulf drug security.**

Advantages of Group Purchasing :

These can be summarized as follows :

1-Reduction in Cost of Pharmaceutical Products

This is the most important advantage . In view of this , the General Accounting Office in the USA recommended in a report that hospitals should take part in one of the group purchasing categories.

2-Standardization

This is achieved by agreeing on other items which leads to unifying drugs used in the GCC states and allows obtaining the quality in case of emergency.

3-Labor Reduction

This is attained through avoiding solitary purchasing , thus minimizing administrative and regulatory burdens on the ministries of health in addition to cutting down the number of samples which have to be checked for control.

4-Enhancement of Purchasing Operations

The institution concerned provides a lot of skills to promote purchasing and overcoming some routine difficulties in some agencies or states , e.g. decreasing the administrative and regulatory burdens on the participating countries and cutting down the number of samples going to be checked for control.

5-Information Sharing

Exchange of information and its sharing among institutions, hospitals and countries is very valuable. This information may be clinical , drug data , health education , etc.

6-Uniform Types of Drugs

These should be allowed for use in the states of the region , which makes it easy for people to get the same drug in any country.

Procedure of Group purchasing

The following tables show the growth of the different tenders in group purchasing for the last ten years.

Mission of the Executive Board in Group Purchasing

- 1- Calling the committees to meet , proposing the agenda and performing the secretarial work .**
- 2- Submission of tenders and bidding companies.**
- 3- Notification of countries about awards and sending samples of items awarded to each country for delivery.**
- 4- Notification of the companies about items awarded and the total sum of delivery**
- 5- Provision of technical support to member states and the group purchasing committees through the consultative committees.**
- 6- Responding to any inquiries from the states or the companies.**

- 7- **Collection of 0.5% of the total awarded items as fees for each state.**

Commitments of Member States

- 1- **Each country should submit its needs at the time specified.**
- 2- **Participation with no less than 60% of items submitted and 20% of locally produced ones.**
- 3- **Items specifications and conditions of the tenders should be adhered to.**
- 4- **Authorizing representatives of the permanent committees to attend the meetings of preparing , envelopes opening and finalizing awarding of tenders.**
- 5- **Each country has to pay the sum of money indicated according to contracts and purchase orders.**
- 6- **Notification of the Executive Board of the details of items that fail in the laboratory analysis or which don't comply with the required specifications.**
- 7- **Member states have to prepare statistical studies indicating why they didn't take part in the endorsed items in order to determine the percentage of contribution of each state in group purchasing.**

Commitments of Companies

- 1- Fulfillment of all conditions and tender documents.**
- 2- Submission of the following required bank guarantees :**
 - A) One percent bid bond of the quotation through a local Saudi bank, which is returned after submission of the performance bond.**
 - B) Five percent performance bond of the awarded items for each state, which is returned after completing delivery of items.**
- 3- Submission of samples for items in the tender.**

Advantages of Group purchasing

- 1- Reduction in the cost of pharmaceutical products. Group purchasing is an important method of saving money for ministry of health (MOH). The U.S. General accounting office issued a report on hospital purchasing and inventory management, which advocated participation in group purchasing as a mechanism for controlling pharmaceutical costs. According to the study performed by the Executive**

Office in 1992, a total of 33 million dollars was saved by the five GCC states. Furthermore, more than 11 million dollars was saved by three GCC states in 2001.

- 2- Transparency in tender examination on awardation.**
- 3- Standardization : Groups activities standardization through a reduction in the number of pharmaceutical products used and through a common bid process.**
- 4- Labour reductions: Through centralized contract development at the group level, each member can eliminate the labour – intensive task of establishing contracts for pharmaceutical products in its formulary.**
- 5- Enhancement of purchasing operations. Group, can help to enhance their member’s purchasing operations.**
- 6- In formation sharing information sharing between the groups and member countries and institutions can be highly valuable.**
- 7- The group purchasing lend to the use of the same pharmaceutical in each member countries. This allows the patient to obtain the same drug from any state.**
- 8- Development of Drug Policy in member countries. The group purchasing contributed to establish the following progress in GCC states:**

- a) **Central drug registration**
- b) **Bio-equivalence programs**
- c) **GCC –drug formulary**
- d) **Good Manufacture Practice**
- e) **Accreditation of quality central laboratories**
- f) **Support the local pharmaceutical industry.**

Obstacles of Group purchasing

Several obstacle can be identified that may limit the development of the programs.

- 1. Rate of participation by each member country. Some countries did not purchase all the quantities they require through the program which lends to decrease the purchasing power.**
- 2. Commitment on tender quantities. Some members may decrease the amount of their original quantities substantially after tender awardation.**
- 3. Commitment on tender schedules.**
Some members may delay their notification regarding their final quantities. This results in delay in tender awardation.

4. Lower prices at local tenders.

May companies offer down prices for their products in local tenders of some member countries. This action is aimed to keep this countries out the program.

5. Lack of Participation in some tenders.

Some member countries did not participate in all tenders offered by the program

Future of Group Purchasing Program

For the program to be successful, the member countries must provide undaunted commitment and support the program philosophies. The following point must be considered to enhance the program.

- 1. Strategic planning: To ensure success, member countries should employ strategic planning processes and shift their focus away from acquisition cost of pharmaceutical products.**
- 2. Establishment of a common formulary : without a strong formulary system members cannot capitalize on the benefits of the program.**

- 3. Information exchange :** The information sharing and exchange in imperative process of group purchasing program.
- 4. Purchasing volume:** The aim of the program is to increase the volume of quantities purchased.
- 5. Co-ordination between pharmacy and therapeutic committees and establishing common educational programme.**
- 6. Use of Bioequivalence Data:** The policy of generic interchange is depending on the availabilities of bioequivalence data that must be incorporated into the contract award decision – making process.
- 7. Promote drug use services and monitoring of drug use in member countries.**
- 8. Vendor Relationships:** health care vendors are becoming involved in partnerships with Ministry of Health and institutions.

CONCLUSION

The group purchasing programme in the GCC states represents one of the successful program established by Executive Office. The program will continue to develop and new tenders will be introduced in the future. It is expected that more institutions within the member countries to join the program.

**DR. TAWFIK A.M. KHOJA
EXECUTIVE DIRECTOR**