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Pharmaceutical Management Agency

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Dear Service Provider

REQUEST FOR PROPOSALS – SUPPLY OF NATIONAL VACCINE STORAGE AND DISTRIBUTION SERVICES

PHARMAC invites proposals for the supply of national vaccine storage and distribution services to PHARMAC.

This request for proposals (**RFP**) letter incorporates the following schedules:

- Schedule 1 specifies the services for which PHARMAC is requesting proposals, the types of proposals sought and sets out the background to the RFP;
- Schedule 2 describes the process that PHARMAC expects to follow in relation to the RFP;
- Schedule 3 specifies the information you need to include with your proposal; and
- Three appendices include further information as follows:
    - Appendix 1 - Service specifications and indicative agreement structure.
    - Appendix 2 – Vaccine stockholding volumes.
    - Appendix 3 - Budget templates for proposal.

If you wish to submit a proposal, please submit it to PHARMAC no later than 4.00 p.m. on Friday 5th June.

If you have any questions about this RFP, please contact Christine Chapman at christine.chapman@pharmac.govt.nz or 04 916 7569 at PHARMAC.

We look forward to receiving your proposal.

Yours sincerely

Sarah Fitt

Sarah Fitt
Director of Operations

Schedule 1: Description of services, types of proposal sought and background to RFP

1. Description of services

PHARMAC is interested in receiving proposals from suppliers to provide national cold chain storage and distribution services ("Services") for funded vaccines and tuberculin PPD tests in New Zealand.

The Services will contribute to the overall goal of reducing vaccine preventable diseases through the maintenance of an appropriate vaccine storage and distribution system, to maximise the potency of vaccines used in the national immunisation programme for the vaccination of eligible patients.

The Services are currently provided by two organisations, Institute of Environmental Science and Research Limited (ESR) and ProPharma.

This RFP only seeks proposals for the Services which are currently provided by ESR.

A summary of the Services we are seeking proposals for is provided below:

- Store all funded vaccines used in New Zealand (excluding influenza vaccine and also tuberculin PPD (Mantoux tests)) – with storage capacity for a minimum of 3 months stock holding for each vaccine at all times.
- Distribute vaccine stock to ProPharma branches upon receipt of an order.
- Receive and organise destruction of vaccine waste

Note, vaccines are delivered through the distribution chain at no cost, so debtor and creditor activities related to the vaccines are not included in the services required.

Pre-requisites for provider

- Have a valid medicines wholesalers licence.
- Ability to provide a national vaccine storage and distribution system in accordance with WHO/EPI (World Health Organisation/ Expended Programme on Immunisation) and the New Zealand Code of Good Manufacturing and Warehousing Practice for Manufacture and Distribution of Therapeutic Goods.
- Maintain vaccines under cold chain conditions at all times and adhere to the National Guidelines for Vaccine Storage and Distribution 2012.
- Provide reports to PHARMAC as described in Appendix 1.
- Work closely with PHARMAC and other parties involved with national vaccine management.
- Provide capacity for additional vaccine storage as new vaccines become funded in New Zealand.
- If required participate in planning and implementing the transition of services.

Please refer to Appendix 1 for the services specifications and for the indicative agreement structure which PHARMAC would expect to enter into with a service provider. The indicative agreement structure has been provided in order to assist you in the planning of your proposal.

PHARMAC reserves the right to amend any part of the indicative agreement structure and any resulting agreement before and during negotiations.

Please note that the Ministry of Health manages the audit and compliance of suppliers involved in the storage and distribution of vaccines in New Zealand, including cold chain compliance. Therefore, working with the Ministry of Health and its agents to maintain quality standards is required.

The funded vaccines that are currently on the Pharmaceutical Schedule (except seasonal influenza) are listed below. Further information including can be found in Appendix 2, and stability notes can be found in the Immunisation Handbook. Note that the storage and distribution services required include tuberculin PPD tests but these products do not appear on the Pharmaceutical Schedule.

Vaccine	Brand
Bacillus Calmette-Geurin	**BCG**
Diphtheria and Tetanus	**ADT Booster**
Diphtheria, Tetanus and Pertussis	**Boostrix**
Diphtheria, Tetanus, Pertussis and Polio	**Infanrix-IPV**
Diphtheria, Tetanus, Pertussis, Polio, Hepatitis B and Haemophilus influenza type B	**Infanrix-hexa**
Haemophilus influenza type B	**Act-HIB**
Hepatitis A	**Havrix**
Hepatitis A	**Havrix Junior**
Hepatitis B 5 mcg	**HBVaxPRO**
Hepatitis B 10 mcg	**HBVaxPro**
Hepatitis B 40 mcg	**HBVaxPRO**
Human Papillomavirus	**Gardasil**
Measles, Mumps and Rubella	**M-M-R II**
Meningococcal A, C, Y and W-135	**Menactra**
Meningococcal C	**Nelsvac-C**
Pneumococcal (PCV13)	**Prevenar 13**
Pneumococcal Polysaccharide	**Pneumovax 23**
Poliomyelitis	**IPOL**
Rotavirus	**Rotateq**
Varicella	**Varilrix**

2. Types of proposal sought

PHARMAC is willing to consider proposals for the provision of services described for a period of two years commencing from 1 August 2015 until 30 June 2017, with the option to extend the agreement for an additional year with the same or modified service requirements, until 30 June 2018.

For the avoidance of doubt, PHARMAC is reviewing current vaccine purchasing and distribution arrangements, which could result in some changes from mid-2017.

3. Background to RFP

The background to this RFP is as follows:

From 1 July 2012, following a decision by Cabinet, PHARMAC became responsible for determining which vaccines would be funded in New Zealand. The day to day Immunisation Programme continues to be managed by the Ministry of Health; primary practices and vaccinators continue to receive vaccines free of charge and there has been no change to payment mechanisms for the Immunisation Benefit.

Storage and distribution services for all funded vaccines (with the exception of influenza and tuberculin PPD (Mantoux tests)) are currently provided by two organisations - ESR, which has provided national storage and distribution services since the 1980's and ProPharma, which has provided the regional storage and distribution services since 1998.

From May 2015, the forecasting of future requirements and placement of orders will be done by PHARMAC. A 12 month forecast of requirements will be forwarded to suppliers and firm orders placed with suppliers 6 months prior to delivery. These forward order schedules will also be forwarded to the supplier of the national storage and distribution services. PHARMAC pays suppliers for the vaccine on delivery to the national storage warehouse.

ESR currently provides bulk storage of these vaccines until they are ordered by the distributor (Propharma). ESR also provides a quality control service, ensuring that vaccines are viable on receipt from international suppliers and conducts the National Cold Chain Audit (NCCA) process which monitors adherence to cold chain practices between despatch from ESR and receipt by the primary practice or vaccinator.

ProPharma currently provides regional storage and distribution services for vaccines through 6 branches spread across New Zealand. Vaccine stock is transferred to its branches from ESR and is stored and distributed to licenced immunisation providers on request.

Further details on the services currently provided can be found within the National Guidelines for Vaccine Storage and Distribution 2012 (www.health.govt.nz/publication/national-guidelines-vaccine-storage-and-distribution-2012)

Schedule 2: RFP Process

PHARMAC expects to follow the process set out below in the sequence indicated.

1. **Submission**

   (a) You may submit more than one proposal. Each proposal will be considered as a separate proposal.

   (b) Proposals must be submitted no later than 4.00 p.m. (New Zealand time) on June 5th. Late proposals will only be considered at PHARMAC's discretion.

   (c) You cannot withdraw your proposal, once submitted, while the RFP process is continuing.

2. All proposals must be submitted to PHARMAC electronically, to Christine Chapman at christine.chapman@pharmac.govt.nz. If you wish to submit a hard copy also, you can do so either by hand delivery or by courier to the attention of Christine Chapman, PHARMAC, Level 9, 40 Mercer Street, Wellington 6011.

3. **Evaluation**

   (a) Following the deadline for submitting proposals an Evaluation Committee comprising PHARMAC staff will evaluate each proposal to select its preferred proposal(s).

   (b) The basis on which the Evaluation Committee will evaluate proposals, and the weight to be given to the criteria and other matters that it considers, are to be determined by the Evaluation Committee at its sole discretion. The matters to be taken into account by the Evaluation Committee will, however, include:

      (i) the decision criteria set out in PHARMAC's then current Operating Policies and Procedures (**OPPs**), as published on PHARMAC's website (www.pharmac.govt.nz), to the extent applicable;

      (ii) information required to be included with your proposal, as specified in Schedule 3;

      (iii) any other matters that the Evaluation Committee considers to be relevant.

   (c) Each proposal will be evaluated on the basis that the price offered, the expenditure entailed and any other terms included in the proposal are the best that you are able to offer. If you do not put forward your best terms you risk having your proposal excluded at the evaluation stage.

   (d) PHARMAC is not bound to select the lowest priced proposal or any proposal.

4. **Negotiation**

   (a) PHARMAC may negotiate with the submitter(s) of one or more preferred proposals, in the latter case whether or not the acceptance of either service provider's proposal would exclude acceptance of the other proposal.

(b) Negotiations will proceed on the basis that the agreement structure set out in in Appendix 1 will apply, which will be developed into a full provisional agreement.

(c) Given that PHARMAC expects your proposal to be the best you can offer, PHARMAC does not intend to initiate negotiation with you on price. However, PHARMAC does not exclude the possibility that the final price agreed will be different from the price put forward in your proposal, as a result of the impact that other negotiated terms may have on price.

(d) PHARMAC may negotiate and enter into a provisional agreement with a preferred service provider(s) on whatever terms PHARMAC considers appropriate.

(e) If PHARMAC and the service provider(s) are unable to reach a provisional agreement within what PHARMAC considers to be a reasonable time, PHARMAC may terminate those negotiations and negotiate with a different service provider(s).

5. **Consultation and approval**

(a) Any provisional agreement will be conditional on consultation (at PHARMAC's discretion) with interested parties, to the extent PHARMAC considers consultation to be necessary or appropriate, and on Board approval (or approval by the Board's delegate acting under delegated authority).

(b) PHARMAC will not consider any counter-offers received during consultation (if applicable).

(c) The provisional agreement and responses to any consultation (if applicable) will be considered by PHARMAC's Board (or its delegate acting under delegated authority) in accordance with the decision criteria in PHARMAC's then current OPPs.

(d) If the Board or its delegate does not approve the provisional agreement, then PHARMAC may initiate negotiations for a provisional agreement with any other service provider(s).

(e) The RFP process will be complete once PHARMAC has notified service providers of either:

(i) the Board's or its delegate's decision to accept a negotiated agreement; or

(ii) the termination of the RFP process.

6. **Miscellaneous**

(a) PHARMAC reserves the right:

(i) to make such adjustments to the above RFP process as it considers appropriate, provided that it notifies service providers affected by those changes;

(ii) to meet with any submitter of a proposal at their place of business to discuss their proposal and to gain an understanding of their work environment;

(iii) not to accept any proposal;

(iv) to seek clarification of any proposal;

(v) to enter into an agreement or arrangement that differs in material respects from that envisaged in this RFP letter;

(vi) to suspend this RFP process. For example, if during the RFP process (and before a provisional agreement is entered into) it becomes apparent to PHARMAC that further consultation is appropriate or required we may suspend the RFP process in order to consult. In this situation we may ask you to adapt and resubmit your proposal in light of consultation, or alternatively we may request that new proposals be submitted;

(vii) to terminate this RFP process at any time, by notifying service providers who submitted proposals;

(viii) to readvertise for proposals.

(b) You must not initiate or engage in any communication with other service providers in relation to the RFP whether before or after submitting proposal(s), until such time as a provisional agreement is accepted by PHARMAC's Board or its delegate.

(c) You must not at any time initiate any communication with PHARMAC's directors or officers, the Ministry of Health, the Minister of Health or District Health Boards, with a view to influencing the outcome of this RFP process.

(d) You must pay your own costs for preparing and submitting your proposal.

(e) Proposals are submitted in reliance on your own knowledge, skill, and independent advice, and not in reliance on any representations made by PHARMAC.

(f) Your submission of a proposal will be taken as acceptance of the terms contained in this RFP letter. PHARMAC may exclude your proposal if you do not comply with any of the terms contained in this RFP letter.

(g) This is an RFP and not a tender. Your proposal is not an offer capable of being converted into a contract for the supply of purchasing, storage and distribution services by PHARMAC's apparent acceptance and instead a separate agreement needs to be negotiated.

(h) PHARMAC is not liable in any way whatsoever for any direct or indirect loss (including loss of profit), damage or cost of any kind incurred by you or any other person in relation to this RFP.

(i) PHARMAC will consider your proposal and information exchanged between us in any negotiations relating to your proposal, excluding information already in the

public domain, to be confidential to us and our employees, legal advisors and other consultants, the Ministry of Health and DHBs (**Confidential Information**). However, you acknowledge that it may be necessary or appropriate for PHARMAC to release Confidential Information:

(i) pursuant to the Official Information Act 1982; or

(ii) in the course of consultation on a provisional agreement entered into with a service provider; or

(iii) in publicly notifying any approval by the PHARMAC Board of that agreement; or

(iv) otherwise pursuant to PHARMAC's public law or any other legal obligations.

PHARMAC may consult with you before deciding whether to disclose Confidential Information for the purposes described in sub-clauses (i) to (iv) above. You acknowledge, however, that it is for PHARMAC to decide, in its absolute discretion, whether it is necessary or appropriate to disclose information for any of the above purposes, provided that PHARMAC shall act in good faith in disclosing any Confidential Information.

7. **Anticipated timetable**

(a) Following receipt of proposals, PHARMAC anticipates:

(i) the Evaluation Committee evaluating proposals in June 2015;

(ii) negotiating with submitter(s) of one or more preferred proposals in June 2015;

(iii) Consulting on a provisional agreement June/July 2015 (if applicable);and

(iv) PHARMAC's Board or its delegate considering the provisional agreement in or after May 2015,

provided that the above time frames are only approximate and may be extended, without notice being required from PHARMAC, if any stages of the RFP process take longer than anticipated.

Schedule 3: Information to be included in the proposal

1. **Organisation Details**

   Identify and describe your organisation as follows:

   - Legal name of your organisation (and including any trading name).
   - Name and position of your contact person and their contact details.
   - Your organisation's activities/experience/credentials in delivering services of the type required.
   - The dimensions of the organisation *(eg, size, location, turnover, management, staff, financial size/status/stability)*.
   - Name(s) and credentials of the person(s) you propose will provide the service.
   - The hours of operation of your business.
   - Names and contact points for two or more referees PHARMAC may approach.

2. **Details of Tender(s)**

   - *Description or Method of the Services* - Describe how you intend to approach and provide the services outlined in Schedule 1 and Appendix 1, using the vaccine stockholding volumes in Appendix 2 including:
     - An outline of the phases and timeframe for establishing the services, including a transition plan (if applicable)
     - The proposed arrangements and procedures/processes for delivering the services;
     - How the services would be positioned and supported within your organisational structure;
   - *Resources and personnel* – Identify the resources and personnel that will be applied/engaged to deliver the services. Identify and include details about the person who will assume overall responsibility for delivery of the services (Key Account Manager)

3. **Financial**

   - *Price* - Specify your total price for delivering the services. We anticipate that the proposal would comprise fixed costs i.e. set monthly payment covering management costs, and activity costs i.e. cost per actual deliveries made per month. **All prices must be GST exclusive**. Refer to Appendix 2 for indicative stockholding volumes (vaccine doses and orders).
   - *Budget* – Set out your budget breakdown for the services. Note that the more detail you provide in your budget, the more we will be able to establish the value provided by your tender. Use the templates provided in Appendix 3 and include details where applicable such as:

- Establishment and/or one-off costs.

- Direct expenses (this might include items such as, personnel, travel, facilities, resources, courier charges, packaging).

- Indirect expenses (this might include items such as, administration, accommodation, overheads).

4. Other Items that need to be included

a. Settings: You should describe the various licenses and consents held, your facilities / buildings, plant and equipment, hours of operation and subcontracting relationships.

b. Vaccine storage, temperature control and monitoring. The proposal should describe the total capacity of cold storage you have available for vaccines (in cubic meters), the location of where the cool unit(s) the vaccines will be stored in, the capacity of cold storage for available for vaccines, how the cool unit(s) is controlled and monitored throughout the storage and distribution processes.

c. Vaccine inventory control and order management. The proposal should describe:
   - How your warehouse inventory system enables real-time identification of the location and status of all vaccines held.
   - The stock management method used.
   - How your warehouse and freight management systems interact i.e. the ability to electronically track every order.
   - The warehouse inventory system reporting capabilities.
   - How vaccine orders would be processed.

d. Vaccine distribution. The proposal should describe:
   - Your vaccine transportation method. Validation (evidence) as to how long the transportation method maintains 2 – 8 degrees Celsius must be included.
   - How receipt of vaccines is verified on delivery
   - Your process for receiving, tracking and disposing of vaccine returns.

e. Operational standards. You should describe:
   - Your organisation goal(s) relating to vaccine storage and distribution.
   - Your quality vision.
   - Your quality (including self-audit) and risk management (including cool unit) processes and systems.
   - External audits undertaken (frequency and results).
   - Your site security processes.

5. General Requirements

Ensure that your proposal addresses each of the following general requirements:

a. **Professional expertise:** You and your staff must have appropriate skills and expertise to ensure the safe storage and distribution of vaccines used in the national immunisation programme. You and your staff must have the

appropriate credibility and expertise in the field of storage and distribution of temperature-sensitive products.

b. **Quality:** You should demonstrate how you will ensure the services required will be of excellent quality. For example, you need to demonstrate previous experience in vaccine storage and distribution and describe the quality features of that previous experience. You should describe the quality assurance processes (including insurance) that will apply to your provision of the services, especially in regard to cool unit failures, fire, theft etc.

c. **Service Priorities:** You must show that you are able to put aside adequate time and dedicate appropriate resources for the services to be provided under the contract in order to ensure that the provision of the services is not compromised by your other commitments. This will include ensuring the services are appropriately positioned within the organisation and have access to appropriate levels of support and facilities to ensure their effective operation.

d. **Joint Ventures or Sub-Contracting:** If you intend entering a joint venture or employing sub-contractors in order to provide the services, those other parties to the venture or the sub-contractors must meet the requirements of this tender. You should specify how you would ensure that they would meet these requirements, and each such party should be identified clearly in your proposal.

e. **Conflict of Interest:** No conflict of interest shall occur. Identify any likely conflicts and how you would resolve them.