

# Managing Shortages

## European Statement:

- Selection, Procurement and Distribution

## Author(s):

Alison Anastasi  
Karl Farrugia

## What was done?:

1. Establishment of a dedicated team - Emergency Response Unit (ERU)
2. Enterprise Resource Planning inventory management
3. Customer demand forecast modelling
4. Partnership with the industry
5. Innovative procurement strategies e.g. negotiations, therapeutic time-based agreements, e-auctioning, framework agreements, managed entry access
6. Registration: Allowing bidders to register after they were awarded the tender; parallel importation

## Why was it done?:

The amount of shortages was considerable leading to interruption of treatment, hoarding, wastage, hospital admissions incurring more expenses. Malta is one of the small EU Member states and its geographical position does not facilitate sourcing. Thereby on analysing the matter further, walking directly into the chaos creating order, inventing, creating, connecting and making things happen was the mainstay since then. The industry accepted the partnership invitation and sourcing increased both from the local and international scenario. Best in class operational efficiency, quality & functional excellence was achieved. According to the National Audit office in 2012, Malta had a recurring issue with shortages of medicines and now in 2016 we have had nil shortages for 30 weeks.

## How was it done?:

The challenges faced included influencing and providing leadership to partners in the delivery of on demand innovative solutions, strategic sourcing involving language translations, registering medicines by the department, demand supplier relationships, payment within 60 days, ageing population, procurement services revenue and profit growth. The winning strategy foundation was the interaction and integration of people (internal and external stakeholders) to business information and business intelligence.

## What has been achieved?:

The department has achieved good results measured by the number of shortages, better quality of life, by reduction of hospital admissions thereby reduction in costs. The average medicine shortages in 2013 was 56; in 2014 (40); in 2015 (5) and in 2016 (1) till October. The budget allocated per year has increased due to longevity however more patients are being treated and the cost savings lead to innovative technology access.

## What next?:

Having mitigation measures in place such as pre-planned need analysis; choosing the right process; reducing unnecessary care and focusing on sustainability is good practice. Locally

this is being implemented for the procurement of non-medicines and in fact cost savings running into millions have resulted.

**Keywords:**

- Procurement and market access>Market access
- Procurement and market access>Medicine prices
- Procurement and market access>Suppliers