

## Frequently Asked Questions – Antiretroviral Pricing

### Q: Why is SCMS getting such good prices?

**A:** A major factor is the FDA's continuing speedy approval of generic products, which allows us to buy them as soon as products are registered in each country. In addition, SCMS has pooled demand across multiple countries, helped recipients make longer-term forecasts of need, and negotiated longer-term indefinite quantity contracts with suppliers. In addition to giving us volume discounts, manufacturers are able to plan ahead for their production, which allows them to reduce costs and therefore prices. Others, such as the Clinton Foundation, have worked with manufacturers and active pharmaceutical ingredient suppliers to help them reduce their costs. Volumes procured by other donors and funders are also increasing. For all these reasons, the ARV marketplace is changing rapidly and for the better.

The SCMS global procurement mechanism is unique (though UNITAID now intends to establish similar mechanisms and the Global Fund is considering doing so). Our buying power has not previously been available to others. SCMS's contracts with our suppliers specify that they must make the same prices, terms, and conditions available to other similar organizations, whether or not SCMS is directly purchasing the commodities. We can procure for additional organizations who want us to, and we will help ensure that other stakeholders in the fight against the HIV/AIDS pandemic have access to our prices.

### Q: I don't use SCMS and am not funded by the US government. Is SCMS the only way a program can access your prices?

**A:** A major factor that allows us to access such low prices is our ability to pool together the needs of multiple programs to obtain volume discounts. SCMS's contracts with suppliers require them to provide our same prices, terms, and conditions to other similar stakeholder organizations, whether or not SCMS actually makes the purchases. Please contact us and we will work with you to help you obtain access to our prices.

Additionally, in order to leverage even greater price reductions, we recommend that countries and programs increase long-term forecasting and supply planning of ARVs and other HIV/AIDS-related medicines and supplies; coordinate procurement activities of key stakeholders, including ministries of health, international partners and nongovernmental organizations; and increase transparency in reporting of transactions and prices paid to ensure global access to information on ARV prices.

#### SCMS Project Team

**Q: This is great that you're able to offer low prices, but what happens when SCMS is gone?**

**A:** All of our systems and interventions are developed with sustainability in mind. At the national level, we work to strengthen existing supply systems rather than replacing them with new structures that are dependent on US government support to function. We are already working with the ministry of health in one country to improve their procurement systems to the point that they can become a direct PEPFAR recipient, conducting their own procurement independent of us. At the regional level, our regional distribution centers are commercial entities that will last beyond SCMS (and whose services are available to all, not just to us). At the global level, our systems are designed to make it easy for others to take them over after SCMS ends - we use commercially available off-the-shelf software for our information systems, for instance. The global work of pooling demand to negotiate volume discounts, coordinating efforts of overlapping donor initiatives, and so forth will always be needed, but it does not always have to be done by us.