

# Ukraine's Central Procurement Agency (CPA) in Healthcare: Centralized Procurement Concept

**September 2019**  
**Amsterdam, Netherlands**

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## Key figures

- Healthcare expenditures per annum – 7,9 bln USD
- % to GDP – 7,02%
- Public funds healthcare expenditures – 4,3 bln USD
- Per capita – 96,4 USD (KZ – 149, RU – 348, IT – 2494)
- Public funds allocation to medicines and medical devices – 0,5 bln USD
  - State budget – 0,24 bln USD
  - Local budgets – 0,26 bln USD
- International organizations since 2015
  - UNICEF
  - UNDP
  - Crown Agents
- Law expires in March 2020 (political fight to extend the mandate)

# Key Assumption 1 – What goals?



## ASSUMPTION 1

The state pursues two major objectives in its policies

- Social Justice
- Economic Efficiency

## Key Assumption 2 – What tools?

### 0. Laissez faire

### 1. Regulation

- Quality (registration by SEC, quality controls by SDS)
- Quantity (EML, minimum quantities requirements)
- Price (reference-based price capping)

### 2. Public Funding

- State pays the needy
- State pays service providers for the needy

### 3. Public Provision

- State provides in-kind goods for the needy

## ASSUMPTION 2

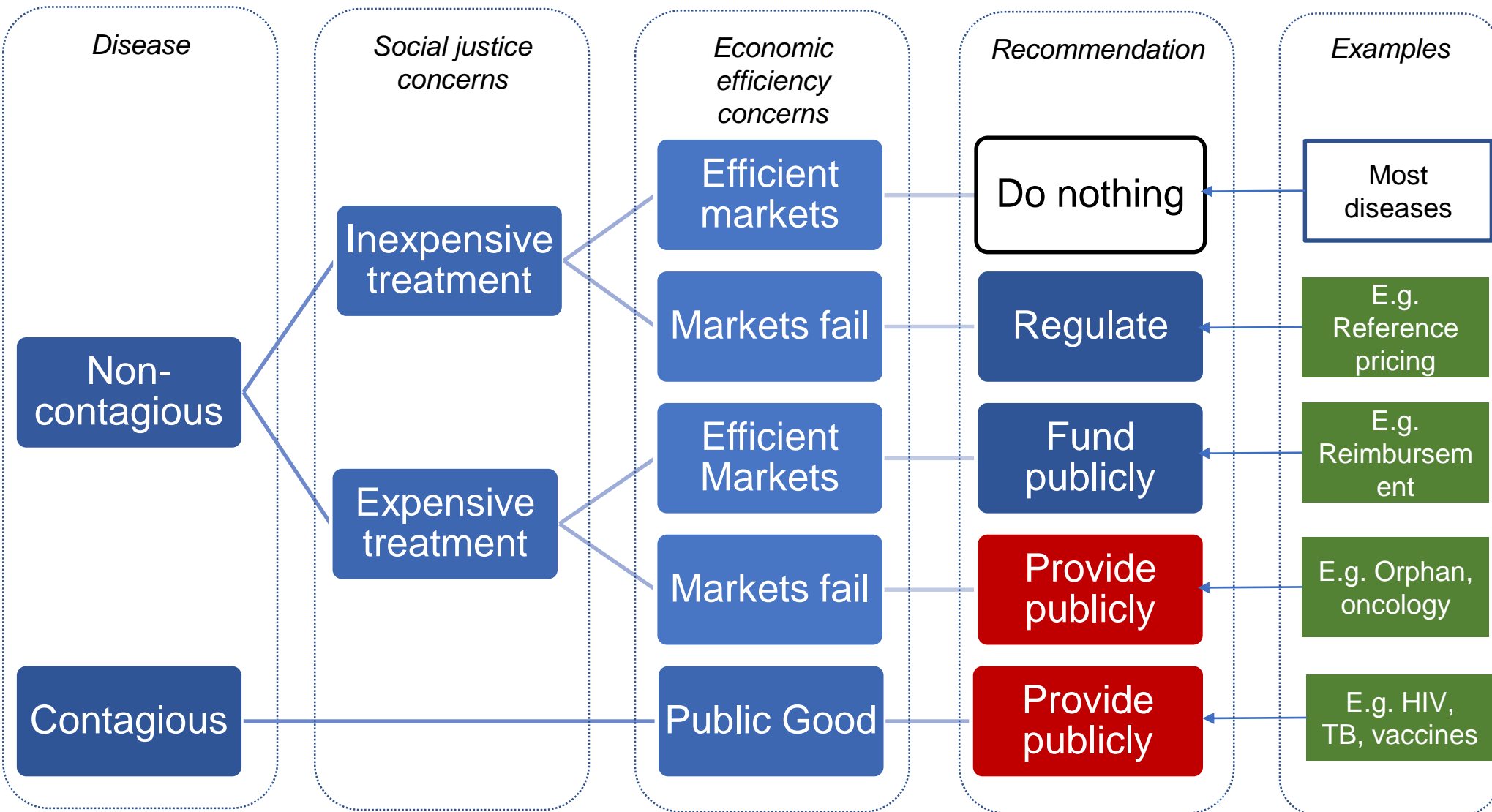
### *Economic Efficiency*

- Efficiency best achieved by markets
- If markets fail, efficiency best served by *regulation*

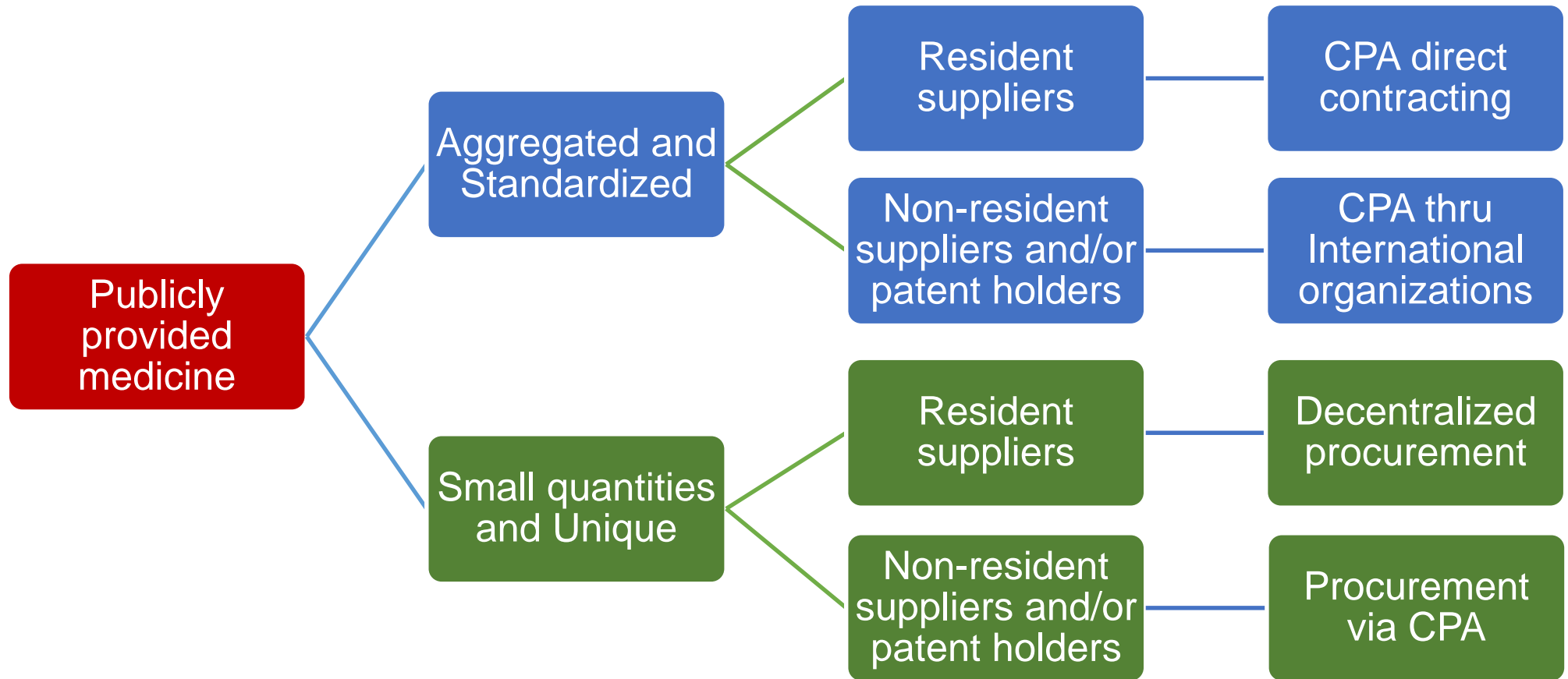
### *Social Justice*

- If markets are efficient, justice best served by *public funding*
- If markets fail, justice best served by *public provision*

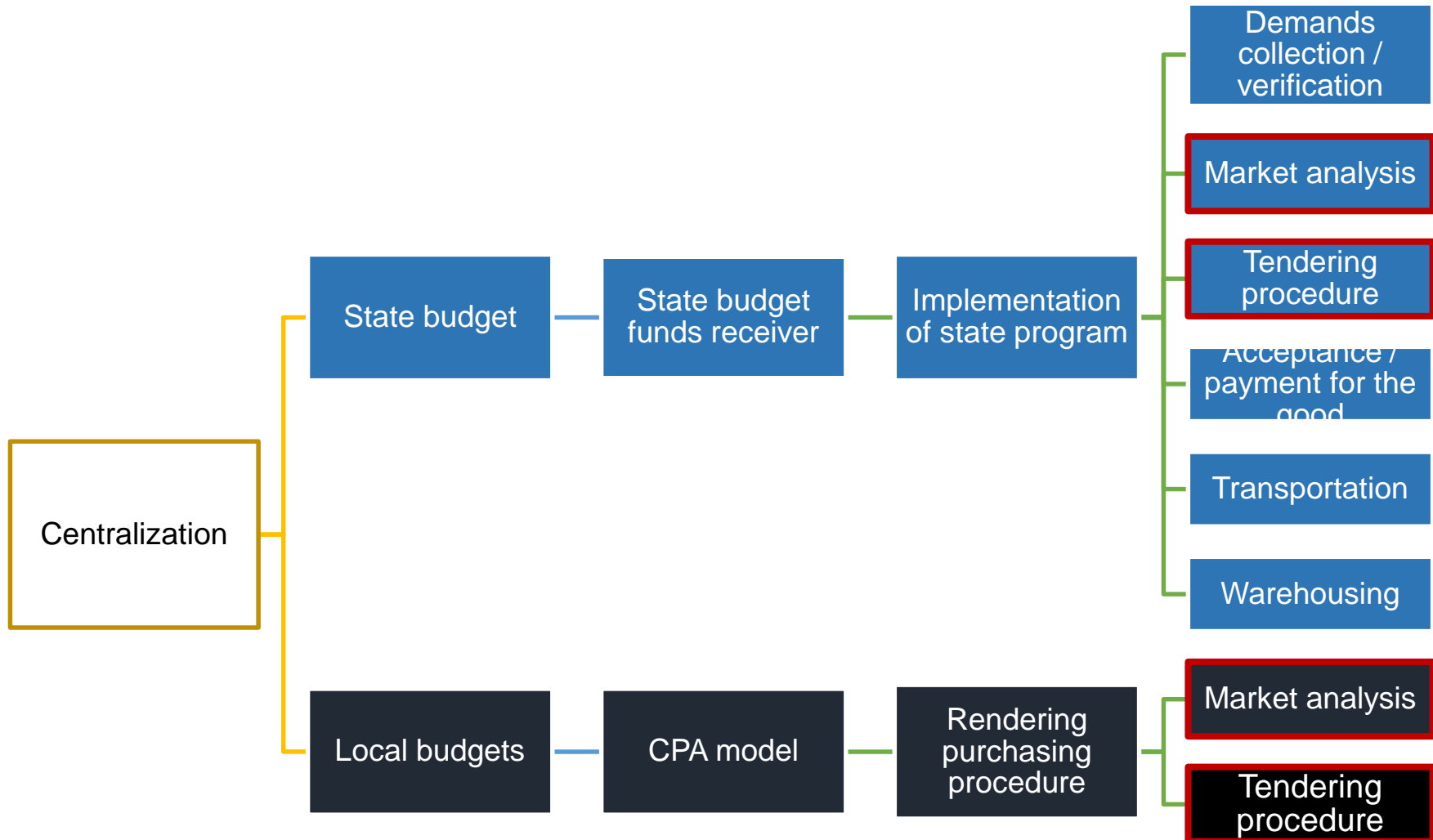
# Rationale for various interventions



# Centralized / Decentralized procurement

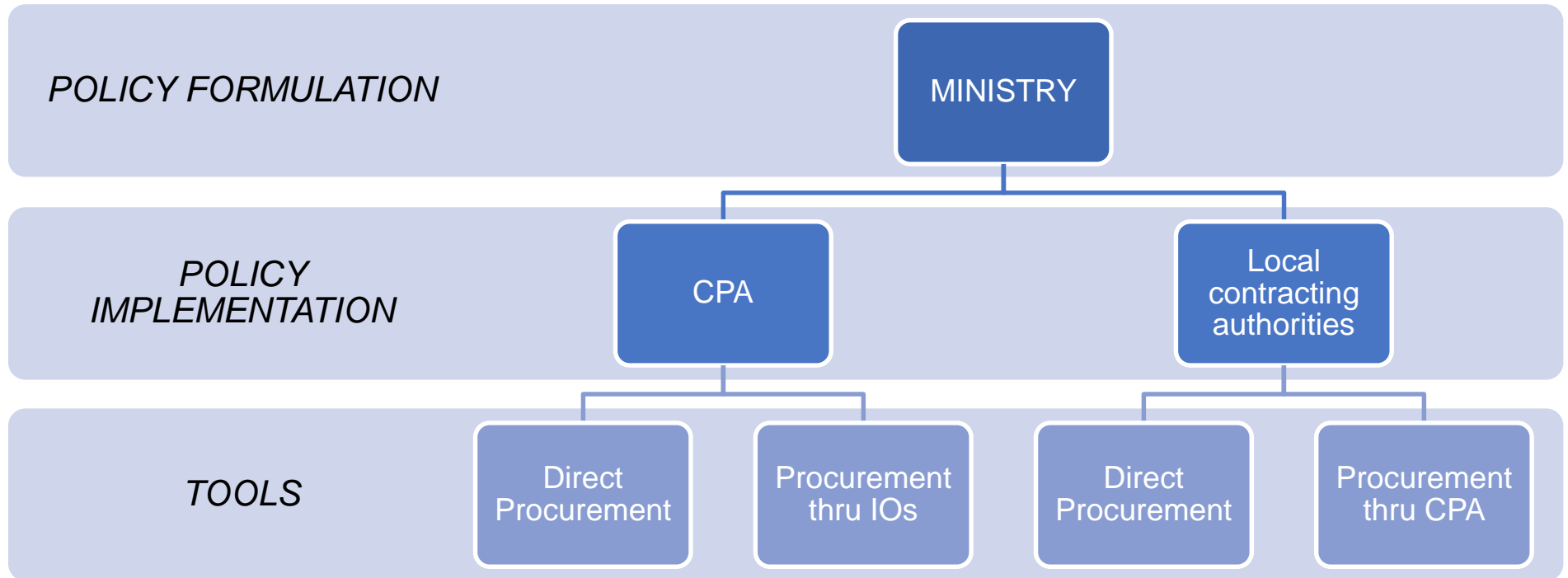


# CPA for the Ministry Vs CPA for local contracting authorities



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**CPA acts as a sole implementor of the centralized procurement program**





## IOs advantages and their transfer to domestic actors

### Regulatory

- Tax exemption
- Simplified registration
- International package
- Long-term contractual liabilities

YES

### Commercial

- Economy of scale
- Reputational capital

NO

### Organizational capacity

- Staff
- Motivation and incentives
- International rotation

YES/  
NO

# Channels of supplies

## Reimbursement

- «Доступні ліки»

## Cost of medicine included in fee for services

- NHS

## Procurement by the CPA

- 40 programs

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THANK YOU!