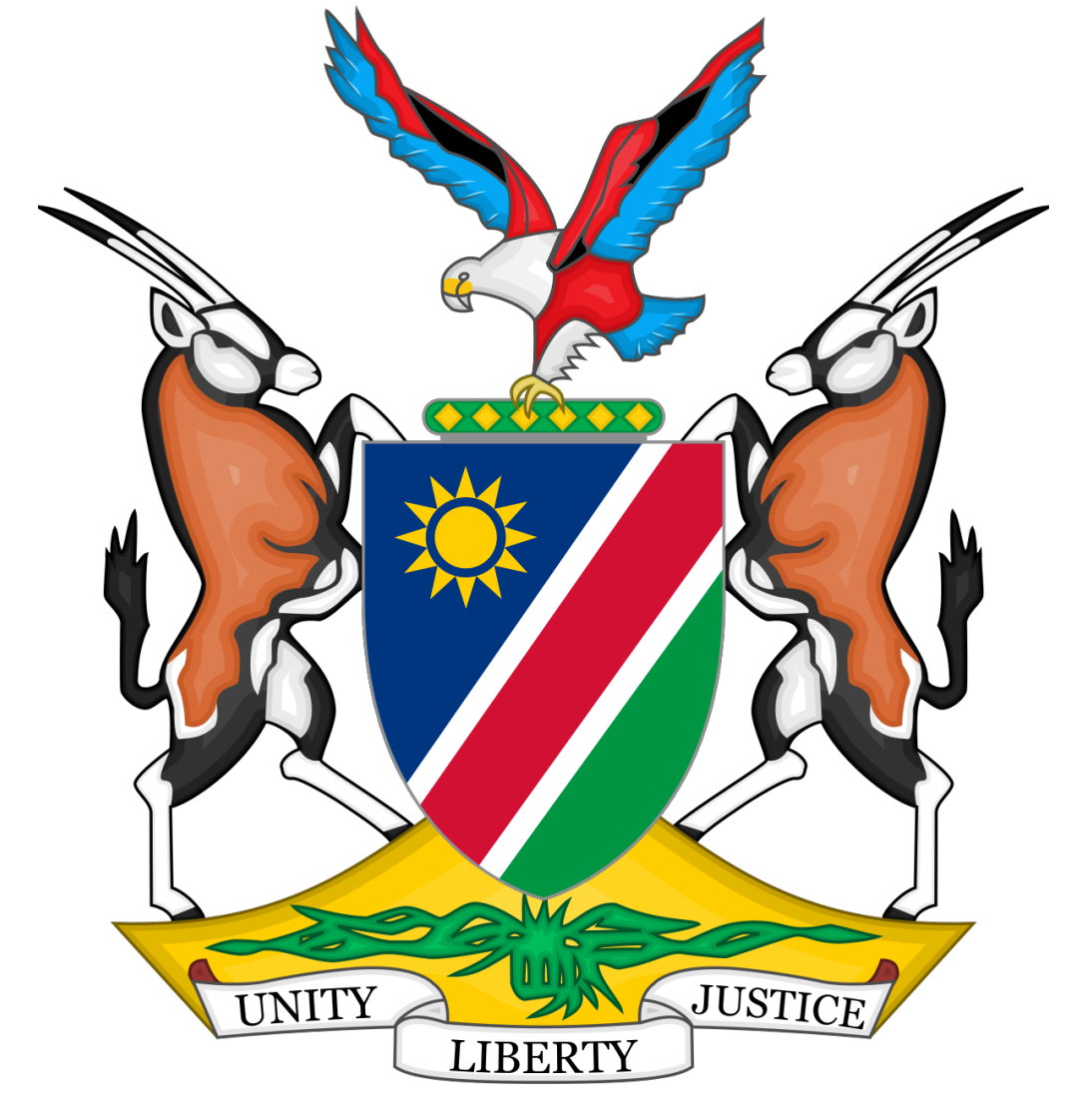


POTENTIAL COST SAVINGS FOR THE PUBLIC SECTOR EMPLOYEE MEDICAL AID SCHEME (PSEMAS)



Proposed Intervention

Assess the feasibility and potential cost savings of the Ministry of Health and Social Services (MoHSS) centrally procuring HIV medicines and supplies for PSEMAS beneficiaries receiving services by private providers.

Importance of this intervention

The Ministry of Finance (MoF) pays 85% of the claims for Public Sector Employee Medical Aid Scheme (PSEMAS) beneficiaries seeking services in the private sector. For medicines and supplies, these costs typically reflect much higher unit prices than what the Ministry of Health and Social Services (MoHSS) can secure. Higher medicine and supply prices contribute to PSEMAS spending more than twice as much per beneficiary (NAD 7,489) than the MoHSS spends per person who does not have medical aid coverage (NAD 3,545).

By purchasing larger volumes of medicines and supplies, the MoHSS is often able to secure better unit prices than those in Namibia's private health sector. Additionally, the MoF recently granted the MoHSS an exemption from the Public Procurement Act's preferences for domestic bidders, allowing for

purchasing from international suppliers, which is anticipated to have a further positive impact on the prices of medicines and supplies. International suppliers enjoy a comparative advantage over domestic suppliers as they are able to negotiate significantly lower prices for medicines and supplies because of their large purchase volume, which in turn provides the MoHSS with more reasonable and sustainable prices.

Therefore, the MoHSS proposes to procure selected medicines and supplies for distribution to PSEMAS beneficiaries via the private sector providers that care for them. This could allow the government to generate considerable savings by avoiding some of the private sector's high unit prices, while at the same time sustaining access to high-quality health commodities for PSEMAS beneficiaries.

The lessons that will be generated during the trial period of the new HIV medicines and supplies distribution model will be applied to additional health areas (e.g. medicines and supplies for chronic care).

+ Proposed next steps and timelines

- Step 1: Estimate potential cost savings: June – July 2020
- Step 2: Review existing distribution models for private sector patients in Namibia and best-practices adopted in other countries: June – July 2020
- Step 3: Consultatively design 1–2 pilot models for distribution and dispensing: August – December 2020
- Stakeholder communication: Multi-stakeholder engagement throughout the process (engagements will occur at all stages through various approaches including specific technical working groups (TWGs), targeted focus group discussions and individual stakeholder consultations and interviews)
- Pilot implementation & evaluation: Beginning January 2021

✓ Anticipated intervention results

- Increased purchasing power for the MoHSS as a result of greater procurement quantity.
- Opportunities for savings by the MoF and PSEMAS from lower medicine and supply costs, which could be reallocated to other high-priority uses in the health system, such as to sustain HIV and other services currently dependent on donor funding.
- Strengthened collaboration between the MoHSS and MoF on efforts to promote sustainability for health and HIV and achieve greater efficiencies within the health sector.

🔍 Expected assessment outcomes

- 1–2 testable models for distributing centrally procured HIV medicines and supplies to PSEMAS beneficiaries accessing services in the private sector.
- Detailed operational guidelines, evaluation protocol, and pilot implementation plan.