



# ANALYSIS OF PROCUREMENT AND PAYMENT OPTIONS FOR TB DRUGS USING THE SOCIAL HEALTH INSURANCE FUND

Local Health System Sustainability Project

Task Order I, USAID Integrated Health Systems IDIQ

March 2021

This document was produced for review by the United States Agency for International Development. It was prepared by the Local Health System Sustainability Project under the USAID Integrated Health Systems IDIQ.

## **Local Health System Sustainability Project**

The Local Health System Sustainability Project (LHSS) under the USAID Integrated Health Systems IDIQ helps low- and middle-income countries transition to sustainable, self-financed health systems as a means to support universal health coverage. The project works with partner countries and local stakeholders to reduce financial barriers to care and treatment, ensure equitable access to essential health services for all people, and improve the quality of health services. Led by Abt Associates, the five-year, \$209 million project will build local capacity to sustain strong health system performance, supporting countries on their journey to self-reliance and prosperity.

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**USAID Contract No:** 7200AA18D00023 / 7200AA19F00014

**Recommended Citation:** Nguyen, Thi Yen; Nguyen, Thi Hien; Sjoerd Postma; Nguyen, Thi Diu. The Local Health System Sustainability Project (LHSS) under the USAID Integrated Health Systems IDIQ. March 2021. *Analysis of procurement and payment options for first-line TB Drugs using the Social Health Insurance Fund*. Rockville, MD: Abt Associates.

*This analysis was made possible by the support of the American people through the United States Agency for International Development (USAID). The contents are the sole responsibility of the authors and do not necessarily reflect the views of USAID or the United States government.*

# CONTENTS

- Acronyms ..... v**
- 1. Introduction ..... 1**
- 2. Analysis of TB Drug Bidding and Procurement Types Using the SHI Fund ..... 1**
  - 2.1 Health Facility-based Bidding and Procurement..... 1
  - 2.2 Provincially Centralized Bidding and Procurement.....2
  - 2.3 Nationally Centralized Bidding And Procurement.....2
- 3. Bidding, Procurement, and Payment Options..... 3**
  - 3.1 Option 1: Nationally Centralized Bidding and Procurement by NCDPC – Centralized Payment from VSS/multiline Payment Center.....3
  - 3.2 Option 2: Nationally Centralized Bidding and Procurement by the National Lung Hospital – Centralized Payment to Suppliers by the National Lung Hospital.....5
  - 3.3 Option 3: Nationally Centralized Bidding and Procurement by NCDPC – Health Facilities Sign Contracts and Pay Directly to Suppliers.....6
  - 3.4 Option 4: Nationally Centralized Bidding and Procurement by the National Lung Hospital – Health Facilities Contract and Pay Directly to Suppliers .....7
- 4. Discussion on Procurement and Payment Options for First-Line TB Drugs Under the SHI Scheme..... 9**
- 5. Conclusion..... 9**
- 6. Epilogue ..... 10**

## List of Figures

- Figure 1: Option 1 – Roles and relationship between related stakeholders..... 4**
- Figure 2: Option 2 - Roles and relationship between related stakeholders ..... 6**
- Figure 3: Option 3 - Roles and relationship between related stakeholders ..... 7**
- Figure 4: Option 4 - Roles and relationship between related stakeholders ..... 8**

# ACRONYMS

<b>ARV</b>	Antiretroviral
<b>DHI</b>	Department of Health Insurance
<b>DPF</b>	Department of Planning and Finance
<b>GVN</b>	Government of Vietnam
<b>LHSS</b>	Local Health System Sustainability Project
<b>MA</b>	Marketing Authorization
<b>MOH</b>	Ministry of Health
<b>NCDPC</b>	National Centralized Drug Procurement Center
<b>NTP</b>	National Tuberculosis Program
<b>SHI</b>	Social Health Insurance
<b>TB</b>	Tuberculosis
<b>VSS</b>	Vietnam Social Security
<b>PSS</b>	Provincial Social Security

# 1. INTRODUCTION

This document analyzes procurement and financing options of first-line tuberculosis (TB) drugs using the social health insurance (SHI) fund. The Government of Vietnam (GVN) is transitioning the procurement of first-line TB drugs from using the central state budget to the SHI fund starting from 2022. The National Tuberculosis Program (NTP) is implementing this transition in collaboration with related agencies under the Ministry of Health (MOH) and the Vietnam Social Security (VSS).

The Local Health System Sustainability Project (LHSS) in Vietnam has provided technical assistance to the NTP to transition TB services to SHI, focusing on issues related to procurement and payment of TB drugs and the development of necessary guidelines for the implementation of TB procurement and payment using the SHI fund.

**This document describes the procurement and payment considerations related to transitioning TB drug provision to the SHI fund.** By the time of submission, the NTP had already obtained support from the MOH to propose that the National Lung Hospital conduct nationally centralized procurement of TB drugs and that health facilities (public and private) would sign individual contracts with, and make payments to, the drug suppliers. This is referenced in the report as option 4. LHSS has analyzed four procurement options, including the advantages and disadvantages of each, to help the NTP justify their proposed option to MOH leadership and provide evidence that option 4 is appropriate in terms of procurement mechanism, management, and supply. The NTP can also use this analysis as a reference when they transition the second-line TB drugs and other TB commodities to the SHI fund.

## 2. ANALYSIS OF TB DRUG BIDDING AND PROCUREMENT TYPES USING THE SHI FUND

This section presents three different alternatives available to NTP to bid and procure TB drugs for health facilities across the country. The analysis includes requirements, advantages, challenges, and mitigation strategies to address those challenges.

### 2.1 HEALTH FACILITY-BASED BIDDING AND PROCUREMENT

- **Requirement:** None
- **Advantages:**
  - ✓ Health facilities can proactively plan and conduct the bidding.
  - ✓ The supplier selection method can be flexible.
- **Challenges:**
  - ✓ High cost of human resources, as each health facility in the country, will have to conduct their own bidding.
  - ✓ Drug prices are different from one health facility to another.

- ✓ Assessing the supplier's capacity at the provincial and country-wide level is difficult as one supplier might work with more than one health facility and more than one province, and one supplier may supply only one drug.
- ✓ Suppliers might not be interested in bidding with health facilities that require small quantities and/or those located in hard-to-reach areas.
- ✓ Reallocation of drugs among health facilities is not possible.

## 2.2 PROVINCIALY CENTRALIZED BIDDING AND PROCUREMENT

- **Requirement:** None
- **Advantages:**
  - ✓ Provinces can proactively plan and conduct the bidding.
  - ✓ Bidding is conducted in every province, which would result in multiple bidders and multiple suppliers.
- **Challenges:**
  - ✓ It can undermine efforts to ensure equity as drug prices will differ between provinces (e.g., provinces with large volume versus ones with small demand, mountainous provinces versus urban cities).
  - ✓ Assessing the supplier's capacity to procure and deliver at a national scale is difficult, as one supplier might work in more than one province while others may supply more than one drug.
  - ✓ Suppliers might not be interested in provincial bidding with small quantities and provinces with difficult access.
  - ✓ Reallocation of medical supplies and drugs across provinces requires approval from the MOH.

## 2.3 NATIONALLY CENTRALIZED BIDDING AND PROCUREMENT

- **Requirement:** MOH approval to allow nationally centralized procurement of the drugs using the SHI fund (there are nine TB drugs currently approved by the MOH and included in the Circular 15/2019/TT-BYT).
- **Advantages:**
  - ✓ Provinces and health facilities experience cost savings by reducing human resources dedicated to organizing and executing the bidding process at each site.
  - ✓ Procuring at the national level increased the quantity of drugs the GVN will purchase, thereby increasing their negotiating power and ability to obtain a lower price.
  - ✓ Bidders favor large quantity bidding as they can better manage supply sources.
  - ✓ One national price across provinces and health facilities.
  - ✓ Reallocation of drugs between health facilities in different provinces is possible, leading to more flexibility to meet changing demands and potentially reduce drug shortages.

- **Challenges:**

- ✓ Having one winning bidder for one type of drug would lead to a multiplicity of bidders and suppliers for multiple drugs, potentially creating a management burden for the government.
- ✓ If the amount of drugs is small but widely used, bidders will not be interested in supplying due to high logistical costs and relatively small profit associated with delivering small quantities to a large number of facilities.
- ✓ Supply failure due to expired Marketing Authorization delayed production, and late importation would cause widespread drug shortages.

The NTP selected the nationally centralized procurement type given the unique advantages over other types, including cost savings resulting from larger quantities, increased efficiencies within the health system, and the increased flexibility to reallocate drugs across provinces, which will allow NTP to meet potential changing demands, as necessary. To mitigate the challenges of centralized bidding and procurement, LHSS recommends adopting preventive measures, such as initiating the bidding at least 12 months prior to the expected delivery date, ensuring that a six-to-twelve-month buffer stock is sustained, adopting First Expire First Out guidelines to ensure drug inventories are adequately used, verifying that supplier's market authorizations (MA) are valid over the expected length of the procurement, and ensuring life of drugs (i.e., validity and expiration date) comply with GVN regulations before initiating the bidding process.

## 3. BIDDING, PROCUREMENT, AND PAYMENT OPTIONS

Following the NTP's decision to select the nationally centralized bidding and procurement method, LHSS identified four different payment options. These options include agencies implementing the bidding and procurement, requirements to comply with local legislation, advantages and challenges, and a description of the role of stakeholders involved in each option.

### 3.1 OPTION 1: NATIONALLY CENTRALIZED BIDDING AND PROCUREMENT BY NCDPC – CENTRALIZED PAYMENT FROM VSS/MULTILINE PAYMENT CENTER

The first option includes a nationally centralized drug procurement managed by the National Centralized Drug Procurement Center (NCDPC), and centralized payment to the suppliers made by the VSS/Multiline Payment Center, just like with antiretrovirals (ARVs).

- **Requirements:**

- ✓ Approval from the MOH leader to conduct nationally centralized procurements for TB drugs using the SHI fund.
- ✓ Special waiver from the Prime Minister for centralized payment of the drugs through SHI, given that the current SHI law regulates SHI examination and treatment costs paid directly to health facilities.

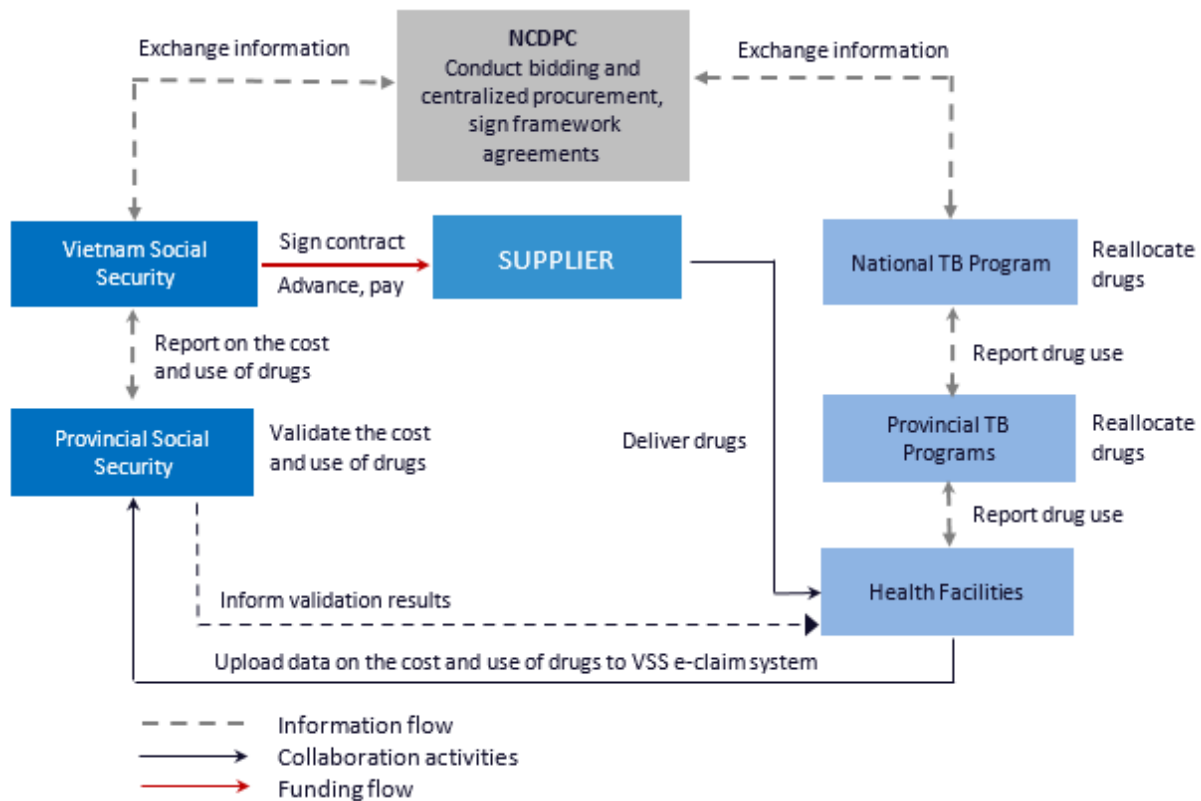
**Advantages:**

- ✓ Increased efficiencies resulting from contracts and payments being handled directly between VSS and suppliers.
- ✓ VSS provides advancement payments for suppliers, decreasing the financial burden on suppliers to cover all costs at the beginning.

**- Challenges:**

- ✓ Close coordination, monitoring, and clearly defined roles of different agencies (e.g., NTP at central and provincial levels, NCDPC, VSS) are needed for managing the contract, reallocation, and payment.
- ✓ Centralized drug management and reallocation reduces health facilities' role in addressing suppliers' issues, such as late or incomplete delivery.

**Figure 1: Option 1 – Roles and relationship between related stakeholders**





### 3.2 OPTION 2: NATIONALLY CENTRALIZED BIDDING AND PROCUREMENT BY THE NATIONAL LUNG HOSPITAL – CENTRALIZED PAYMENT TO SUPPLIERS BY THE NATIONAL LUNG HOSPITAL

The second option includes nationally centralized procurement by the National Lung Hospital with centralized payment to the suppliers by the National Lung Hospital.

#### - **Requirements:**

- ✓ Approval from the MOH leader to conduct nationally centralized procurements for TB drugs using the SHI fund.
- ✓ Special waiver from the Prime Minister for centralized payment through SHI, as the current SHI law regulates that SHI examination and treatment costs should be paid directly to health facilities.
- ✓ MOH approval for nationally centralized procurement by National Lung Hospital.
- ✓ Developing a new payment and reimbursement mechanism between VSS and National Lung Hospital.

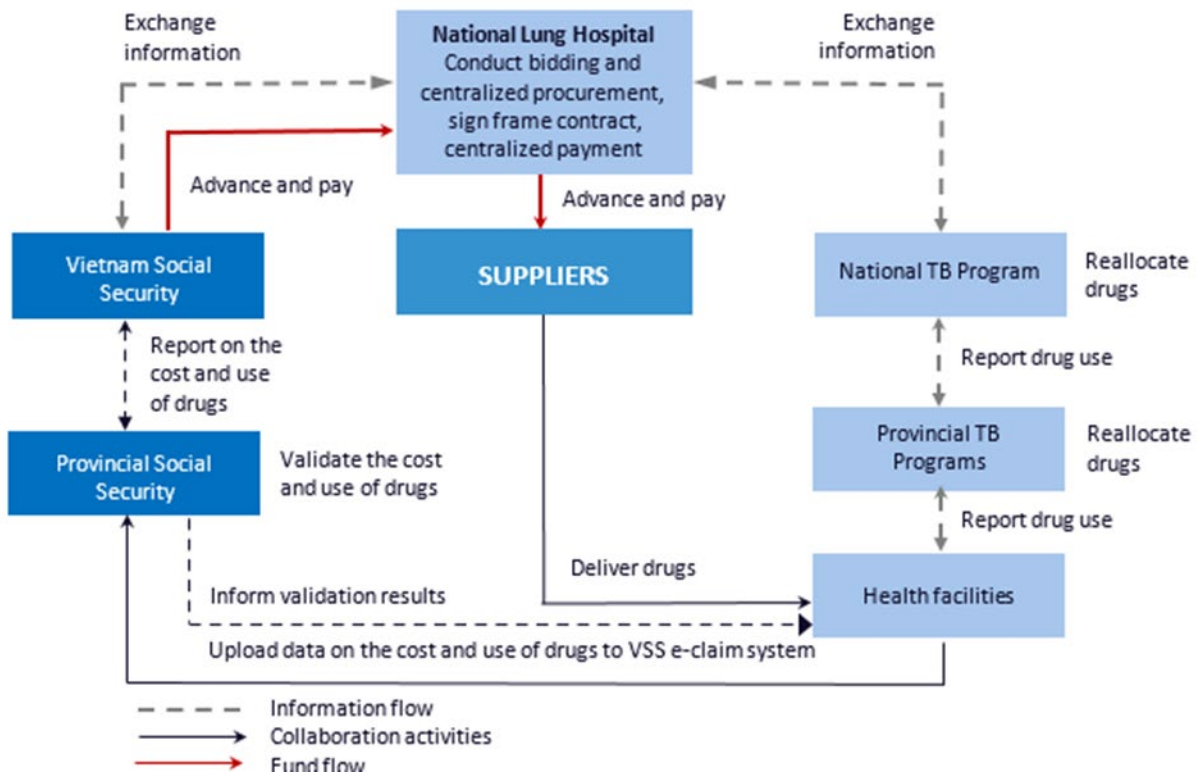
#### - **Advantages**

- ✓ Supply contracts and payments are managed directly between National Lung Hospital and the supplier(s), leading to increased efficiencies.
- ✓ The advancement of payment to suppliers by National Lung Hospital helps protect suppliers.
- ✓ National Lung Hospital carries out procurement and payment. Quantification and supply are also managed by the NTP, facilitating the management of drugs because fewer entities are involved in the process (i.e., VSS, NCDPC).

#### - **Challenges**

- ✓ The NTP/National Lung Hospital needs to develop its capacity to manage the nationally centralized procurement and centralized payment since they have not handled it in the past.

**Figure 2: Option 2 - Roles and relationship between related stakeholders**



### 3.3 OPTION 3: NATIONALLY CENTRALIZED BIDDING AND PROCUREMENT BY NCDPC – HEALTH FACILITIES SIGN CONTRACTS AND PAY DIRECTLY TO SUPPLIERS

The third option includes nationally centralized procurement by NCDPC with health facilities signing contracts and paying directly to suppliers.

#### Requirements:

- ✓ Approval from the MOH leader to conduct nationally centralized procurements for TB drugs using the SHI fund.

#### Advantages:

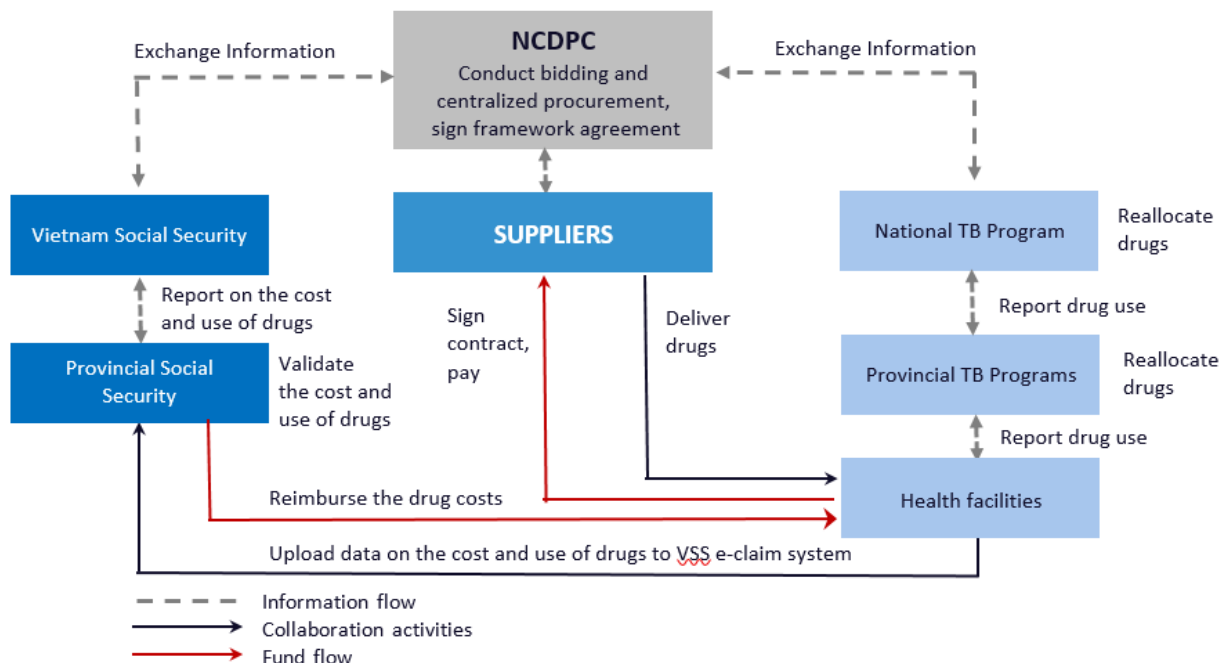
- ✓ No need for a waiver by Prime Minister as this is not a centralized payment.
- ✓ Health facilities sign contracts with, and make payments directly to suppliers; therefore, they can be proactive in addressing supplier issues in the case of late or incomplete delivery.

#### Challenges:

- ✓ Suppliers have to sign contracts with many health facilities, which is time-consuming in negotiating and reaching agreements.
- ✓ Health facilities with a small number of drugs and with difficult access are of little interest to suppliers. As a result, suppliers might delay or withdraw from contract signing with such facilities and accept a fine.

- ✓ Advance payment and settlement of contracts with suppliers depend on SHI fund reimbursement to health facilities. This might be delayed and cause financial constraints for suppliers, which puts drug supply at risk.
- ✓ The management role of the NTP is reduced as they cannot monitor the contract implementation between suppliers and health facilities (drug delivery, drug use, buffer stock).
- ✓ Inter-facility or cross-province drug reallocation is not possible without MOH approval.

**Figure 3: Option 3 - Roles and relationship between related stakeholders**



### 3.4 OPTION 4: NATIONALLY CENTRALIZED BIDDING AND PROCUREMENT BY THE NATIONAL LUNG HOSPITAL – HEALTH FACILITIES CONTRACT AND PAY DIRECTLY TO SUPPLIERS

The last option includes a nationally centralized procurement by the National Lung Hospital, with the health facilities signing contracts and paying directly to the suppliers.

**Requirements:**

- ✓ Approval from the MOH leader to conduct nationally centralized procurements for TB drugs using the SHI fund.
- ✓ MOH approval for nationally centralized procurement by the National Lung Hospital.

**Advantages:**

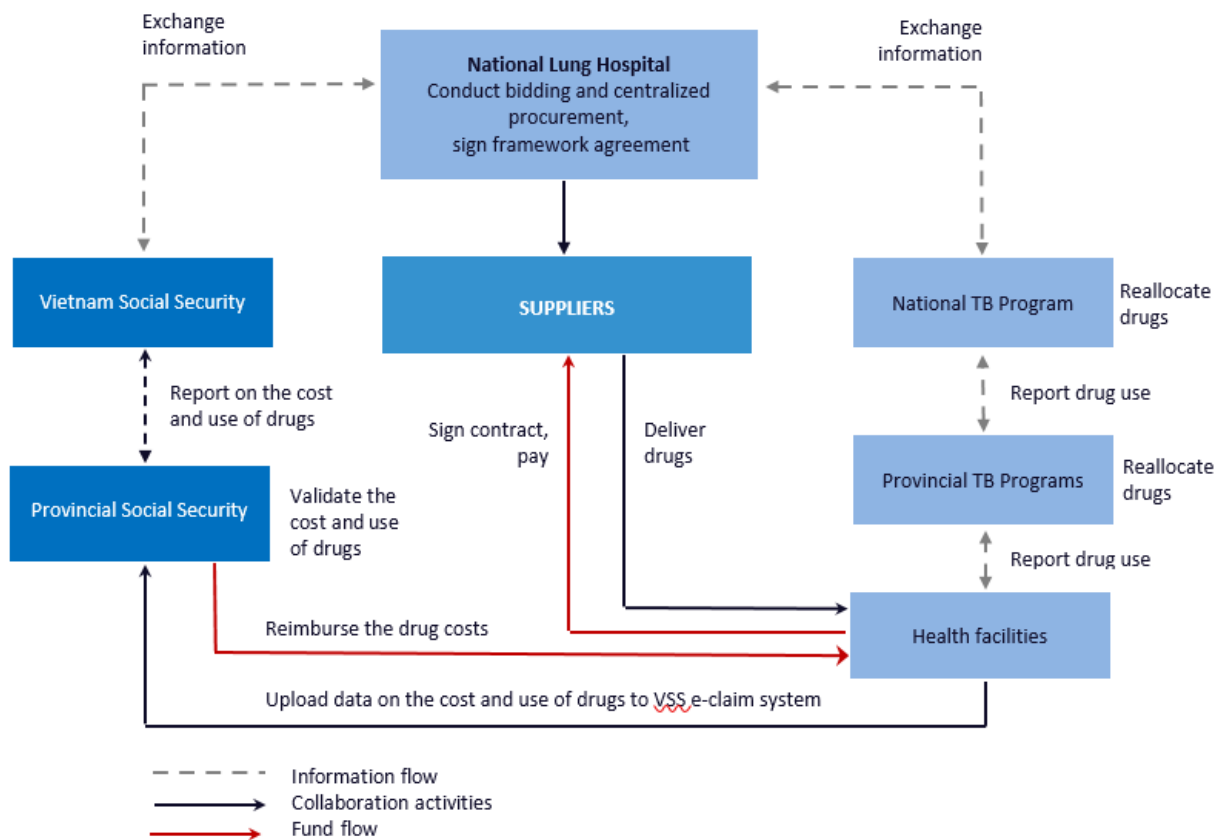
- ✓ No need for a waiver by Prime Minister as this is not a centralized payment.

- ✓ The role of the NTP in drug management and reallocation is maintained.
- ✓ The NTP is proactive in negotiating and reaching agreements with suppliers.
- ✓ Health facilities sign contracts with, and make payments directly to, suppliers; therefore, they can be proactive in addressing supplier' issues in the case of late or incomplete delivery.

**Challenges:**

- ✓ Health facilities with less demand for drugs and with difficult access are less attractive to suppliers. Hence, suppliers might delay or withdraw from contract signing with such facilities and accept a fine.
- ✓ Negotiating and signing contracts with multiple health facilities is time-consuming for suppliers.
- ✓ Advance payment and settlement of contracts with suppliers depend on SHI fund reimbursement to health facilities. This might be delayed and cause financial constraints for suppliers, which puts drug supply at risk.
- ✓ The role of the NTP would be reduced as contracting, supply, and delivery will be handled between suppliers and facilities.
- ✓ Drug reallocation among health facilities is not possible.

**Figure 4: Option 4 - Roles and relationship between related stakeholders**



## 4. DISCUSSION ON PROCUREMENT AND PAYMENT OPTIONS FOR FIRST-LINE TB DRUGS UNDER THE SHI SCHEME

For non-HIV/AIDS and TB drugs, medicine procurement is conducted in one of two ways: (1) either centralized or (2) by the health facilities themselves. In each case, the payment is made by the facilities directly to the supplier. For ARVs, there is a Prime Minister Decision in place to allow for centralized procurement through the NCDPC with payments made by the facilities directly to the supplier, based on the individual contracts signed by facilities with the supplier.

If the standard practice were to be applied, then the NTP drug procurement (paid for by the SHI) would have to be procured centrally. This would also allow for efficient procurement in line with economies of scale and the ability to have (central) quality control of the procured goods. In addition, this procurement method would allow for a standard diagnosis-related group price setting for TB services in the future, while individual facility procurements would have significant differentiated pricing.

Considering the above, all options with centralized procurement should be considered, (i.e., all options presented above). For TB drugs (as well as for HIV drugs), where the value and volume are relatively low, it is expected to have fewer suppliers. Hence, central procurement should be the ideal modus operandi for economies of scale (like Vietnam) in price negotiations.

As centralized procurement for all other drugs is done through the NCDPC, it would be recommended that the TB program would also engage the NCDPC for the first-line TB drug procurement and, eventually, for second-line TB drug procurement. If this were the case, only options 1 and 3 above would be considered. They allow NCDPC to do the centralized procurement, including the negotiations on bidding and the signing of framework contracts. The NCDPC, as the delegated procurement unit under the MOH, has an established procurement system governed by current national procurement policies and the required capacity and resources to conduct centralized procurement. However, the National Lung Hospital would take considerable additional effort to lead the centralized procurement in legal, technical, and human resource terms because the hospital is not specialized in centralized procurement like the NCDPC.

Lastly, the current VSS guidelines state that individual health facilities get reimbursed for drugs they have dispensed. As this is the case, the SHI may not be able to sign a contract on behalf of all facilities directly with the supplier, not least because it requires a significant payment up-front. Thus, option 3 would be the optimal procurement and payment option for TB drugs under the SHI scheme. Under this option, the NCDPC does the centralized procurement, and the health facilities have individual supply and payment contracts based on their TB drug needs and ability to request reimbursement for dispensed drugs from the SHI.

## 5. CONCLUSION

From the analysis of the four different procurement and payment options, option 3, where the National Procurement Center under the MOH does the centralized procurement, and health facilities have individual supply and payment contracts with suppliers would be the recommended choice for TB drugs procurement and payment under the SHI scheme. Some of the advantages of this procurement and payment type are that facilities would make procurements based on their TB drug needs, could request reimbursement for dispensed drugs from SHI, and could negotiate their own terms with suppliers. This option is also appropriate and in line with procurement processes for other drugs dispensed and reimbursed under the SHI scheme.

## 6. EPILOGUE

All the options described in this document were presented to the NTP and the MOH. However, at the end of January 2021, the MOH leadership agreed in principle with Option 4 - nationally centralized procurement by the National Lung Hospital and health facilities signing contracts and paying directly to the suppliers. The NTP selected this option given the unique advantages over other options, including cost savings resulting from larger quantities, increased efficiencies within the health system, and the increased flexibility to reallocate drugs across provinces, allowing NTP to meet potential changing demands, as necessary.

By choosing this option, the NTP was aware of the challenge of monitoring and supervising drug delivery and drug reallocation. LHSS has advised the NTP to develop a national drug delivery plan that specifies the number of drugs to be delivered to health facilities as per the framework agreement with the supplier(s).

As the current SHI reimbursement regulation is based on actual use of drugs and claims of use, the NTP was concerned that they could not ensure buffer stock for 12 months like they did for other government procured drugs. To ensure this, LHSS has advised the NTP to ask MOH leadership to allow the bidding 12 months in advance so that health facilities can receive drugs earlier to serve as a buffer stock. After receiving drugs from suppliers for the first quarter, health facilities can request an advance from PSS to pay suppliers 80 percent of the value of the drugs received for the first quarter. From the second quarter onward, health facilities can pay suppliers 80 percent of the value of used drugs from the previous quarter. The settlement between health facilities and PSS is based on the actual drug provision to patients. This arrangement, however, would still need VSS's consensus.

On March 4, 2021, the MOH organized a meeting chaired by the MOH leadership that convened MOH's related agencies - Department of Planning and Finance (DPF), Department of Health Insurance (DHI), Legal Department, Medical Service Administration, Drug Administration of Vietnam, NCDPC, National Lung Hospital, and the NTP - to assign the procurement task and guide the payment of TB drugs using the SHI fund. In this meeting, the MOH decided to issue an official decision that assigns the National Lung Hospital to carry out the national bidding for nine first-line TB drugs using the SHI fund, and the DPF to develop the draft decision to submit for the MOH's approval. The MOH assigned DHI to develop and issue guidelines on the management, use, and payment of TB drugs.

With the deadline approaching for the 'TB to SHI' transition, LHSS will continue to collaborate with the MOH's related departments and VSS to guide the NTP by implementing these policy-related and technical activities to ensure the transition plan of TB drugs into the SHI scheme remains on track.

# ANNEX A: BIDDING AND PROCUREMENT COMPARISON

BIDDING AND PROCUREMENT OPTIONS	OPTION 1 Health facility-based bidding and procurement	OPTION 2 Provincial centralized bidding and procurement	OPTION 3 Nationally centralized bidding and procurement
<b>Requirements</b>	None	None	MOH approval to allow nationally centralized procurement of the drugs using the SHI fund (there are nine TB drugs currently approved by the MOH and included in the Circular 15/2019/TT-BYT).
<b>Advantages</b>	<ul style="list-style-type: none"> <li>✓ Health facilities can proactively plan and conduct the bidding.</li> <li>✓ The supplier selection method can be flexible.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Provinces can proactively plan and conduct the bidding.</li> <li>✓ Bidding is conducted in every province, which would result in multiple bidders and multiple suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Provinces and health facilities experience cost savings by reducing human resources dedicated to organizing and executing the bidding process at each site.</li> <li>✓ Procuring at the national level increased the quantity of drugs the GVN will purchase, thereby increasing their negotiating power and ability to obtain a lower price.</li> <li>✓ Bidders favor large quantity bidding as they can better manage supply sources.</li> <li>✓ One national price across provinces and health facilities.</li> <li>✓ Reallocation of drugs between health facilities in different provinces is possible, leading to more flexibility to meet changing demands and potentially reduce drug shortages.</li> </ul>

BIDDING AND PROCUREMENT OPTIONS	OPTION 1 Health facility-based bidding and procurement	OPTION 2 Provincial centralized bidding and procurement	OPTION 3 Nationally centralized bidding and procurement
<b>Challenges</b>	<ul style="list-style-type: none"> <li>✓ High cost of human resources, as each health facility in the country, will have to conduct their own bidding.</li> <li>✓ Drug prices are different from one health facility to another.</li> <li>✓ Assessing the supplier's capacity at the provincial and country-wide level is difficult as one supplier might work with more than one health facility and more than one province, and one supplier may supply only one drug.</li> <li>✓ Suppliers might not be interested in bidding with health facilities that require small quantities and/or those located in hard-to-reach areas.</li> <li>✓ Reallocation of drugs among health facilities is not possible.</li> </ul>	<ul style="list-style-type: none"> <li>✓ It can undermine efforts to ensure equity as drug prices will differ between provinces (e.g., provinces with large volume versus ones with small demand, mountainous provinces versus urban cities).</li> <li>✓ Assessing the supplier's capacity to procure and deliver at a national scale is difficult, as one supplier might work in more than one province while others may supply more than one drug.</li> <li>✓ Suppliers might not be interested in provincial bidding with small quantities and provinces with difficult access.</li> <li>✓ Reallocation of medical supplies and drugs across provinces requires approval from the MOH.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Having one winning bidder for one type of drug would lead to a multiplicity of bidders and suppliers for multiple drugs, potentially creating a management burden for the government.</li> <li>✓ If the amount of drugs is small but widely used, bidders will not be interested in supplying due to high logistical costs and relatively small profit associated with delivering small quantities to a large number of facilities.</li> <li>✓ Supply failure due to expired Market Authorization delayed production, and late importation would cause widespread drug shortages.</li> </ul>



# ANNEX B: BIDDING, PROCUREMENT, AND PAYMENT COMPARISON

BIDDING, PROCUREMENT, AND PAYMENT OPTIONS	OPTION 1 Nationally centralized bidding and procurement by NCDPC – Centralized payment from VSS/Multiline Payment Center	OPTION 2 Nationally centralized bidding and procurement by the National Lung Hospital – Centralized payment to suppliers by the National Lung Hospital	OPTION 3 Nationally centralized bidding and procurement by NCDPC - Health facilities sign contracts and pay directly to suppliers	OPTION 4 Nationally centralized bidding and procurement by the National Lung Hospital - Health facilities contract and pay directly to suppliers
<b>Requirements</b>	<ul style="list-style-type: none"> <li>✓ MOH's approval to conduct nationally centralized procurements for TB drugs using the SHI fund.</li> <li>✓ Special waiver from the Prime Minister for centralized payment of the drugs through SHI, given that the current SHI law regulates SHI examination and treatment costs paid directly to health facilities</li> </ul>	<ul style="list-style-type: none"> <li>✓ MOH's approval to conduct nationally centralized procurements for TB drugs using the SHI fund.</li> <li>✓ Special waiver from the Prime Minister for centralized payment through SHI, as the current SHI law regulates that SHI examination and treatment costs should be paid directly to health facilities.</li> <li>✓ MOH approval for nationally centralized procurement by National Lung Hospital.</li> <li>✓ Developing a new payment and reimbursement mechanism between VSS and National Lung Hospital.</li> </ul>	<ul style="list-style-type: none"> <li>✓ MOH's approval to conduct nationally centralized procurements for TB drugs using the SHI fund.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Nationally centralized procurement decision by MOH leader to procure first-line TB drugs using the SHI fund.</li> <li>✓ MOH approval for nationally centralized procurement by the National Lung Hospital.</li> </ul>

BIDDING, PROCUREMENT, AND PAYMENT OPTIONS	OPTION 1 Nationally centralized bidding and procurement by NCDPC – Centralized payment from VSS/Multiline Payment Center	OPTION 2 Nationally centralized bidding and procurement by the National Lung Hospital – Centralized payment to suppliers by the National Lung Hospital	OPTION 3 Nationally centralized bidding and procurement by NCDPC - Health facilities sign contracts and pay directly to suppliers	OPTION 4 Nationally centralized bidding and procurement by the National Lung Hospital - Health facilities contract and pay directly to suppliers
<b>Advantages</b>	<ul style="list-style-type: none"> <li>✓ Increased efficiencies resulting from contracts and payments being handled directly between VSS and suppliers.</li> <li>✓ VSS provides advancement payments for suppliers, decreasing the financial burden on suppliers to cover all costs at the beginning.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Supply contracts and payments are managed directly between National Lung Hospital and the supplier(s), leading to increased efficiencies.</li> <li>✓ The advancement of payment to suppliers by National Lung Hospital helps protect suppliers.</li> <li>✓ National Lung Hospital carries out procurement and payment. Quantification and supply are also managed by the NTP, facilitating the management of drugs because fewer entities are involved in the process (i.e., VSS, NCDPC).</li> </ul>	<ul style="list-style-type: none"> <li>✓ No need for a waiver by Prime Minister as this is not a centralized payment.</li> <li>✓ Health facilities sign contracts with, and make payments directly to suppliers; therefore, they can be proactive in addressing supplier issues in the case of late or incomplete delivery.</li> </ul>	<ul style="list-style-type: none"> <li>✓ No need for a waiver by Prime Minister as this is not a centralized payment.</li> <li>✓ The role of the NTP in drug management and reallocation is maintained.</li> <li>✓ The NTP is proactive in negotiating and reaching agreements with suppliers.</li> <li>✓ Health facilities sign contracts with, and make payments directly to suppliers; therefore, they can be proactive in addressing supplier' issues in the case of late or incomplete delivery.</li> </ul>
<b>Challenges</b>	<ul style="list-style-type: none"> <li>✓ Close coordination, monitoring, and clearly defined roles of different agencies (e.g., NTP at central and provincial levels, NCDPC, VSS) are needed for managing the contract, reallocation, and payment.</li> <li>✓ Centralized drug management and reallocation reduces health facilities' role</li> </ul>	<ul style="list-style-type: none"> <li>✓ The NTP/National Lung Hospital needs to develop its capacity to manage the nationally centralized procurement and centralized payment since they have not handled it in the past.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Suppliers have to sign contracts with many health facilities, which is time-consuming in negotiating and reaching agreements.</li> <li>✓ Health facilities with a small number of drugs and with difficult access are of little interest to suppliers. As a result, suppliers might delay or withdraw from contract</li> </ul>	<ul style="list-style-type: none"> <li>✓ Health facilities with less demand for drugs and with difficult access are less attractive to suppliers. Hence, suppliers might delay or withdraw from contract signing with such facilities and accept a fine.</li> <li>✓ Negotiating and signing contracts with multiple</li> </ul>

BIDDING, PROCUREMENT, AND PAYMENT OPTIONS	OPTION 1 Nationally centralized bidding and procurement by NCDPC – Centralized payment from VSS/Multiline Payment Center	OPTION 2 Nationally centralized bidding and procurement by the National Lung Hospital – Centralized payment to suppliers by the National Lung Hospital	OPTION 3 Nationally centralized bidding and procurement by NCDPC - Health facilities sign contracts and pay directly to suppliers	OPTION 4 Nationally centralized bidding and procurement by the National Lung Hospital - Health facilities contract and pay directly to suppliers
	<p>in addressing suppliers' issues, such as late or incomplete delivery.</p>		<p>signing with such facilities and accept a fine.</p> <ul style="list-style-type: none"> <li>✓ Advance payment and settlement of contracts with suppliers depend on SHI fund reimbursement to health facilities. This might be delayed and cause financial constraints for suppliers, which puts drug supply at risk.</li> <li>✓ The management role of the NTP is reduced as they cannot monitor the contract implementation between suppliers and health facilities (drug delivery, drug use, buffer stock).</li> <li>✓ Inter-facility or cross-province drug reallocation is not possible without MOH approval.</li> </ul>	<p>health facilities is time-consuming for suppliers.</p> <ul style="list-style-type: none"> <li>✓ Advance payment and settlement of contracts with suppliers depend on SHI fund reimbursement to health facilities. This might be delayed and cause financial constraints for suppliers, which puts drug supply at risk.</li> <li>✓ The role of the NTP would be reduced as contracting, supply, and delivery will be handled between suppliers and facilities.</li> <li>✓ Drug reallocation among health facilities is not possible.</li> </ul>