NATIONAL AUDIT OFFICE

PUBLIC AUDIT REPORT
SUPPLY OF MEDICINES IN HOSPITALS

28 February 2012, No. VA-P-10-10-3
Vilnius

SUMMARY

Audit started 01 December 2010
Audit completed 28 February 2012

Full audit report in Lithuanian is available on the website
of the National Audit Office: www.vkontrole.lt

For their services provided to the population covered with compulsory health insurance, hospitals receive funds from the budget of the Compulsory Health Insurance Fund in accordance with the basic prices set by the Ministry of Health. The share of these funds to be allocated for medicines has not been fixed at the national level. In hospitals this share is established by the founder(s) of the hospital, which, however, may transfer this function to the hospital itself. Although data on hospital costs for medicines has been collected, no summary information on these costs is available. According to the information provided by 60 surveyed hospitals, in 2009-2010 the costs of medicines on average accounted for 7% of the total amount of funds received for hospital services. The share of funds allocated for medicines by hospitals differs 6.5 times in large hospitals, 4 times in regional and district hospitals, and more than 10 times in hospitals of palliative treatment and care.

Hospitals are provided with medicines in the following ways: hospitals purchase medicines themselves; suppliers provide hospitals with medicines centrally purchased by the National Health Insurance Fund; a certain amount of medicines is received by way of support. The auditors established that the annual amount spent for medicines by 60 surveyed hospitals totals to around LTL 100 million. The value of medicines centrally purchased by the National Health Insurance Fund amounts to LTL 85 million per year. The amount of medicines received by hospitals by way of support accounts for about 10% of all medicines used in hospitals.

Due to the limited availability of funds of the budgets of the Compulsory Health Insurance Fund and those of hospitals, it is very important to ensure that effective medicines are purchased in hospitals at the best (most favourable) price. Hence the public audit "Supply of medicines in hospitals" addressed the issue of the effectiveness of medicines supply in hospitals.

The audit procedures were performed at the Ministry of Health and at the National Health Insurance Fund. During the audit, a questionnaire was provided to 70 hospitals (large, regional, district, and care), replies were received from 60 ones. The auditors also analysed information published by the World Health Organisation about the experience and good practice of foreign countries, such as Denmark, Norway, Finland, Austria, Latvia and a few others.

AUDIT CONCLUSIONS

1. Inefficient use of medicines in hospitals:

   1.1. The Ministry of Health has not set requirements for disease treatment schemes developed in hospitals, it does not coordinate the development of such treatment schemes and does not ensure their application in all hospitals. As a result, treatment schemes have been developed only for less than half of most treated diseases, the number of schemes applied in similar hospitals differs several times, different hospitals apply different treatment schemes, meanwhile care hospitals do not apply any treatment schemes at all.

1.2. There is no single list of medicines used for patient treatment in hospitals and no criteria for the drawing up of medicine lists in hospitals, therefore these lists differ from hospital to hospital both from the point of view of quantity and quality. The number of listed medicines in hospitals providing the same services differs several times.

2. Ineffective purchase of medicines in hospitals:

2.1. Since no disease treatment schemes and medicine lists are available and the majority of hospitals are not able to perform a detailed pharmacoeconomic analysis and adequate assessment of factors which affect treatment efficiency, some hospitals do not purchased necessary medicines as well as second-choice medicines and medicines with higher therapeutic value.

2.2. Public procurement in hospitals lasts more than 100 days meanwhile the duration of procurement through the Central Project Management Agency (CPMA) is several times shorter. However, only a few hospitals purchased their medicines through CPMA because the dynamic purchasing system of CPMA has been introduced only recently, in addition to a low supply of medicines and inadequately prepared framework agreements and specifications.

2.3. Hospitals have not been practicing joint purchase of medicines. Purchase prices of the same medicines differ several times from hospital to hospital. Meanwhile foreign experience has shown that joint purchases reduce medicine costs by up to 20 % and help to use human resources in a more efficient way.

2.4. No measures are available at the national level which would facilitate purchase of medicines in hospitals at a lower cost.

3. Ineffective supply of centrally purchased medicines in hospitals:

3.1. Deficiencies have been identified in the procedure of the drawing up of the list of centrally purchased medicines.

3.2. The demand of these medicines is determined insufficiently accurately, the medicines supply process in hospitals lacks flexibility.

3.3. No measures have been developed for the reduction of the price of centrally purchased medicines.

RECOMMENDATIONS

To the Ministry of Health:

With a view to ensure efficient use of medicines and the quality of services provided in hospitals:

1. To coordinate application of disease treatment schemes in hospitals;

2. To set criteria for the drawing up of medicine lists in hospitals and to ensure that these lists in hospitals are updated on a regular basis.

With a view to ensure effective supply of medicines in hospitals:

3. To provide for and to implement measures aimed at the supply of medicines in hospitals at the best (most favourable) price:

3.1. to discuss a possibility to organise centralised purchase of medicines in hospitals;

3.2. in cooperation with CPMA, to revise framework agreements on purchase of medicines and to pursue a wider range and price reduction of medicines offered by CPMA;

3.3. to perform analyses of purchase and use of medicines used in hospitals on a regular basis and to make their results public.

4. To revise the procedure for the drawing up of the list of centrally purchased medicines, removing redundant requirements and regulating this process in more detail.

5. To ensure:

5.1. annual update of the list of centrally purchased medicines and conformity of the listed medicines to the criteria laid down in relevant legislation;

5.2. inclusion of the medicines which have been deleted from the list of centrally purchased medicines but which, however, are necessary for treatment purposes on the lists of medicines used in hospitals and/or the lists of compensated medicines.

To the National Health Insurance Fund:

1. With a view to accurately identify the demand of centrally purchased medicines, to perform analyses of purchase and use of these medicines on a regular basis and to make their results public.

2. With a view to ensure effective supply of centrally purchased medicines in hospitals, to improve the medicines supply process (upon assessment of residues of medicines in hospitals, to re-distribute these residues and to provide for more flexible conditions for medicines supply in hospitals).