

INTRODUCTION:

Medicines are one of the most important inputs for providing preventive and curative health care services for all. It is also important to provide essential medicines of good quality at affordable cost to reduce out of pocket expenditure on health care services. Sometimes expensive medical care becomes a reason for further impoverishment of poor families causing distress sale of their assets and taking loans at exorbitant rates. Medicines available at the health care system have to be of proven safety and efficacy.

OBJECTIVE:

To provide uninterrupted access to Essential Medicines of good quality, free of cost in all Government Institutions and health programmes through better supply chain management practices in order to achieve the overall goal of health for all.

To promote Rational Use of Drugs among health professionals and users. It means that patients receive medicines appropriate to their clinical needs, for an adequate period in doses that meet their individual requirement .

STRATEGY:

The following policies would meet the above objectives:-

A. THE MEDICINE PROCUREMENT & MANAGEMENT POLICY:

It would cover creating of approved sources, ordering, receipt of supply, its storage, quality checking, and distribution. It would also include stock & Pharmacy management, Budget & finance management related to the function of procurement and Monitoring & Evaluation.

B. MEDICINE USE POLICY:

It would cover all aspects of Rational Drug Use, Standard Treatment Guidelines, Essential Medicines and Essential Consumables, Prescription Audit, Antibiotic Usage Policy and Policy for Treatment of Chronic Diseases, Monitoring & Evaluation of drug use. As of now the medicine Procurement and management policy has been framed and issued. Medicines use policy would be issued separately.

Important Note:- Restriction on prescribing and dispensing medicines for 3 days is removed and the treating doctors would decide the duration of treatment for the

Patients on individuals basis and dispensing of medicines would now be made as per prescription orders.

A MEDICINE PROCUREMENT AND MANAGEMENT POLICY:-

It would have the following subheads:-

1. Preparation of Standard Lists
2. Creating of Approved Sources for Procurement
- 3.
4. Quantification of Demand
5. Levels of Procurement
6. Placing of Orders
7. Receipt of Supply
8. Quality Testing
9. Distribution of Supply
10. Monitoring and Evaluation
11. Structure and function of the Procurement Management Unit

A.1 PREPARATION OF STANDARD LISTS:

In the previous policy the facilities faced shortages in surgical items, consumables, lab reagents and dental materials in the absence of separate list for these items. To put focus on procurement of medicines as well as items other than medicines, there would be following standard lists :-

- (i) Essential Medicine List [EML]
- (ii) Essential List of Consumables, Sutures & Surgical items.
- (iii) Essential List of Dental Materials & Consumable items.
- (iv) List of Lab Regents and items used in diagnosis.
- (v) List of Miscellaneous Items used in Hospital e.g. Soap, detergent, Phenyl, Wiper etc.
- (vi) List of medicines and consumables for Surgical Package Programme not in above five lists.

All procurement would be made on the basis of these standard lists. These lists would be reviewed periodically, at least once a year, following the laid out procedure to include or delete items from the lists.

A.2. CREATION OF APPROVED SOURCES FOR PROCUREMENT:-

The first and foremost step for procurement would be fixing the approved source for procurement. Approved sources would be created for only those medicines and

consumables which are on the five list specified in Para A.1. At present there are following four approved sources.

- a) Sources approved by Director Supplies and Disposal, Haryana referred to as Haryana Rate Contract (HRC).
- b) Central Public Sector Units (CPSUs)
- c) Others sources approved by Director General Supplies and Disposal, Govt. of India, ESI Corporation.
- d) Sources fixed at district level (only for Local Purchase)

A. Haryana Rate Contract (HRC):

These sources are fixed by means of an open tender invited by the Director supplies and Disposal(DS&D)&finalized by High Powered Purchase Committee (HPPC) of the Government for Two years at a Time. The state would continue to make to make its major procurement by this method. Ultimately HRC would be created for all the items which are being purchased from alternative sources and state unit would take urgent action for creating HRC.

B. Central Public Sector Unit (CPSU)

As per the current Purchase Preference Policy (PPP) of the Government of India, 102 medicines are being procured from the Five Central Public Sector Units (CPSUs) from the NRHM and State Budget. However there is need to re-examine the terms & conditions of the Purchase Preference Policy and redefine the way the State would procure medicines from the CPSU. There is a need to scrutinise the items to be purchased from the CPSUs in line with the state EML. The various issues in PPP are as follows:

- (a) As per the PPP, 102 medicines are being purchased on preferential basis from 5 CPSUs. The CPSUs are being given price and firm preference by not selecting them through open tender. On these medicines no alternate rate contracts are in place for sourcing these items form HRC.
- (b) The PPP was introduced by Ministry of Chemical and Fertilizers, GOI on 07-08-2006 and every year the policy is being extended. However, the policy has expired on 31-03-2011 and the state is no longer required to give purchase preference to CPSUs.

- (c) Out of the medicines in the list of CPSU a large number of medicines are not in Essential Medicine List of Haryana. Some of them are irrational fixed dose combination medicines and need to be removed from procurement list.
- (d) Non Supply and late supply of medicines is a major issue with respect to the CPSUs. They have been regularly defaulting in the supply of large number of medicines after receiving and confirming orders which affects the availability of essential medicines.
- (e) No formal contract has been entered into by Haryana State with the CPSUs. Thus for any late or non- supply or poor quality supply the Haryana Government cannot take any action against CPSU firms.

For all the reasons listed following changes in policy are made:-

1 CPSUs should not be given a Purchase and Price Preference. They would henceforth participate in open tender of the Director Supplies & Disposal, Haryana. As a result of which the State would enter into a contract separately with each of the 5 CPSUs as per the terms & conditions of State Medicines Procurement Policy. To avoid break in supply chain, medicines will be procured from CPSUs till Haryana Rate contract is finalised.

2 Medicines of CPSU list which are not in Haryana EML would not be procured.

C. Other Approved Sources

The Sources fixed in the state by Director General Supplies and Disposal, ESI, other Institutions and sources fixed by other states like PGI Rohtak, PGI Chandigarh, GMCH, Sector 32, Chandigarh, others etc. as alternative suppliers. If medicines are not available on the Haryana Rate Contract then these suppliers have to be specifically declared as approved supplier by signing separate contracts with them by the approving authority. In order to maintain uninterrupted drug supply, till the contracts are signed with these suppliers, they may continue to supply the medicines/ Store for 1-2 procurement cycles even without signing the contract. In addition the Procurement of items may be done from UNOPS and HLL if required as these have been already approved through an agreement with them in case

approved sources are not there in the Haryana state or there is an urgency to purchase particular item or difficulty in arranging rate contract from HRC or non . supply from approved source.

D. Source fixed at district level:

Local purchase should be made according to procedure laid out separately.

Local Purchase:

Local purchase can be made from the following budgets

1. NRHM Budget:

15% of NRHM budget, meant for procurement of medicines and consumables will be allotted to District Health & Family Welfare Society for local purchase as per laid out procedure.

Out of this budget, 50% would be disbursed to the District Hospital and balance 50% will be used by District Health & Family Welfare Society to procure medicines & consumables for facilities other than District Hospital.

The 50% budget allocated to the district hospital would be deposited into same account as the SKS user fee. A separate ledger would be maintained and procedure for utilisation would be as per specified procedure.

2. SKS User Fee/surgical package programme/indoor package programme: The purchase will be made as per laid out procedures.

A.3. QUANTIFICATION OF DEMAND:

Demand of medicines & consumable depends upon the number and type of patients (OPD, IPD, Obstetric patients) and the pattern of diseases in that area. This would keep varying from season to season, year to year and area to area. 100% accurate demand quantification is difficult to make. However, shortcoming of exact quantification can be overcome by maintaining adequate buffer stock and constant monitoring of consumption. As the system becomes efficient, the level of accuracy of demand quantification would improve. The quantification of demand would be done by the Monitoring & Evaluation (M&E) cell. They would collect demand from the various facilities, analyse passbook, and accordingly quantify the demand.

The consumption of previous 12 months and stock available in district stores would become the basis for the first phase of procurement which would initially be for 6 months. The facility would be allowed to draw freely from the procured stock as per their requirement within the limits of Pass book entitlement. Depending upon their consumption subsequent procurement would be adjusted in the second phase. Eventually, in the third phase disease pattern and OPD/IPD/RCH (Mother & Child) trends would become the basis for the demand estimation for each facility using the Standard Treatment Guideline (STG).

A. 4. LEVEL OF PROCUREMENT:

- (a) **Procurement at State Level:** Henceforth procurement from 85% of NRHM Budget and 100% of state budget would be done centrally by Procurement Management Unit (PMU) which would function under the overall ambit of the State Health Society, Haryana.
- (b) **Procurement at level of District Health Society:** 50 % of 15% of NRHM medicine budget would be done at the level of District Health Society.
- (c) **Procurement at Institutional Level:** Institutional level procurement will be done with respect to any of the following budget available with the institution:
 - a) 50 % of 15% of NRHM medicine budget only at level of district hospital.
 - b) SKS user fund
 - c) Surgical Package (SPP)
 - d) Indoor package (IPP)

Only those items which cannot be made available from state or district level or not on approved source or not on EML would be procured locally by the respective institution.

A.5. PLACING OF ORDER:

Supply Orders would be placed to approved source based on the specific indent received from the demand estimation unit by Director Procurement /Deputy Director (IPD/Pharma). The formal order issued to the supplier would be referred as the supply orders and would be as per specified Performa. Any supply without a valid supply order would not be accepted. All supply orders are

basic documents which have to be preserved on a file for any legal/ penal action later on.

A.6. RECEIPT OF SUPPLY:

(a) Supply would be received only at a warehouse specified in the supply order as the consignee warehouse. The Director Procurement /Deputy Director (IPD/Pharma) would issue a copy of supply order to the warehouse by e-mail or upload on website and also forward the confirmation e-mail received from the supplying firm with SMS alert to the warehouse Manager.(Later warehouse manager would be given access rights to the %Confirmation of supply+portion of the Drug Procurement Website). The warehouse manager would print the supply order and e-mail confirmation and place it on file.

Based on the supply order the warehouse manager would receive the physical supply along with the following documents:-

- i. Supply Bill.
- ii. Transport Receipt.
- iii. Quality Test Report

And would issue a Material Receipt Certificate (MRC) interfaced to the firm.

(b)On receipt of supply the warehouse manager would place the supply in a separate section/room and mark it %Not passed+ (NP) and take the following actions:

- (i) He/ She would issue an e-mail to Regulation cell & Quality cell in which he/she would give the scanned copy of the Supply Bill within 1 day of the receipt of supply.
- (ii) The inspection team would conduct inspection of the goods received on a specified Performa and send this report to regulation cell.
- (iii) The regulation cell at Head Quarter would check the date of supply order with the specified date of delivery and take appropriate action.
- (iv) The quality cell at Head Quarter would follow up for quality testing.
- (v) After inspection is complete, a sample would be picked up to be sent to the quality cell at the Head Quarter.

Stock Entry:

On receipt of quality report indicating passed samples then store manager would take the following action:

- (i) Ensure that a stock entry is made in the stock register/ computerized system.
- (ii) Physically transfer the stock to the main Ware House Store and change its label to %Passed %

A.7.QUALITY TESTING:

As per the new policy every batch of sample would undergo testing before it is distributed. For this purpose adequate infrastructure would be created. On receipt of supply each Warehouse Manger would enter the stores in a separate register and place the supply in a separate room. Sample from each batch would be picked up as per procedure specified and sent to the Quality Cell at the State head quarter. The consignment would remain in a separate room till report of quality passing is received. Once the consignment is passed by quality cell the stock would be entered into the stock register and shifted to the main store area ready for distribution. In case the quality test fails the stock would be labelled as %frozen stock+and kept till the suppliers pick it back. In case the supplier doesn't pick up the stock then the Warehouse Manager would dispose the stock as per procedure.

A.8.DISTRIBUTION OF SUPPLY:

The distribution of stock is as important process as its purchase and would involve the following steps:

- (a) Facility Supply: The Health Institution namely the DH, SDH, Urban polyclinics/ dispensaries CHC, PHC would receive supply directly from the warehouses. The PHC would have an additional function of distribution of supply to the Sub Centres and replenish the ASHA Drug Kits.

- (b) Pass Book:

Each facility would be given a budget entitlement per year. The budget entitlement would be made by the finance and budget cell of the Director (Procurement). In the first procurement cycle lasting for three months budget

would be allotted to all facilities on a which will be decided by the Drug and Therapeutic Committee (DTC) at the state level.

Based on the consumption made by each facility the allocation would be adjusted by the DTC on the basis of feedback received from the Monitoring and Evaluation cell.

(c) **Receipt of Demand from facilities:**

Each facility would send its demand on a Specified Performa to the Warehouse Manager preferably by e-mail. If facility is not connected by e-mail it would send demand by physical means. The Demand Performa would include the available stock for each item demanded.

On the basis of receipt of demand the Warehouse would check the balance Passbook entitlement of that particular facility and issue the stock demanded without making any alteration and would simply record the available stock reported. In case there is no balance Pass Book entitlement for that particular facility, it would send an e-mail to the Director (Procurement) requesting for increase in entitlement. The process of increase in entitlement has to be completed in a period of three days by Director Procurement.

(d) **Distribution of supply to facilities:**

Once the supply to be issued is finalized the warehouse would issue a transport order to the empanelled transporter/courier for transport to the facility.

The empanelled transporter/ courier would collect the supply from the warehouse and deliver supply on a specified date and time to the concerned facility as per schedule and would obtain a signature on the material supply receipt and submit it to warehouse for payment. Payment of the transporter would be made from the warehouse.

(e) **Transportation of Supply:-**

In the beginning of each year the Director Procurement would invite an open tender for empanelment of a transporter / courier for transport of supply from the warehouse to all facilities in the District up till PHC/Urban Dispensary. The responsibility of delivery of supply to Sub Centre and ASHA would be that of the PHC.

Making a Demand: While making a demand facilities must give demand on quarterly basis. In case need arises only District Hospital can demand items once a week.

Delivery of Supply: For each district a schedule of supply would be made by the warehouse Manager and sent to Civil Surgeon and the facility concerned. It would indicate the day and time of the month on which the supply would be delivered to the facility. For the district hospitals the delivery would be made on weekly basis but for other facilities it would be made on monthly basis.

The transporter would submit its bill and Material Receipt Certificate duly signed by the designated person authorized to receive supply and his payments have to be cleared within 7 working days of submission of documents.

f) Distribution of medicines at hospital pharmacy: The hospital pharmacy should be upgraded so that medicines can be distributed to patients easily along with maintaining the required documentations. The OPD dispensing counter in hospital should have proper racks and there should be an assistant for the pharmacist to help dispensing the medicines and also number of pharmacist would be increased depending upon the OPD load.

g) Drug Recall: There will be a system of drug recall in case sample failure, near expiry and expired drugs so that the resources are not wasted.

9. Monitoring and Evaluation: An online system would be set up to closely monitor each and every process.

10. Structure and function of the Procurement Management Unit : For proper functioning of purchase and distribution in the state adequate structure with appropriate delegation of powers and functions would be created.

DEFINITIONS:-

- 1. APPROVED SOURCE :** A source which is approved by the Govt. of Haryana.
- 2. CENTRAL PURCHASE :** Any purchase made at state level.
- 3. LOCAL PURCHASE :** Any purchase made at district or institution level

Deputy Director (IPD/Pharma)