

23 April 2018

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** sets out information you need to include with your proposal; and
- **Appendices** include further information in relation to:
 - Appendix 1 – Service specifications and indicative agreement structure;
 - Appendix 2 – Pack information and vaccine stockholding volumes;
 - Appendix 3 – Budget templates for proposal; and
 - Appendix 4 – Proposal form.

If you wish to submit a proposal, you must submit it to PHARMAC via the Government Electronic Tender Service (GETS) no later than **5.00 p.m. on 18 May 2018**.

If you have any questions about this RFP, please post these on the Government Electronic Tenders Service (www.gets.govt.nz) or alternatively contact Hugo Singh at PHARMAC by emailing hugo.singh@pharmac.govt.nz.

We look forward to receiving your proposal.

Yours sincerely



Lisa Williams
Director of Operations

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

Description of services

PHARMAC is interested in receiving proposals from service providers 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 preventable diseases through the maintenance of an appropriate vaccine storage and distribution system, to maximise the potency of vaccine used in the national immunisation programme for the vaccination of eligible patients.

Vaccine storage and distribution services are currently provided by two organisations, Health Care Logistics (HCL) and ProPharma.

The function of vaccine forecasting and purchasing are currently completed by PHARMAC.

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

Furthermore, the service provider must have the capacity to hold a pandemic stock of 150,000 vaccine units. This stock has a cycle of being purchased every two years. Expired stock will require secure destruction.

A summary table of the Services PHARMAC is seeking proposals for is provided below:

Compulsory service components that must be included in your proposal:

- (a) 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.
- (b) Distribute stock to distributor (currently ProPharma) branches upon receipt of an order.
- (c) Receive and organise secure destruction of unused vaccine adhering to national standards

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

Pre-requisites for Service Provider

- Have a current licence to sell by wholesale.
- Ability to provide a national vaccine storage and distribution system in accordance with the [Ministry of Health’s National Standards for Vaccine Storage and Transportation](#), WHO/EPI (World Health Organisation/ Expanded 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 standards referenced above.
- 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 service 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 currently manages the audit and compliance of service providers 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 as required.

The funded vaccines that are currently listed on the Pharmaceutical Schedule (except seasonal influenza) are listed below. Changes may be made to this list during the term of the agreement. Further information can be found in Appendix 2, and stability notes can be found in the Immunisation Handbook. Note that the Services include tuberculin PPD tests.

Vaccine	Brand as at 2018
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 influenzae type B	Infanrix-hexa
Haemophilus influenzae type B	Hiberix
Hepatitis A	Havrix
Hepatitis A	Havrix Junior
Hepatitis B 5 mcg	HBvaxPRO
Hepatitis B 10 mcg	HBvaxPRO / Engerix-B
Hepatitis B 40 mcg	HBvaxPRO
Human Papillomavirus	Gardasil 9
Measles, Mumps and Rubella	Priorix
Meningococcal A, C, Y and W-135	Menactra
Meningococcal C	Neisvac-C
Pneumococcal (PCV10)	Synflorix
Pneumococcal (PCV13)	Prevenar13
Pneumococcal Polysaccharide	Pneumovax 23
Poliomyelitis	IPOL
Rotavirus	Rotarix
Varicella	Varilrix
Varicella zoster	Zostavax

Types of proposal sought

PHARMAC is willing to consider proposals for the provisions of the Services described for an initial period of three years, commencing on 1 September 2018 or an alternative date as notified by PHARMAC, with an option to extend the initial period for two further periods of one year each (each one year period to run consecutively following the initial period) at PHARMAC's discretion.

The background to this RFP is as follows:

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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 receive vaccines free of charge and there have been no change to the payment mechanisms to primary care or vaccinators 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, HCL, which provides national storage and distribution services (the subject of this RFP) and ProPharma, which provides regional storage and distribution services.

The forecasting of future requirements and placement of orders is currently done by PHARMAC. A 24 month forecast of requirements is provided to suppliers and firm orders are placed with suppliers 6 months prior to delivery. These forward order schedules are also provided to the service provider of the national storage and distribution services. PHARMAC pays suppliers for the vaccine on delivery and release to the national storage warehouse.

HCL currently provides bulk storage of the vaccines until they are ordered by the distributor (currently ProPharma). Vaccine suppliers are responsible for vaccines until they are released following a quality assurance process by HCL. This ensures vaccines are viable on receipt from international suppliers.

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 HCL, is stored and distributed to licenced immunisation providers on request.

Further details of the Services can be found within the National Guidelines for Vaccine Storage and Distribution 2017 (<https://www.health.govt.nz/publication/national-standards-vaccine-storage-and-transportation-immunisation-providers-2017>).

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 to PHARMAC **via the Government Electronic Tenders Service (GETS)** no later than **5.00 p.m.** (New Zealand time) on **18 May 2018**. Late proposals will only be considered at PHARMAC's discretion, taking into account the need for fairness to other service providers and integrity of the RFP process.
- (c) You cannot withdraw your proposal, once submitted, while the RFP process is continuing.
- (d) If you have any enquiries about this RFP you should submit them on GETS or alternatively contact Hugo Singh, by email at hugo.singh@pharmac.govt.nz

2. 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 Evaluation Committee will evaluate proposals in light of PHARMAC's statutory objective which is "to secure for eligible people in need of pharmaceuticals, the best health outcomes that are reasonably achievable from pharmaceutical treatment and from within the amount of funding provided". In doing so the Evaluation Committee will be guided by the Factors for Consideration (Factors) that form part of PHARMAC's then current Operating Policies and Procedures (OPPs), as published on PHARMAC's website (www.pharmac.govt.nz), to the extent applicable. More information on the Factors can be found at www.pharmac.health.nz/factors-for-consideration.
- (c) The information to be taken into account in applying the Factors by the Evaluation Committee will be at its discretion, however it will include, in particular:
 - (i) the information included in your proposal in the form set out in Schedule 3; and
 - (ii) any other information that the Evaluation Committee considers to be relevant having regard to probity principles.
- (d) 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.
- (e) PHARMAC is not bound to select the lowest priced proposal or any proposal.

3. PHARMAC may request further information

- (a) PHARMAC may request such further information as it considers necessary from or about you for the purposes of clarifying or evaluating your proposal.

- (b) If PHARMAC requests further information from or about you, it is not obliged to request the same or any other information from or about any other party, provided that in PHARMAC's judgment this would not be unfair to any other party.

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 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 special 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 other 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 consultation will be considered (if applicable) by PHARMAC's Board (or by the Board's delegate acting under delegated authority) in accordance with the decision-making framework set out 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, having regard to probity principles:

- (i) to make such adjustments to the above RFP process as it considers appropriate, at any time during the process, 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 meet with any service provider in relation to its proposal;
 - (vi) to enter into an agreement or arrangement that differs in material respects from that envisaged in this RFP letter;
 - (vii) 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;
 - (viii) to terminate this RFP process at any time, by notifying service providers who submitted proposals, and, following termination, to negotiate with any service providers(s) on whatever terms PHARMAC thinks fit;
 - (ix) to re-advertise 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 their proposal(s), until such time as a provisional agreement is accepted by PHARMAC's Board or the Board's delegate.
- (c) You must not at any time initiate any communication with PHARMAC, the Ministry of Health (including its operating unit Medsafe), the Minister of Health (or any Associate Ministers) or DHBs or advisors to PHARMAC 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 national 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 May – June 2018;
 - (ii) negotiating with submitter(s) of one or more preferred proposals in June – July 2018;
 - (iii) consulting on a provisional agreement in August 2018 if necessary; and

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

8. **Governing Law**

This RFP is governed by New Zealand law, and the New Zealand courts have exclusive jurisdiction in all matters relating to this RFP.

Schedule 3: Information to be included in the proposal

You will provide the following information by completing the Proposal Form (see Appendix 4)

1. Organisation Details

Identify and describe your organisation as follows:

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

2. Details of Tender(s)

- a. *Description of Method of the Services* – Describe how you intend to approach and provide the services outlined in Schedule 1 and Appendix 1, using the vaccine distribution volumes in Appendix 2 including:
 - An outline of the phases and timeframes for establishing the services, including a transition plan (if applicable);
 - The proposed arrangements and procedures/process for delivering the services;
 - How the services would be positioned and supported within your organisational structure.
- b. *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

- a. *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. fixed cost for up to 312 deliveries annually, and variable cost for any excess deliveries, fixed cost for storage of 60 EUR-pallets or equivalent, and variable cost for excess pallets. **All prices must be GST exclusive.** Refer to Appendix 2 for indicative volumes (vaccine doses and orders). Specify your total price in Appendix 4.
- b. *Budget* – Set out your budgeted breakdown of 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, insurance).

4. Other items that need to be included

- a. Settings: provide a copy of your current licence to sell by wholesale, describe the various licences 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 the cool unit(s) where the vaccines will be stored.
 - How the cool unit(s) is controlled and monitored throughout the storage and distribution processes.
 - Prevention programme, storage management to minimise stock losses, and storage security
 - Back-up systems or processes in the event of power or other failures.
- 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 rotation 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.
- d. Vaccine distribution. The proposal should describe:
 - Your online order system and process for the distributor branches to order funded vaccines
 - Your vaccine transportation method. Validation (evidence) as to how long the transportation method maintains 2 – 8 degrees Celsius must be included.
 - How receipt of vaccine is verified on delivery.
 - Your process for receiving, logging, managing and disposing of vaccine returns
- e. Secure vaccine destruction. The proposal should describe:
 - Your process for disposal of unwanted, discontinued, expired or thermally compromised vaccines,
 - Evidence of your vaccine disposal process adheres to [Ministry of Health's National Standards for Vaccine Storage and Transportation](#), WHO/EPI (World Health Organisation/ Expanded Programme on Immunisation) and the New Zealand Code of Good Manufacturing and Warehousing Practice for Manufacture and Distribution of Therapeutic Goods.
- f. Reporting. The proposal should describe:
 - How you will provide goods inwards advice to PHARMAC immediately upon receipt of deliveries.
 - How you will provide monthly reports to PHARMAC on a specified day each month which include:
 1. total stock quantity (balance);
 2. stock summary (distribution data by distributor branch, number of deliveries per month by distributor branch);

3. by distributor branch, the number of returned and destroyed funded vaccines, the reason why they are returned and the original despatch details;
 - how you will reconcile all funded vaccine insurance claims on a six-month basis and provide details to PHARMAC.
- g. Insurance details. The proposal should describe:
 - How you will arrange and maintain insurance policies for all vaccine stock held on behalf of PHARMAC equivalent to the cost of the vaccine to PHARMAC, up to a maximum of \$10 million NZD per insurance event
- h. 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
- i. Your business continuity plan for continuity of service in the event of natural disasters or any other potential risks that can cause disruption to your business. The proposal should describe all contingency plans to ensure continuation of service.
- j. Linkages. You should describe:
 - Account relationship management processes.

5. General Requirements

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

- a. **Professional expertise:** You and your staff must have the appropriate skills and expertise to ensure 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 that the services required will be of excellent quality. For example, you will 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 services, especially in regards 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 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 into 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.