HIV Clinicians Conference: Supply vs. Demand: Managing Medicine Shortages (Session 6D)

Supply Chain Reforms

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Chief Director Sector Wide Procurement
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1. Strategic Overview

2. Progress on supply chain reforms:
   – Direct Delivery Strategy & Provincial Medicine Procurement Units
   – Central Chronic Medicine Dispensing & Distribution

3. New reforms for supply chain resilience:
   – Visibility & Analytics Network (VAN)
Framework: Strategy for Improved Access and Availability of Health Products

**Improved Selection**
- Health Technology Assessment / National Essential Medicine List Committee
- Specification process
- Forecasting for requirements

**Improved Contracting**
- Selection of contracting mechanism
- Conditions of contract
- Criteria for award
- Evaluation & adjudication
- Award communication

**Improved Contract Management**
- Performance Management: Participating Authorities
- Performance Management: Suppliers

**Improved Distribution Models**
- Intra-provincial models
- Inter-provincial models
- Patient Models

**Improved Replenishment**
- Ordering processes
- Payment processes
- Replenishment mechanisms
- Demand planning and forecasting
- Inventory management
- Intra-facility models

**Governance**
- Workforce Management
- Financial Management
- Information Systems
- Information Management
## Objective of Reforms

<table>
<thead>
<tr>
<th>Health Outcomes</th>
<th>Client Satisfaction</th>
<th>Financial Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Access</td>
<td>- Service</td>
<td>- Cost-effective</td>
</tr>
<tr>
<td>- Availability</td>
<td>- Convenience</td>
<td>- Affordable</td>
</tr>
</tbody>
</table>
Direct Delivery & PMPU

• Direct Delivery Strategy
  – The method of delivery where facility specific orders are delivered by a supplier directly to the relevant health facility.

• Provincial Medicine Procurement Unit
  • Provides an efficient, shared administrative service to manage transactions relating to orders and payments for health products
Impact of PMPU & Direct Delivery

- Reduced lead-times and wastage and overall reduced risk for state.

From this…

Supplier > Distributor > Depot > Sub-Depot > Facility

To this…

Supplier > Distributor > Facility
Impact of PMPU & Direct Delivery

- Reduced stock in warehouses, reduced inventory, reduced risk for state.

<table>
<thead>
<tr>
<th>Province</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gauteng</td>
<td>70% of essential medicine volume removed from the Depot</td>
</tr>
<tr>
<td>Limpopo</td>
<td>Oncology &amp; ARVs removed from the Depot</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>72% of essential medicine volume removed from the Depot</td>
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<tr>
<td>Free State</td>
<td>77% of essential medicine volume removed from the Depot</td>
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</table>
Central Chronic Medicine Dispensing and Distribution Programme (CCMDD)

- Patients with chronic diseases receive medicine every month and usually receive a repeat script for six months
- CCMDD enables medicine from repeat scripts to be dispensed and distributed every month to an alternate pick-up-point
- Decongests Primary Health Care facilities
- Improves convenience for patients

- Reduced opportunity costs and improved health outcomes

- Currently 393,149 patients registered
<table>
<thead>
<tr>
<th>Year</th>
<th>Target (Number of Patients)</th>
<th>Description</th>
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<tbody>
<tr>
<td>31 March 2016</td>
<td>500,000</td>
<td>Target</td>
</tr>
<tr>
<td>31 March 2017</td>
<td>650,000</td>
<td>Target</td>
</tr>
<tr>
<td>31 March 2018</td>
<td>850,000</td>
<td>Target</td>
</tr>
<tr>
<td></td>
<td>393,000</td>
<td>Current Number of Patients Registered</td>
</tr>
<tr>
<td></td>
<td>79%</td>
<td>Current Performance</td>
</tr>
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</table>

Current Performance: 79%
Visibility & Analytics Network

What is a Visibility & Analytics Network

A VAN is a centrally governed capability for supply chain management:

- Staffed by skilled and specialized supply chain managers
- Enabled with technology that provides end-to-end visibility and insight
- Empowered to undertake continuous improvement

Design Goal:
To ensure availability of the right commodities when and where beneficiaries want or need them

End-to-end Visibility, Analysis & Insight, Continuous Improvement, Improved Distribution of Commodities

Design Principles:
- Specialized Roles
- Integrated IT & Data
- Analytical Processes
- Monitor Performance
- Central Governance
VAN Capabilities

A VAN uses data visibility and analytics to improve in-country Supply Chain operations.

The three essential capabilities of a VAN are: end to end visibility, analysis & insight, and continuous improvement.

1. **End to End Visibility**
   
   *What is Happening Now?*
   
   Data Aggregation from multiple sources bringing end-to-end Supply Chain visibility across health commodities and programs.

2. **Analysis & Insight**
   
   *Why is this happening? What could happen next? How can we improve?*
   
   Data Visualization, Business Intelligence and predictive modeling performed by VAN staff.

3. **Continuous Improvement**
   
   *Let’s make it happen.*
   
   Defined processes creating alerts, conditional actions, and workflows to internal and external recipients.
VAN: Scope of Visibility

Service Delivery

Global Supply Chain

Local Supply Chain
VAN: Analysis & Insight

• People, with the right tools, processes and policies
  – Asking the right questions
  – Looking in the right places
  – Generating relevant analysis
  – Providing actionable insight
National Surveillance Centre

Surveillance Centre
- Improved contract management
- Improved medicine supply management
- Improved financial management

Key:
- **PMPU**: Provincial Medicine Procurement Unit
- **ESMS**: Electronic Stock Management System
- **WMS**: Warehouse Management System
- **SVS**: Stock Visibility System
Contract Management Tools

Supplier reported input data used to generate business intelligence

Supplier Performance Monitoring
Payment Timeline Reduction
Stock-out Prevention
Continuous Improvement

• Analysis & Insight should be driven by a **culture of proactive problem solving** and rapid quality improvement cycles.

• Data-driven decision making for improved health outcomes, client satisfaction and financial outcomes.
Conclusion

Our vision has not changed:

• A **responsive, effective, resilient** system that clinicians, patients and civil servants trust, characterised by:

  • open, clear communication
  • **improved medicine availability, and improved access.**
Thank You