

# Public procurement Directive

FACTSHEET

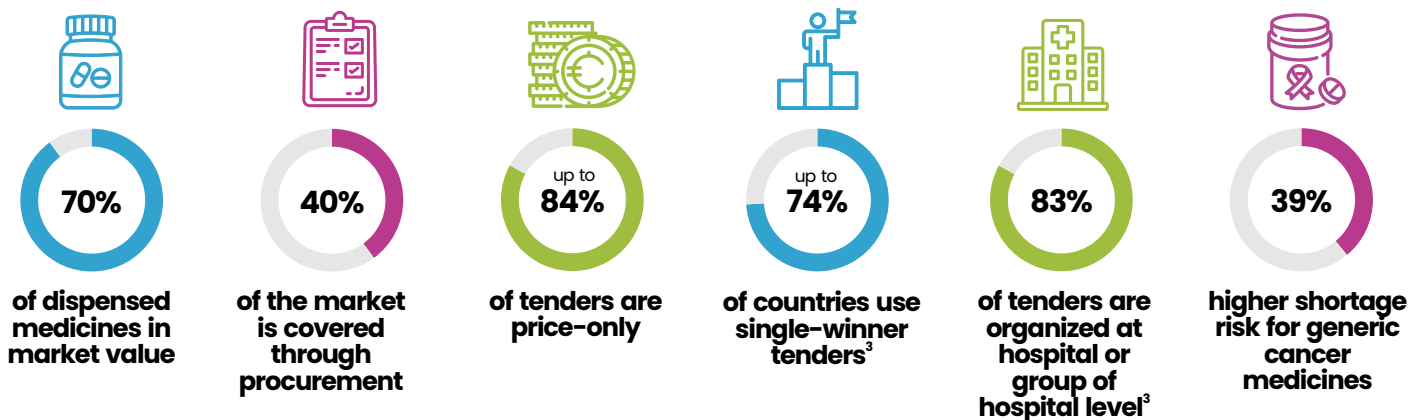


## A reform of EU public procurement rules is necessary to support the resilience of medicines supply

### How current procurement practices undermine security of supply for off-patent medicines

Off-patent medicines account for around 70% of dispensed medicines in the EU. Public procurement, mostly used in hospital settings, covers 40% of the market<sup>1</sup> and therefore acts as a structural determinant of supply continuity, market structure and competition dynamics as evidenced in the Study on best practices in the public procurement of medicine<sup>2</sup>.

The revision of the Public Procurement Directive offers an opportunity to reflect the specificities of medicine procurement. The revised framework should include dedicated guidance and tailored approaches for medicines procurement to support sustainable competition and security of supply.



Despite MEAT (Most Economically Advantageous Tender) criteria being recommended in the Public Procurement Directive 2014/24/EU, most medicine tenders continue to rely only on the lowest price criterion. According to the European Commission, 62% of tenders rely primarily on price, with price-only awards reaching up to 84% in certain therapeutic classes such as antineoplastic agents.<sup>2</sup> Strong downward price pressure, combined with limited consideration of non-price factors, has contributed to increasing market consolidation, undermining security of supply and long-term market viability. More consistent methodologies and guidance are required to assess supply-risk implications and to provide contracting authorities with the capacity to evaluate economic plausibility.

Current procurement practices in the medicines sector also show widespread use of single-winner procedures. In hospital procurement, single-winner designs can result in de facto monopolies, with limited fallback options when disruptions occur. Short lead times and unpredictable demand estimates continue to affect participation and manufacturing planning. On average, the minimum lead time needed for a manufacturer to supply a generic medicine is around six months. This might be even longer for biosimilar, complex generic or value-added medicines due to complex manufacturing processes.<sup>5</sup> Supplier viability is further discouraged by rigid contractual frameworks with long durations, limited price-adjustment mechanisms and disproportionate penalties.

## As a strategic sector, medicines procurement needs sector-specific guidance

As correctly identified in the Draghi report<sup>6</sup>, the pharmaceutical sector is a strategic one. As such, procurement practices need to be leveraged to drive not only cost savings, but also incentivise the green transition and security of supply.<sup>2</sup> While many countries are actively working towards these aims, the reality of medicines procurement is that the landscape is extremely fragmented. Tenders are predominantly organised at hospital, group of hospital or regional level, which leads to divergent criteria and practices, undermining the possibility to fully leverage the size of the single market. Furthermore, one of the key challenges identified by procurers themselves in moving away from price-only led procurement is the lack of knowledge and guidance in the implementation of MEAT criteria.<sup>2</sup>



**Lead times are often less than 60 days**



**In 69% of countries there are no minimum or maximum quantities foreseen in tenders**

A sector specific guidance for medicines procurement, as mentioned by the European Commission in the 2023 Communication on Medicines Shortages<sup>7</sup> would help address these issues and fully enable public buyers to conduct more strategic procurement.

## MEDICINES FOR EUROPE RECOMMENDATIONS:

1. Mandate EU-level sector-specific guidance on medicines procurement, as already mentioned in the 2023 European Commission Communication on Medicines Shortages.
2. Make MEAT award criteria mandatory for medicines procurement supported by Commission guidance and clear expectations on proportionate weighting to ensure that quality and supply elements are used effectively in practice.
3. Make multi-winner tendering, with appropriate volume allocation between the winners, the norm for off-patent medicines.
4. Increase demand predictability through binding minimum volumes, realistic indicative volumes and adequate lead times.
5. Introduce price-adjustment mechanisms in extended or multiannual contracts. Such mechanisms should allow suppliers to absorb significant cost increases to ensure continuity of supply and avoid market exits.
6. Penalties for non-supply should reflect the nature of disruptions and avoid discouraging participation or undermining supplier viability.
7. Establish clear methodologies and guidance for the identification and assessment of abnormally low tenders.

(1) IQVIA, White Paper: From Regulated Prices to Prices Set in Tenders Tendering landscape in Europe

(2) European Commission, Study on best practices in the public procurement of medicines (December 2022)

(3) Medicines for Europe Generic Market Review 2025

(4) Teva, Teva Generics Health Check, European Critical Medicines Supply Diversity Under Pressure (February 2025)

(5) Medicines for Europe, Proposal for EU Procurement Guidelines, 2024.

(6) Draghi report, The future of European competitiveness, Part A (September 2024)

(7) European Commission, Communication on Medicines Shortages (2023)