



**MEDIA STATEMENT
MINISTER OF HEALTH MALAYSIA**

**ISSUE OF PHARMANIAGA'S ROLE IN SUPPLYING MEDICINES TO ALL
PUBLIC HEALTH FACILITIES UNDER MOH**

8 JUNE 2018

1. We refer to the online news article by FMT dated 6th June 2018 titled “Review Pharmaniaga's role, think tank urges government”. MOH would like to further clarify the statement on the article concerning Pharmaniaga's role in supplying medications to public health facilities.

2. The public sector manages medicine procurement through MOF procurement policies and directives namely purchases by 1) national tenders; 2) concession agreement; and 3) direct purchases by individual health facilities (hospitals, clinics).

In 2017, MOH's expenditures for medicines and consumable items were around RM 3.3billion. Approximately 33.4% (RM 1.1billion) of MOH Pharmaceutical spending was from the concessionaire company, while 66.6 % (RM 2.2billion) were purchases by the facilities through central contracts or quotations.

From these figures above, it is strictly incorrect to state that Pharmaniaga acts as the only Monopoly as the sole concession holder because there are also other vendors supplying directly to all MOH health facilities.

3. The Ministry would also like to clarify on the statement of sourcing out pharmaceutical products in the article. The sourcing of pharmaceutical products is done through a tendering process. This procedure includes product and technical specifications by the Pharmaceutical Services Division, MOH and the selection process of products by the procurement board in MOH.

Pharmaniaga's role in the tendering process is limited to managing advertisement for the bidding process. The selection processes of products were managed by MOH. As the result of the tendering process, 89 other suppliers were selected in 2017.

4. The current 10 year concession agreement (2008-2018) includes 18 performance standards that must be complied by Pharmaniaga. This strict standards monitors the supply and delivery, the quality of products and requirement of buffer stocks to ensure continuous supply that is not enforced to the other suppliers. Failing to meet the standard will impose a monetary penalty to Pharmaniaga. In addition, medicines ordered by the public health facilities must be delivered within 7 working days with door to door delivery, including remote areas in Sabah and Sarawak.

5. Nevertheless, such huge chunks of supplies coming through opaque direct-negotiation mechanism of concession agreements of Pharmaniaga and other similar concessions for hospital services are a huge cause for concern to the public.

Under the new mandate from the rakyat for the new government, MOH is committed to provide more transparency in these contracts while being just and fair to all market suppliers through greater opportunities and competitive bids.

6. At this point of time the MOH is in the process of reviewing the whole end-to-end supply chain economic, demand and supply issues to achieve better transparency, cost savings and efficiency in supplies availability.

A more competitive mechanism that is fair and equitable to all suppliers and manufacturers need to be devised to serve the best interest of the patients and the rakyat. This mechanism is to ensure a more affordable medicines for the rakyat.

7. Notwithstanding, the Ministry is very pleased with the feedback from various quarters as to the practices in the Ministry vis a vis the procurement of medicines, consumables in the MOH.

We on our part will ensure that the supply chain process is efficient, accountable and transparent. It has always been the aspiration of the Pakatan Harapan Government to ensure that we retrieve whatever that is due to the government and to plug any possible leakages.

Taking cognizant of the concerns of various bodies on this matter, a task force shall be duly appointed to study these concerns and make prompt and pertinent recommendations on best practices to the Minister.

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