

# THE VALUE OF STRATEGIC PHARMACIST-LED PROCUREMENT IN DELIVERING FINANCIAL SUSTAINABILITY FOR PUBLIC HOSPITALS

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## Background

Pharmaceutical expenditure is significantly influenced by the cost of pharmaceuticals and the efficiency of their use. Procurement is distinct from purchasing in that sound procurement practices ensure hospital pharmacy departments pay prices that accurately reflect market conditions.

## Aim

To demonstrate the value added by a pharmacist-led strategic procurement process for public hospitals.

## Method

A retrospective study was conducted of the financial benefits reported for pharmaceuticals by Health Purchasing Victoria (HPV), a state-wide procurement organisation, to public health services between July 2005 and September 2017. The study identified the number of collective procurement events conducted, the scope of procurement activities, the current contract value, the level of pharmacist involvement, the type of stakeholder engagement, and the financial benefits to health services.



Figure 1: Pharmacist-led collective procurement contributes significantly to the financial sustainability of Victorian public hospitals.

## Results

HPV conducted a total of 17 pharmaceutical sourcing events between July 2012 and September 2017. Through HPV's secondment and employment of three pharmacists, the pharmacist-led state collective procurement process is estimated to have delivered a \$78.52 million cost reduction in pharmaceutical expenditure for Victoria's public health services.

Over the preceding period from July 2005 to June 2012, collective procurement processes are estimated to have delivered \$14.58 million cost reduction in pharmaceutical expenditure.

Between July 2012 and September 2017, the scope and scale of procurement activity has expanded from generic medicines to include biosimilars. Currently, there are more than 473 medicine types and over 1,300 presentations listed under HPV's state-wide contracts.

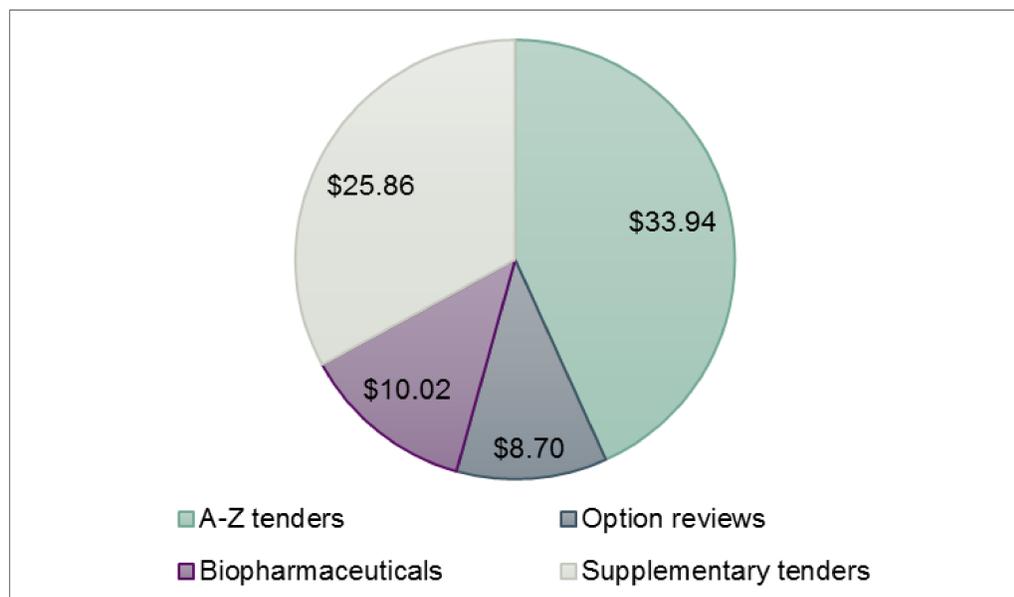


Figure 2: HPV Sourcing Event Value

The overall value of HPV's pharmaceutical categories has reached \$133.23 million per annum in 2017, the highest-value contract within the Victorian public health system. Supporting this pharmaceutical procurement are 24 Executive and Product Reference Group members, of which 21 (87.5%) are pharmacists.

## Conclusion

A pharmacist-led collective procurement arrangement contributes significantly to the financial sustainability of Victorian public hospitals by providing expert professional input into critical procurement decisions. The pharmacy profession continues to expand into clinical practice and research; it also needs to develop further business and economic management capability by expanding the pathways for professional development. This is essential for the pharmacy profession in developing a strategic response to the ongoing financial pressures affecting Victoria's healthcare sector.

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### 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.

