

MEDICINES Procurement

Procedure for indenting / purchase and receipt of medicines:

For the guidance of all concerned, the following procedure is laid-down for indenting / purchase and receipt of medicines for the Financial Year 2011-12 and onwards.

1. Initiation:

1.1. Initiation of the process may be taken up simultaneously by MM Department and the hospital preferably in the first week of September every year. Indent for the financial year 2011-12 may be forwarded to MM Dept. by the first week of November 2010.

1.2 MM Dept, in consultation with the hospital, may prepare a list of manufacturers of medicines, every year, from whom most of the medicines could be procured.

1.3 MM Dept. may then write to them, giving our commercial terms and conditions (as vetted by the Project Finance), such as shelf-life, return of short expiry medicines at the time of receipt, inspection, phased supply etc., for confirmation of their consent to supply medicines as per the commercial terms and conditions, including the following:-

- That medicines would be supplied by them directly or through their authorized dealers concerned for the project;
- That the suppliers furnish the hospital price list of their products with applicable discounts, if any;
- In case the manufacturer is not willing to supply directly, they may give the details of their authorised distributor / supplier who will be supplying the medicines.
- That medicines depending on the quantity, may be supplied in a phased manner, i.e. 40% initially and then 30% each at two regular intervals.

1.4. After obtaining consents and other details from the manufacturers, MM Department, in consultation with the hospital, should shortlist the manufacturers for the relevant medicines.

2. Annual Indent for medicines for the next financial year:

2.1. The annual indent for medicines may be categorized as:-

Life saving drugs;
Proprietary medicines;
Vaccines & Antidotes;
Tonics;
Other Drugs.

2.2. The annual indent of medicines may be made by a committee consisting of in-charge of medical stores and other doctors nominated by CMO. The annual requirement needs to be approved by CMO.

2.3. Vaccines & Antidotes may be purchased from Govt. Agencies or from manufacturers of repute / their nominated distributors / dealers.

2.4. Separate annual indent may be raised by the hospital for general items like syringes, needles, cotton, bandages, X-Ray films, laboratory items, sanitary items (Phenyl) etc. MM Dept. may procure the medicines from approved vendors once a year.

2.5. The hospital may raise indents for other medicines.

2.5.1. The quantities may be worked out based on the previous year's consumption, indent / order status, stock position at issue / consumption points and expiry dates of medicines.

2.5.2. The indent should contain details of brand name (not exceeding six) and manufacturer of the medicines.

2.5.3. In cases of proprietary medicines, the proprietary certificate in the prescribed format is to be given by CMO and approval of Head of Project obtained.

2.5.4. Ministry of Chemicals & Fertilizers, Govt. of India has circulated a list of 102 medicines that are manufactured by PSUs like IDPL, HAL, BCPL, KAPL and RDPL. The prices of these medicines are fixed by National Pharmaceutical Pricing Authority (NPPA) and a discount of 35% is allowed. This has to be given due consideration while raising the indent for medicines.

2.5.4.1. Based on timely delivery and other parameters project may finalize the Quantity of medicines to be procured from PSU with the approval of Head of Project.

2.5.5. The indent may contain the last purchase rate for purposes of cost estimation and facilitating Finance Department to vet the indent.

2.6. A committee comprising of officers from MM Dept, Finance and the hospital in-charge may review the indent and record its recommendations and obtain the approval of competent authority.

2.7. The indent with the recommendations of the committee may be forwarded to MM Department, who will register it and forward it to Finance for vetting and to C/A for sanction.

2.8. Based on the approved indent, MM Dept may take procurement action.

2.9. The whole process may be completed by November every year.

3. Purchase Orders:

3.1. Materials Dept. in consultation with Hospital In-charge, may prepare Purchase Order along with all the terms and conditions.

3.2. PO may contain the names and quantities of medicines, commercial terms such as Unit Price (as per the Hospital price list forwarded by the Manufacturer), Price basis, Freight, P&F, ST, Phased Delivery, Payment Terms, Consignee and Shelf Life of min. 80%.

3.3. In the payment terms, a condition may be incorporated that the manufacturer shall furnish the applicable Hospital price list, to the Materials Dept.

3.4. The PO may be issued in the name of the manufacturer only with flexibility to the manufacturer to supply the medicines through any of their authorized dealers / distributors / stocklist.

3.5. Wherever the quantity is substantial and supplies are required in phases, the PO may clearly specify that 40% of the ordered quantity only may be supplied in the first stage and the balance in two installments of 30% each with an interval of four months between each consignment, after confirmation by the Materials Dept. to this effect. Any deviation from phased delivery can be considered in exceptional cases with approval of CA, upon written instructions issued by MM Dept. to that effect.

3.6. In case of annual Purchase Order value less than Rs.30,000/-, the supply can be effected in one installment. However, the order shall be placed on the authorised dealer / stocklists / distributors / manufacturer.

4. Review of Purchase Orders for supply of last installment:

4.1. Thorough review should be done by the CMO/Hospital In-charge before giving clearance for the 30% final installment.

4.2. If in the opinion of the Hospital In-charge, any medicines are required before the scheduled supply, he may obtain specific approval from the Head of the Project. It may be clearly indicated in the order that the installments may be supplied as directed.

5. Procedure for Receipt & Accounting of Medicines:

5.1. On receipt of the medicines at Central Store Depot (CSD), the consignments may be checked with packing list and after entering in the relevant register, the packages may be handed over along with documents to Hospital Medical Stores.

5.2. In the receipt section of Hospital Stores, the consignments may be opened in the presence of authorised hospital representative and the representative from MM Dept. (at least of the rank of JO).

5.3. The medicines may be checked initially for damage / breakage and against invoice for quantity, Batch No. Shelf life, and MRP vis-a-vis hospital price list.

5.4. The medicines may be taken into stock within a week from the date of receipt and discrepancies, if any, are to be intimated to MM Dept. for further action.

5.5. The receipt voucher shall contain all these details and shall be duly signed by Doctor In-charge and Materials Dept. representative.

5.6. All the Project Hospitals will use uniform receipt voucher forms as per HMS package.

6. Procedures to be followed at Hospital after receipt of medicines:

6.1. In the Hospital, all the medicines received in the first two consignments of 40% and 30% respectively may be marked with NMDC stamping. Depending upon consumption, the medicines required in the third lot of 30% may be stamped periodically (say on daily basis) as per instructions of the CMO/Hospital In-charge.

6.2. Issue of medicines from Medical Main Stores to OPD and Wards shall be properly accounted. The medicines returned to Main Medical stores are to be taken into stock.

6.3. Receipts and issues to be documented both manually in vouchers, cardex system and to be fed in the Hospital Management System (HMS) package simultaneously.

6.4. Details of medicines with expiry during the next 3-6 months are to be circulated among all the Doctors and also circulated to sister project Hospitals on intranet for information and possible prescription. Efforts may be made to return the medicines within one month before expiry, as far as possible.

6.5. Expired medicines, if any, may be segregated and annually / bi-annually processed for destroying in the presence of an authorised committee. Record may be kept of the same for taking cognizance in indent preparation for the subsequent year.

7. Release of payment against Purchase Orders (PO on Hospital Price) of annual indent:

7.1. For release of payment, a certified copy of the complete hospital price list directly from the manufacturer may be the basis.

7.2. Materials Dept. may verify the price list for its authenticity and forward the same to Finance along with the documents at para 5.3 for release of payment after verification.

7.3. In case of variation in prices at the time of supply, no amendment letter is required since clause already exists in the Purchase Order for payment as per price list ruling at the time of supply.

8. Purchase of medicines outside the Annual Indent:

8.1. The medicines required outside the annual procurement may be procured from Manufacturer / authorized dealer / authorized stockist only for the supplies on hospital rates.

8.2. Quantity to be procured from local purchase to be restricted to maximum of 5% of the annual indent value and reasons to be recorded for such purchase and

approved by Project Head in each case. The local purchase is to be done as per the existing delegation of powers.

8.3. In case of non availability of medicines (prescribed by external doctors or due to stock out) the patients are procuring the medicine for which reimbursement is being done. To streamline the same the following procedure may be followed:

8.3.1. The Project MM Dept, can enter into a tie up arrangement with one or two local Medical Stores for supply of medicines at the discounted rate of MRP.

8.3.2. For making tie up an open tender notice may be published in local news paper indicating approximate value of purchase of medicines for one year. The tenders may also be published in NMDC website.

8.3.3. Based on the offers received, project may finalize the agencies with whom tie up can be made for supply of medicines.

8.4. CMO may forward the list of urgently required / stock out medicines along with the details of manufacture, Qty required etc to MM Dept. along with reason for purchase.

8.4.1. Based on the requisition of CMO, MM Dept. may issue a Letter Order to supply the medicines to Hospital against the letter issued by HOD MM Dept. In case of emergency the medicines can also be supplied against the requisition of CMO which is subsequently to be regularised by MM Dept.

8.4.2. Necessary Receipt voucher is to be prepared at hospital and forwarded to MM Dept. and Finance.

8.4.3. The payment will be released by Finance as per the R.V., Letter Order and as per the tie up entered with supplier.

8.4.4. The details of medicines purchased under the system are to be put up to HOP every month.

8.4.5. The procedure may also be followed for such medicines where there is a stock out.

9. General Points:

9.1. For purchase of sedatives such as Calmpose etc which fall under Schedule X and Narcotics and Psychotropic drugs, license has to be obtained from the Drugs Controller and the issue of such medicines to be recorded as per the regulation.

9.2. For life saving drugs the Stock position may be reviewed by CMO at least once every month for replenishment.

9.3. All the doctors may conduct surprise checking of medicines and other items (at least 15 items) every month and the report may be submitted to HOP on monthly basis signed by CMO.

9.4. Medicines which are generally of shorter shelf life, or which may deteriorate faster may not be stocked unless they are essential drugs like life saving drugs.

9.5. In case of Hospitals at DIOM and BIOM Bachel, due to high turnover of the Doctors, the medicines being prescribed may be confined to the existing brands as far as possible and any new brands prescribed may be ordered in small quantities so as to reduce possibility of non-movement in case of Doctors leaving the Hospital. Such purchases shall be at the discretion of the CMO/Hospital In-charge.