

Research on the centralized bidding procurement system of drugs in China and its reform supporting measures

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Abstract: In recent years, with the aging of population, the change of human disease spectrum and the progress of medical technology, China's medical expenditure has shown a rapid growth trend, which has become a hot issue of great concern. The centralized bidding and purchasing system of drugs is an important measure in the reform of China's medical and health system. It aims to correct the unhealthy trend in the process of drug purchase and sale, reduce the inflated drug prices, and alleviate the problem of "expensive medical treatment" for ordinary people. In China, we continue to explore and improve the centralized bidding and procurement system of drugs, which has restrained the occurrence of collusion and corruption and the abuse of power and responsibility to a certain extent. The implementation of drug centralized bidding procurement policy has also made some achievements, but there are also some problems in the implementation process. This paper analyzes the problems in drug centralized bidding procurement, puts forward improvement measures, and puts forward corresponding suggestions for the adjustment and reform of China's drug centralized procurement system.

1. Introduction

With the sustained and rapid development of China's economy and society, people pay more and more attention to the health of themselves and their families. As a special commodity closely related to people's health, the production, circulation, sale and use of drugs have always been the focus of national attention. For a long time, "it is difficult and expensive to see a doctor" is one of the most prominent problems in the development of medical and health undertakings in China, and the inflated drug price is an important factor leading to this problem. Falsely high drug prices have become an urgent problem to be solved in the development of medical and health undertakings in China. With the increase of medical expenses, it not only increases the economic burden of the government, society and individuals, makes the problem of "difficult and expensive to see a doctor" worse, but also causes a large waste of medical resources. In recent years, China has continuously promoted centralized drug procurement, and a variety of centralized drug procurement modes have emerged all over the country, which has achieved remarkable results in controlling drug prices.

Centralized bidding and purchasing of drugs refers to the centralized purchasing of clinical drugs in medical institutions within a certain range through bidding, so as to achieve the purpose of optimal allocation of drug resources. In the bidding and purchasing process, there are many problems, such as difficult sharing of platform information, suspected monopoly in enterprise selection, long collection period, alienation of price reduction into the core performance index, etc. According to the existing policy literature research, there are five main modes of centralized drug procurement in China, as shown in Figure 1. That is, provincial-level online and municipal-level bargaining mode, drug exchange mode, cross-regional joint procurement mode, drug group procurement mode and "4+7" quantity procurement mode. The "drug rebate" involved in drug procurement has also become the crux of China's medical reform. The implementation of centralized bidding procurement of drugs is an important measure to overcome this persistent disease. The research focus of centralized drug procurement is constantly changing with the adjustment of national policies. It is undeniable that the implementation of the policy of centralized bidding and procurement of drugs has indeed made some achievements, such as rectifying the order of pharmaceutical circulation and operation, reducing the falsely high pricing of drugs, curbing the

unhealthy trend in the purchase and sale of drugs and so on. However, there are still some defects in China's drug centralized bidding procurement system, resulting in the implementation effect of the system is greatly reduced, or even a mere formality.

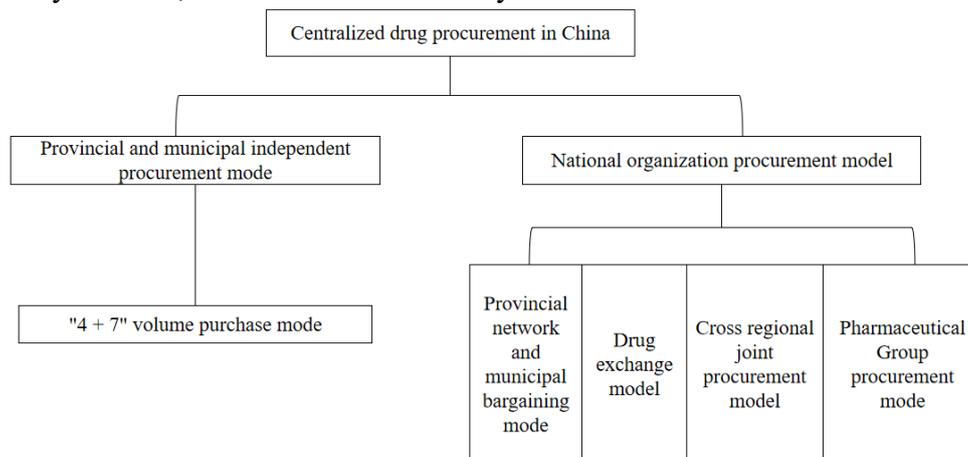


Figure 1 Classification of centralized drug procurement modes in China

2. The role of centralized bidding procurement of drugs

In recent years, because the prices of some drugs are still falsely high, and the overall medical expenses are still increasing, it is self-evident that the centralized bidding and procurement system of drugs has an impact on drug prices. For enterprises, the procurement and circulation of centralized bidding procurement of drugs is more transparent, which promotes the transformation of the competition direction among pharmaceutical enterprises from marketing to process technology and cost, and reduces the cost by reducing the marketing expenses of pharmaceutical enterprises, so as to reduce the drug price, that is, centralized bidding procurement of drugs plays a significant role in solving the problem of falsely high drug price.

Secondly, in China's current drug distribution and circulation, drugs need to go through such links as production-wholesale-retail-consumption. Due to various restrictions, drug manufacturers mostly adopt the mode of entrusting commercial companies to distribute drugs. The implementation of centralized drug procurement will definitely have a great impact on the overall supply chain of procurement. Therefore, from the perspective of supply chain management, centralized bidding procurement can obtain high-quality and low-price drugs in large quantities by centralizing and integrating the purchasing plans of many purchasers. Centralized purchasing can also reduce the cost of searching, negotiating and supervising in the process of purchasing, reduce the gray space in the process of buying and selling drugs, and thus reduce the price of drugs. From the experience at home and abroad, centralized bidding and purchasing is an effective method to reduce drug circulation costs and improve drug market structure.

Finally, centralized bidding procurement of drugs can promote the independent innovation of pharmaceutical enterprises. Under the centralized bidding procurement, the pharmaceutical profit space of pharmaceutical enterprises has been greatly compressed. Therefore, improving the awareness of innovation and independently developing the original drugs are the only way to obtain greater profits and accelerate the development of enterprises, so as to promote the development of medical reform.

3. Problems in centralized bidding procurement of drugs

3.1. Drug rebates are still popular

As the drug procurement in China is carried out independently by medical institutions, the price is basically determined by the market, and there is a lack of corresponding supervision and management, and the order of drug circulation is chaotic, and drug rebates are generated and

intensified. With the increasing scope of centralized drug bidding and purchasing, the unfair competition among enterprises is getting worse. With the extensive deepening of reform measures of centralized drug bidding and purchasing, the varieties and amount of drugs included in centralized drug bidding and purchasing are constantly expanding. Under the guidance of economic interests, during the implementation of centralized drug bidding and purchasing, the decrease of drug prices and the implementation requirements of hospital purchases may lead to the change of doctors' prescription behavior and the increase of patients' drug consumption, which in turn leads to the increase of patients' medical expenses. In order to complete the task of drug consumption, medical institutions may also reduce the reporting base, or only purchase and use selected drugs and stop supplying non-selected drugs. At the same time, some regions simply use administrative power to control drug procurement without mutual restraint between various subjects, resulting in the abuse of procurement rights, which makes drug bidding violate the market law and price principle. It not only failed to effectively curb drug purchase and sales corruption, but was exploited by relevant interest groups and became a shield for them to make huge profits. At the same time, the unfair competition of some enterprises will further compress the profit space of pharmaceutical enterprises, and make the honest pharmaceutical enterprises fall into business difficulties because they can't win the bid. In the end, they will either be colluded with each other or face the risk of bankruptcy, which will eventually lead to the increasingly fierce phenomenon of drug purchase rebates. That is, pharmaceutical production enterprises and sales enterprises take obtaining excess profits as the core goal, so it is inevitable that some pharmaceutical enterprises collude with hospitals and doctors to make profits.

3.2. The way of drug bidding is not standardized

At present, both parties of centralized drug bidding and purchasing only sign pricing contracts, but do not specify the purchase quantity. In China, the provincial centralized bidding procurement and the national centralized drug procurement are carried out in parallel, and the price reduction has become the core performance index of bidding procurement. At the same time, the price of a small number of drugs is artificially low. Because the bid price is too low, there is no profit, it will not appear in the doctor's prescription, and there is no purchase volume, which leads to the situation of "winning the bid and dying". New similar drugs tend to have higher prices, which not only does not reduce the artificially high drug price, but further pushes up the drug price. In bidding, the implementation of regional price linkage and medical insurance payment standard system linkage pays more attention to drug prices, which is directly manifested as the lowest bid, the medical insurance payment price being equal to the settlement price of hospital procurement, etc. The spiral price reduction effect will reduce the drug use efficiency, but the cost will not be controlled. The principle of quality priority and reasonable price is required in the centralized drug procurement specification, but the current drug procurement often simply takes the low price as the main index and ignores the drug quality index. At the same time, medical institutions can further ask for profit transfer from enterprises on the basis of purchase quantity, which forms a secondary price negotiation and widely exists. Enterprises have to send a large number of medical representatives to medical institutions for illegal clinical promotion in order to sell the quantity of drugs, which increases the circulation cost and final price of drugs to varying degrees. Moreover, the drug quality level standards of various provinces are different, which makes some interest groups take advantage of policy loopholes in the bidding process.

4. Improvement measures of centralized bidding procurement of drugs

4.1. Strengthen institutional reform

Improve the design of bidding system, introduce a variety of bid evaluation indicators, and avoid only low-priced drugs as a special commodity. Its bidding must not only be low-priced. Improve the compensation mechanism and stimulate the enthusiasm of medical institutions. Centralized bidding and purchasing of drugs should not only protect patients' rights and interests, but also balance the

interest relationship between medical institutions and pharmaceutical companies. While reducing drug prices and ensuring drug quality, we should take into account the interests of patients, medical institutions, pharmaceutical companies and the government, and achieve a win-win situation, so as to realize the healthy and sustainable development of the pharmaceutical market. In order to prove the effectiveness of medical reform, especially the active participation of medical institutions, we must stimulate the participation of medical reform personnel. Secondly, strengthen the platform construction and promote the development of joint drug procurement. We should speed up the reform of transforming government functions and earnestly perform regulatory responsibilities. Relevant government departments should change their ideas as soon as possible. Drug procurement in public hospitals led by the government is not arranged by the government. Excessive improper government intervention can not solve the problem of high rebate, but may solidify various unreasonable interest distribution relations, or transfer medical corruption from medical institutions to government departments. Government personnel should conscientiously implement relevant laws, earnestly perform their supervisory duties, supervise the whole process of centralized bidding and procurement, and check whether all stakeholders practice favoritism and malpractice. Finally, we should strengthen the reform of bidding methods and rationally adjust the price of medical services to ensure the reasonable profit of hospitals and the reasonable income of doctors, so that hospitals can participate in the reform of centralized drug purchasing system.

4.2. Improve and standardize the centralized bidding behavior of drugs

In the implementation of centralized drug procurement, drug classification, bid evaluation method, bidding method, supply source and distribution method may affect the purchase price, quality and distribution of drugs, which are related to all links and multi-party interests such as drug production, circulation, purchase and use. In addition, the differences in procurement and distribution costs should allow a certain range of differences in the purchase prices of drugs in public hospitals in all provinces and regions. Strengthen the management after bidding. After the bidding is completed, both parties sign a contract, clarify the rights and obligations of both parties in the contract, and specify the liability for breach of contract. Both parties should strictly perform the contract, medical institutions have the obligation to pay on time, and drug production and trading enterprises have the obligation to provide the subject drugs on time, with quality and quantity guaranteed, and bear the liability for breach of contract at the same time. At present, the provincial centralized drug procurement platform has basically realized the interconnection of information and data and resource sharing, which provides an information-based means for realizing the openness and transparency of drug procurement and comprehensive supervision in the whole process. Drug price is not the decisive factor of drug cost and medical cost, so the control of drug cost and medical cost growth should mainly rely on the change from project-based payment to various forms of package payment mechanism, and the choice of drugs should be given to hospitals and doctors more. Secondly, clarify the responsibilities of all parties. When signing contracts for centralized bidding and purchasing drugs, we should establish the equal status of medical institutions and drug production and marketing enterprises, specify the purchase price and quantity in the contracts, and put forward clear requirements for drug quality. When drug quality problems occur, the responsibility of enterprises should not only determine the price standard, but also plug the loopholes of secondary bargaining by medical institutions and illegal clinical marketing by drug production and marketing enterprises, so as to effectively reduce drug circulation costs.

5. Conclusions

Centralized drug procurement plays a positive role in standardizing drug procurement, reducing drug prices and ensuring the supply of essential drugs. However, in order to ensure the people's livelihood and maintain competitive vitality, it is necessary to implement relevant policies, improve the compensation mechanism at the same time, strengthen platform construction, promote the separation of Medicine, give full play to the role of the market, and combine market regulation with administrative regulation. Take the final benefit of patients as the evaluation standard, implement

centralized bidding procurement, so as to reduce the price of drugs, reduce the burden of seeing a doctor, and enable the people to enjoy the dividends of reform.

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