Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Health and Digital Executive Agency (HADEA). Neither the European Union nor the granting authority can be held responsible for them.

GRANT AGREEMENT NUMBER – 101128437

Co-funded by the European Union

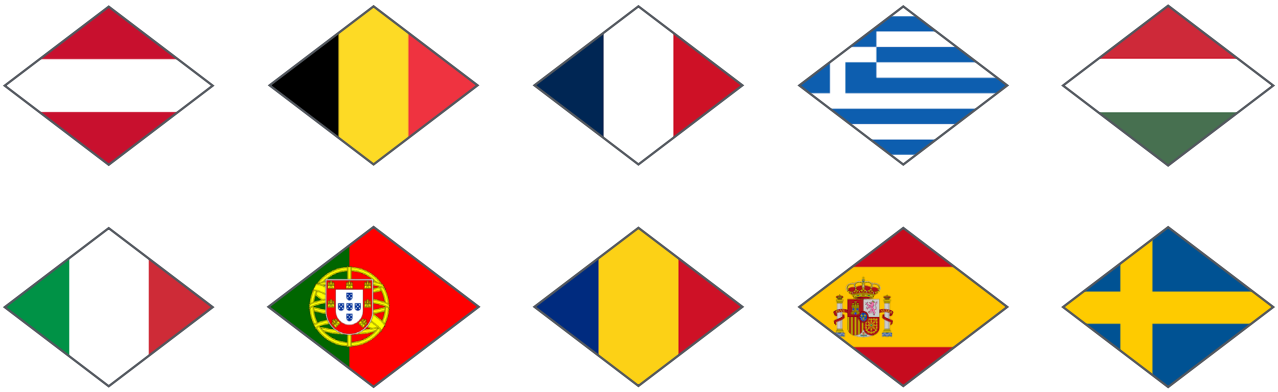
# PROCURE

projectprocure.eu

# About the project

PROCURE is an EU project funded by the European Commission, bringing together 23 stakeholders from 10 Member States. Its primary goal is to strengthen the resilience and efficiency of healthcare procurement practices across Europe, by examining current systems, identifying challenges, and proposing strategies to better prepare for future crises.

The ID Card you are about to read is part of the **Observational Study on European Healthcare & Procurement Environment**, which seeks to understand how healthcare systems and procurement processes function across 10 EU countries.



These ID Cards are key components of the study, offering a comparative view of national healthcare systems and procurement practices across different EU countries.

# Methodology Overview

### Establishing National Networks

In each of the 10 participating countries, a Country Node was formed. These Country Nodes are groups of national organizations that contributed data and expertise to the study. Each Country Leader coordinated the data collection effort, gathering qualitative information from a diverse range of stakeholders. The number of stakeholders within each Country Node varied, which means the data collected could differ significantly from one ID Card to another.

The Observational Study has benefited from the expertise and participation of 148 organizations, included all Country Leaders. These organizations are categorized into four main groups:

- 57 Contracting Authorities
- 17 Private Procurers
- 9 Healthcare Institutions
- 65 Suppliers

### Creating a Standardized Framework

In parallel, a central tool, the Matrix, was developed to guide the data collection process. It defined the key topics to be explored, including the structure of national healthcare systems, procurement environments, and procurement practices, particularly in response to the COVID-19 pandemic.

The Matrix was divided into four distinct online questionnaires, each tailored to a specific respondent category:

- Healthcare Institutions – 93 questions
- Contracting Authorities subject to the EU Public Procurement Directive – 188 questions
- Other Procurers (Private) – 170 questions
- Healthcare Suppliers – 68 questions

These four questionnaires, originally written in English, were translated into the respective languages of the participating countries to ensure a smooth data collection process.

### Data Collection

The questionnaires were distributed to the organizations within each Country Node. This phase was crucial for gathering in-depth data on national healthcare systems and procurement practices.

### Data Compilation and ID Card Creation

After the data collection phase, each Country Leader consolidated and structured the responses into a standardized document. This document was then used to fill in the **Identity Card template**, ensuring that all countries follow a consistent format while providing space for country-specific variations. The resulting Identity Cards provide a concise but comprehensive overview of the health system, the supply environment and the lessons learned from the pandemic in each country.

### Comparative Analysis and Final Report

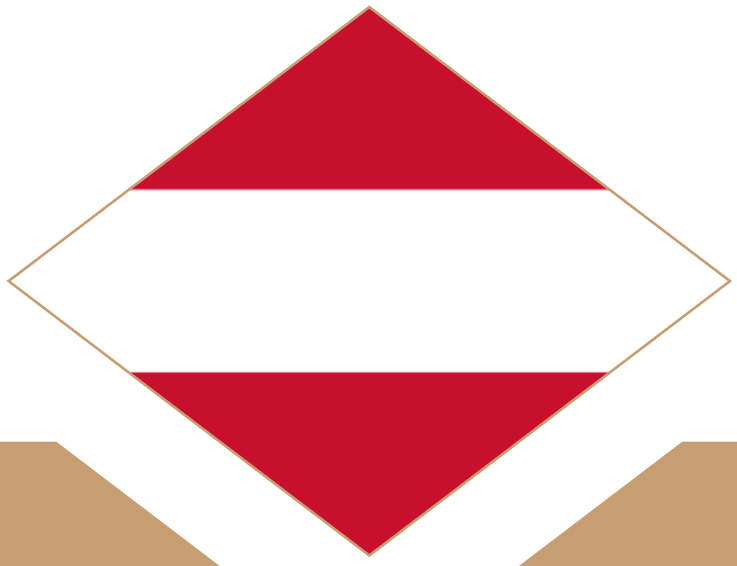
Once the ID Cards were finalized, Resah, the coordinating organization, conducted a comparative analysis of the data. This analysis highlighted similarities and differences in procurement practices, supplier perceptions, and responses to COVID-19 across the 10 countries. It also identified best practices and challenges faced by each country.

Visit the PROCURE website to access the other country-specific ID Cards, the Comparative analysis or the full Observational Study.

PROCURE

ID CARD

# AUSTRIA



## GÖG
## as Country Leader

# General Disclaimer

### Representativeness bias

Due to the lack of respondents among all categories and the incompleteness of Country Nodes, we determined that achieving fair representativeness of the Healthcare procurement stakeholders among the 10 Member States (MS) was impossible. The questionnaires completed within the 10 MS provide some qualitative data, but they do not constitute a comprehensive picture of the healthcare procurement landscape. This exercise aims to capture a snapshot of the situation at a specific time, with outputs only from healthcare organisations that are willing to share information and expertise.

### Non-responsibility of Country Leaders in the ID Card's content

Due to this representativeness bias, we want to re-ensure that the final 10 ID cards developed are not intended to express a unique and sole voice of healthcare organisations from the same MS. In any case, the Country Leader cannot be held responsible for the content of the ID Card as the sole representative voice of all the country's healthcare organisations.

### Limitations for the comparative analysis

As a direct result of these bias and barriers, the comparative analysis of the Observational Study is limited. We do not claim to conduct a full comparative analysis of the healthcare system and the healthcare procurement system across Europe (the 10 MS involved in PROCURE). However, we aim to provide an overview of the main similarities and differences to better understand how healthcare procurement of products and services is conducted among these 10 MS today.

# Country Disclaimer

The Austrian healthcare and long-term care systems are highly fragmented, with different responsibilities for inpatient care, outpatient care, and long-term care. This fragmentation is also reflected in the healthcare procurement environment, where purchasing is often done decentralised, as different actors are responsible for providing care and procuring products and services. This ID Card was developed based on contributions from a limited number of Country Node members and has therefore **limited representativeness**.

Contributions to the ID Card from Country Node members were made either through a survey or through participation in a focus group. **The ID Card represents a summary of contributions made by participating Country Node members but does not include every single response provided in the survey or focus group. Importantly, the ID Card does not necessarily represent the positions of all individual Country Node members**.

Contracting authorities did not provide responses to all 186 questions in the comprehensive survey. In addition, the mapping of organisations and institutions in this ID Card is not exhaustive. The comparative design of the observational study in PROCURE meant that limited number of entries could be made.

# Country Node composition

## Profiles of organisations involved in the Study

The Austrian Country Node consists of 17 organisations in total, distributed as follows: 7 contracting authorities or public procurers subject to the EU Procurement Directive 2014/24; 4 procurers (private), not subject to the EU Directive, 1 healthcare institution and 5 associations of suppliers.

| | | | |
|---|---|---|---|
| 1 Healthcare Institution | 7 Contracting Authorities | 4 other Procurers (private) | 5 Suppliers |

Contributions to the ID Card were provided by a total of 17 organisations. These are not necessarily the same as the Country Node members, as some organisations included in the Country Node did not provide contributions to the ID Card, while some other organisations providing contributions to the ID Card are not members of the Country Node but were asked to provide input through umbrella organisations or associations within the Country Node. The organisations providing input for the ID Card included 9 contracting authorities or public procurers subject to the EU Procurement Directive 2014/24, 2 Procurers (private), not subject to the EU Directive, and 6 suppliers.

## Country Leader:

Gesundheit Österreich GmbH

GÖG (Gesundheit Österreich GmbH / Austrian National Public Health Institute)[8] is the institution responsible for researching and planning public healthcare in Austria and acts as the national competence and funding centre for the promotion of health.

GÖG has extensive knowledge about pharmaceutical systems and policies in European countries and beyond and has been designated as WHO Collaborating Centre for Pharmaceutical Pricing and Reimbursement Policies From 2021 to 2022, GÖG led a large-scale study on best practices in the public procurement of medicines, commissioned by HaDEA on behalf of the European Commission. This study mapped public procurement practices for pharmaceuticals in 32 European countries using desktop research, interviews, and quantitative data (TED), resulting in detailed country fact sheets and an assessment of the possible impacts of procurement practices.

GÖG has previously led the Pharmaceutical Health Information System (PHIS), which examined procurement practices in hospitals in 27 European countries. In other projects, GÖG played a leading role in assessing the performance of centralised procurement in Portugal, reviewing policy options for the procurement of AMR health technologies, studying cross-country collaborations in procurement, and contributing to a better understanding of strategic procurement.

[8] https://goeg.at/english

# Introduction of the ID Card Scope definition : Health products and services, by CPV codes

The Common Procurement Vocabulary (CPV) code is an essential tool used in the procurement process and used in tenders from TED. It helps in the categorization and classification of products and services purchased by governments, public institutions, and organizations.

In this report, we only refer to health products and services, and to make easier the classification, we have built categories of main healthcare CPV codes , split into 6 groups of CPV codes that gathers healthcare products and/or services, as follow:

| CPV category name | CPV codes |
|---|---|
| Pharmaceutical products | CPV 33600000 |
| Medical Equipment: Imaging equipment for medical, dental and veterinary use | CPV 33110000 |
| Medical Equipment: Other medical equipment for medical use (except Imaging and Medical Consumables) | CPV 33120000; 33130000; 33150000; 33160000; 33170000; 33180000; 33190000 |
| Medical Consumables | CPV 33140000 |
| Health Services | CPV 85100000 |
| Protective Clothes/Gear | CPV 35113400; CPV 18143000 |

# Administration and health data in Austria

## Administrative environment in Austria

| Legal form of the state | Administrative model that applies to the healthcare system | Description of the health system from an administrative point of view | | |
|---|---|---|---|---|
| | | Inpatient Care | Outpatient Care | Long Term or Social Care |
| Federal State | Decentralised Health System NB: A decentralised healthcare system means that competences are shared between the federal government and the provinces. | The 9 federal states are responsible for hospital care (including both inpatient and outpatient services provided by hospitals). | The outpatient care system is complex and fragmented, with responsibilities for the federal government and the 9 states ("Länder"), and delegated | Long-term care is organised independently of the health system, with separate legislation, responsibilities and financing. Long-term care is provided |

[9] *The source used to refer to the CPV nomenclature is the following: https://cpvcodes.eu/en/*

| | | | | |
|---|---|---|---|---|
| | In Austria, it is envisaged that the out-patient sector is subject to a self-governing body (umbrella organisation of social insurance institutions) and which acts under the general supervision of the federal government (BMSGPK). The intramural sector is under the responsibility of the individual federal states. | The federal government provides guiding legislation but the federal states are responsible for developing the specifics of the legislation, and also for implementing it.<br><br>Each state has its own health fund ("Landergesundhetsfonds ") which pools funding for public hospitals owned by the state (operated by 9 state hospital holding companies/ " Landeskrankenanstalterntragergesellschaften"). | responsibilities to the social health insurance (SHI) and professional bodies of healthcare providers.<br><br>Healthcare financing involves contributions from both state (federal and Länder level) and SHI funds.<br><br>Legislation is typically initiated at the federal level by the Ministry of Health (Federal Ministry of Social Affairs, Health, Care and Consumer Protection / BMSGPK). | informally by families (42%), through formal home care (32%), day care (2%), residential care (19%) and 24-hour home care by privately paid assistants (5%). |

## Health data in Austria

There is no national Health database in Austria.
There is no single organisation responsible for collecting and managing health data. Austria is currently (2024) preparing for the implementation of the European Health Data Space requirements, which will include the designation of a national health data access body.
Statistik Austria (National Statistical Office) provides some health-related data at aggregated level (https://www.statistik.at/en/statistics/population-and-society/health).

## List of organisations in charge of Health data collection and health data management:

- **ELGA GmbH / Electronic Health Record Institution** maintains electronic health records, which provides healthcare providers and patients with information on diagnoses and prescribed medication. (https://www.elga.gv.at/)
- **Hospital holding companies of the nine federal states** collect data on services provided in their hospitals.
- **Dachverband der Sozialversicherungsträger (DVSV) / Umbrella organisation of Austrian Social Insurances** collects data on diagnoses and services provided in the outpatient sector, including prescribed medication. (https://www.sozialversicherung.at/cdscontent/?contentid=10007.821628&portal=svportal)
- **Gesundheit Österreich GmbH (GÖG) / Austrian National Public Health Institute** collects data on quality parameters in the inpatient and outpatient sectors and is currently leading the preparatory work for implementing the European Health Data Space in Austria. (www.goeg.at)
- **Statistik Austria / National Statistical Office** is the national statistics institute that collects and publishes data on health determinants, the population's health status, healthcare expenditure, utilis AGN ENERGIA pacchetto RGB ation of healthcare services, e.g. hospital statistics and healthcare workforce data and some cancer-specific data. (https://www.statistik.at/)
- **Medical societies:** Österreichische Gesellschaft für Neurologie (ÖGN) / Austrian Society of Neurology maintains the Austrian Multiple Sclerosis registry; Österreichische Gesellschaft für Hämatologie & Medizinische Onkologie (OeGHO) / Austrian Society of Haematology and Medical Oncology maintains the Austrian Myeloma Registry and the CML Registry.

# Presentation of the structure of the ID Card

In this paragraph, we briefly present the structure of the ID Card, made of the following parts:

**The national public healthcare system and stakeholders mapping**, which describe the organization of the national healthcare system and introduces the main players in charge of the healthcare management, the healthcare representation, the healthcare offer (outpatient, inpatient and pharmaceutical) and the healthcare financing.

**The healthcare procurement environment and stakeholders mapping**, which describe the public policy objectives in terms of healthcare procurement and introduces the main players involved in the public and private healthcare procurement environment.

The **procurement practices in the healthcare sector and suppliers' perceptions**, which describe the main practices along the whole procurement cycle (deontology, contracting phase, execution phase and evaluation phase). It also includes a focus on key practices for procurement's performance and gathers suppliers' opinions on public and private procurement environment.

**The Covid impacts and best practices**, which describe the challenges identified during Covid, the new procurement practices, the new procurement policies implemented by procurers due to Covid crisis and the best practices from both procurers and suppliers.

Finally, **the main conclusions** close the ID card by highlighting the notable changes and future trends of both, the national healthcare system and the healthcare procurement environment. A final summary of the ID card is dedicated to the major lessons learned by procurers and suppliers.

# National public healthcare system and stakeholders mapping in Austria

## Healthcare management

| Categories of organisations | Names of organisations, per category | Description | Hierarchical relations, if any |
|---|---|---|---|
| Government organisations and agencies at central level | Ministry of Health: Bundesministerium für Soziales, Gesundheit, Pflege und Konsumentenschutz (BMSGPK) / Federal Ministry of Social Affairs, Health, Care and Consumer Protection | BMSGPK initiates health-related legislation at federal level with responsibility for public health matters and overseeing Statutory Health Insurance. Website: https://www.sozialministerium.at | |
| | Professional bodies of healthcare providers | Österreichische Ärztekammer (ÖÄK) / Austrian Medical Chamber is the federal association of the medical chambers in the 9 states and represents all medical doctors in Austria (mandatory membership for doctors). Among other responsibilities, it negotiates collective contracts with the social insurances on services provided by doctors. Website: https://www.aerztekammer.at/ | Legislation allows public administration to transfer responsibility to associations or professional bodies of healthcare providers. These institutions handle tasks on behalf of and in accordance with the instructions of the federal government or a federal state. |
| | | Österreichische Apothekerkammer (ÖAK) / Austrian Chamber of Pharmacists is the representative body of all pharmacists (mandatory membership). Among other responsibilities, it negotiates collective contracts with the social insurances on the dispensing of medicines. Website: https://www.apothekerkammer.at/ | |
| | Joint Governance System: Zielsteuerung Gesundheit | Bundes-Zielsteuerungskommission (B-ZK) / Federal Target-Based Governance Commission is the highest decision-making body of the joint, target-based governance system for healthcare in Austria. The Commission, consisting of representatives of the federal government, state governments, and social health insurance, defines both financial and health targets, and supervises reforms in the healthcare system. Website: https://www.sozialministerium.at/Themen/Gesund-heit/Gesundheitssystem/Gesundheitsreform-(Zielsteuerung-Gesundheit).html | The Federal Target-Based Governance Commission consists of representatives from Federal and State-level Government, as well as representatives from Social Health Insurance. |
| | Regulatory body for pharmaceuticals and medical devices (AGES Medizinmarktaufsicht) | Österreichische Agentur für Gesundheit und Ernährungssicherheit (AGES) / Austrian Agency for Health and Food Safety is responsible for human, animal, and plant health and the safety of pharmaceuticals and medical devices. AGES incorporates the medicines and devices regulatory body for marketing authorisation, surveillance and inspection of manufacturers. Website: https://www.ages.at/ | AGES is jointly owned ('arm's length agency') by the Ministry of Health and the Ministry of Agriculture. |

| | | | |
|---|---|---|---|
| **Government organisations and agencies at central level** | Public health institute (Gesundheit Österreich GmbH, GÖG) | Public health institute: Gesundheit Österreich GmbH (GÖG) / Austrian National Public Health Institute is the national public health research and planning institute, which provides support to the Ministry of Health. In addition, GÖG incorporates the Federal Institute for Quality in the Healthcare System (responsible for monitoring the quality of healthcare provision) and the Austrian Health Promotion Fund (Fonds Gesundes Österreich / FGÖ, which funds initiatives and projects to promote healthy living). Website: www.goeg.at | GÖG is owned by the Ministry of Health. |
| | Health technology assessment institute | Austrian Institute for Health Technology Assessment (AIHTA) may be tasked with health technology assessment (HTA) activities. Website: www.aihta.at | AIHTA is jointly owned by Ministry of Health, State-level Health funds as well as Social Health Insurance. |
| | Electronic health records (ELGA GmbH) | Electronic health records: ELGA GmbH / Electronic Health Record Institution is responsible for further developing the e-health infrastructure in Austria, including electronic health records. Website: https://www.elga.gv.at/ | ELGA is jointly owned by Ministry of Health, State-level Health funds as well as Social Health Insurance. |
| | State-level ministers for health (for each of the 9 federal states) | Landesgesundheitsräte / State ministers for health are responsible for healthcare provided by the states, i.e. hospital care, including the further specification and implementation of federal laws, and supervision of the state health funds. The states have outsourced the operation of the public hospitals to state-owned hospital holding companies. | |
| **Financing organisations** | Social health insurance | Dachverband der Sozialversicherungsträger (DVSV) / Federation of Austrian Social Insurances is the umbrella organisation of the self-governing social insurances (including health insurance funds, pensions insurance, and accident insurance). Social insurances are self-governing bodies consisting of representatives of employers and employees. The DVSV negotiates collective contracts for healthcare services, including with the medical associations for providing outpatient care. The DVSV also maintains the positive list of reimbursed medicines and conducts HTA to inform decisions about inclusion of medicines in the reimbursement list. Website: https://www.sozialversicherung.at/ | Legislation allows that public administration transfers responsibility to social health insurance ('Selbstverwaltung`). Respective institutions act on behalf of and in accordance with the instructions of the federal government or a federal state. |
| | State-level Health funds / Landesgesundheitsfonds | The provincial health funds on state levels are funds under public law for the financing of public non-profit hospitals according to the system of performance-oriented hospital financing, providing funding in the framework of the Austrian Diagnosis Related Groups (DRG) System. | State-levelhealth funds are owned by the regional state-level ministers for health. |

# Healthcare representation[10]

| Categories of organisations | Names of organisations, per category | Description |
|---|---|---|
| Players in charge of representation of the Healthcare Professional such as Federations, Professional associations, Councils, Unions, etc. | Österreichische Ärztekammer (ÖÄK) / Austrian Medical Chamber | Professional body of physicians (self-governing body), representing the professional, social and economic interests of Austrian physicians based on mandatory membership.<br>Website: https://www.aerztekammer.at/ |
| | Österreichische Apothekerkammer (ÖAK)/ Austrian Chamber of Pharmacists | Professional body of pharmacists, mandatory representation of pharmacists working in pharmacies and/or hospitals.<br>Website: https://www.apothekerkammer.at/ |
| | Several healthcare-related professional associations (e.g. Society for General and Family Medicine) | Advising on fundamental and interdisciplinary issues in scientific medicine, promoting the cooperation of its member in the fulfilment of their scientific-medical tasks and objectives as well as the transfer of scientific knowledge into medical practice.<br>Website: various e.g. https://oegam.at/ (Austrian Society for General and Family Medicine), https://www.oegho.at/ (Austrian Society for Haematology and Medical Oncology), https://www.ogp.at/ (Austrian Society for Pulmonology) |
| | Several healthcare-related professional associations (e.g. Society for General and Family Medicine) | Advising on fundamental and interdisciplinary issues in scientific medicine, promoting the cooperation of its member in the fulfilment of their scientific-medical tasks and objectives as well as the transfer of scientific knowledge into medical practice.<br>Website: various e.g. https://oegam.at/ (Austrian Society for General and Family Medicine), https://www.oegho.at/ (Austrian Society for Haematology and Medical Oncology), https://www.ogp.at/ (Austrian Society for Pulmonology) |
| Players in charge of representation of the Healthcare Beneficiaries such as Associations of patients | State-level patient advocacy organisation (as part of state-level governments/administration) | Formally established patient ombudspersons' offices in all nine federal states, who inform patients about their rights and advocate on their behalf.<br>Website: https://www.oesterreich.gv.at/themen/hilfe_und_finanzielle_unterstuetzung_erhalten/ombudsstellen_und_anwaltschaften/Seite.3240007.html |
| | Bundesverband Selbsthilfe Österreich (BVSHOE) / Federal Association for Self-Help Austria | Umbrella organisation of patient organisations.<br>Website: https://www.bundesverband-selbsthilfe.at/ |
| | Nationales Netzwerk Selbsthilfe (NA-NES) / National Network for Self-Help | Association of some of the self-help organisations.<br>Website: https://www.nanes.at/ |
| Players in charge of representation of the Healthcare Industry such as Industry Associations for pharmaceutical industry, wholesalers, medical devices | Verband der pharmazeutischen Industrie Österreich (PHARMIG) / Austrian Pharmaceutical Industry Association | Association of Austrian pharmaceutical companies.<br>Website: https://www.pharmig.at/ |
| | Österreichischer Generikaver-band / Austrian Generics Association | Association of Austrian generic drugs manufacturers.<br>Website: https://www.generikaverband.at/ |
| | Interessensvertretung der Medizinprodukte-Unternehmen (AustroMed) / Interest group of medicinal product suppliers | Association of Austrian medical devices manufacturers.<br>Website: https://www.austromed.org/ |

[10] *Please note that this is a non-comprehensive, exemplary list of organisations.*

# Healthcare offer

## Outpatient

| OUTPATIENT CARE | | |
|---|---|---|
| **Main providers of Outpatient Care** | **Breakdown of Outpatient Care, by provider** | **State-level or national specificities to be highlighted in terms of Outpatient Care** |
| **Financing**<br><br>Outpatient care falls primarily under the responsibility of the social health insurance (SHI) funds. The SHIs are coordinated by the Dachverband der Sozialversicherungsträger (DVSV) / Federation of Austrian Social Insurances.<br><br>There are 3 SHI funds:<br>1. Österreichische Gesundheitskasse (ÖGK) / Austrian Health Insurance Fund.<br>2. Sozialversicherungsanstalt der Selbständigen (SVS) / Social Insurance Institution for the Self-Employed.<br>3. Versicherungsanstalt öffentlich Bediensteter, Eisenbahnen und Bergbau (BVAEB) / Insurance Institution for Civil Servants, Railways, and Mining. | In 2022, there were 49,521 practising doctors (of which 13,213 are general practitioners, 27,743 are specialists, 8,564 are in training and 5,289 are dentists).<br><br>6,614 ordained as general practitioners, of which 2,623 without and 3,991 with a health insurance contract.<br>As of2024, there were 65 primary care units in Austria. | **Problems:** Preparing care structures to demographic changes (e.g. multimorbidity of an ageing society), health promotion and preventive healthcare, especially with regard to nutrition (obesity), health literacy and navigation of the healthcare system.<br><br>**Challenges:** Vacancies for physicians contracted with SHI, which will become even more difficult to fill due to demographic change. Management of patient pathways (digital before outpatient before inpatient).<br><br>**Organisation:** Establishment of new forms of care (primary care units, community nurses).<br><br>**Legal status:** There are differences in legal status of healthcare providers, including sole proprietor (i.e. doctors in private practice), limited liability company (GmbH) or general partnership (OG); a primary care network with several locations also has the option of organising itself as an association.<br><br>**Regulations:** no special features. |
| **Healthcare provision**<br><br>1. GPs and specialist doctors providing outpatient care, represented by the Austrian Medical Association.<br>2. Ambulatory care centres. | | |

# Inpatient

| INPATIENT CARE | | |
|---|---|---|
| **Main providers of Inpatient Care** | **Breakdown of Inpatient Care, by provider** | **State-level or national specificities to be highlighted in terms of Outpatient Care** |
| Inpatient care is organised on a decentralised basis in Austria.<br><br>The 9 federal states are responsible for the inpatient sector. Each of the states has its own organisation responsible for its public hospitals.<br><br>**The most important organisations responsible for acute care provisions in public hospitals in Austria are therefore the 9 state-owned hospital holding companies:**<br>1. Landeskrankenanstalten-Betriebsgesellschaft des Landes Kärnten (KABEG)<br>2. Steiermärkische Krankenanstaltengesellschaft m.b.H. (KAGES)<br>3. Burgenländische KrankenanstaltenGes.m.b.H. (KRAGES)<br>4. Niederösterreichische Landesgesundheitsagentur (LGA)<br>5. Oberösterreichische Gesundheitsholding GmbH (OÖG)<br>6. Salzburger Landeskliniken Betriebsgesellschaft mbH (SALK)<br>7. Tirol Kliniken<br>8. Vorarlberger Krankenhaus-Betriebsgesellschaft<br>9. Wiener Gesundheitsverbund (WiGeV)<br><br>**Some of the Austrian social insurance funds also operate acute care hospitals:**<br>1. Österreichische Gesundheitskasse (ÖGK)<br>2. Allgemeine Unfallversicherungsanstalt (AUVA)<br><br>Other relevant organisations providing acute care are the private **hospital management companies, including religious orders.** Important private organisations are the following:<br>1. Vinzenz Gruppe Krankenhausbeteiligungs- und Management GmbH (religious orders)<br>2. Barmherzige Brüder (religious order)<br><br>For **rehabilitation care**, important organisations include the sickness funds and private organisations. | Publicly owned, financed through state funds: 28.0%<br><br>Privately owned, financed through state funds: 12.9%<br><br>Publicly owned, not financed through state funds: 25.0%<br><br>Privately owned, not financed through state funds: 34.1% | **Organisation and legal status:**<br>Inpatient care in Austria primarily falls under the responsibility of the nine federal states. However, the legislative framework for hospital care is initiated at the federal level.<br><br>A simple distinction between public and private ownership is challenging in Austria. For example, hospitals can be privately owned (either for profit or not-for-profit) and be financed through the state funds, i.e. providing services as part of the publicly funded healthcare system.<br><br>**Challenges:**<br>A long-standing challenge in Austria is the comparatively strong focus on inpatient care.<br>Austria has one of the highest hospital discharge rates in Europe and spends a comparatively high proportion of its health expenditures on hospital care.<br><br>Efforts to manage patient care pathways more efficiently (prioritizing digital care over ambulatory care over inpatient care) have been one of the focal points of the 2023 health reform in Austria. Increasing the number of primary healthcare units (PVE) is considered an important step in alleviating pressure on the hospital sector.<br>Hospital discharge is further complicated through fragmented responsibilities for health and long-term care. |

**Focus on Private Not-for-Profit Hospitals**
- Number of facilities: 42
- Hospital Bed Density: 113.64 per 100,000 inhabitants

**Focus on Private for Profit Hospitals**
- Number of facilities: 82
- Hospital Bed Density: 105.15 per 100,000 inhabitants

**Focus on Public Hospitals**
- Number of facilities: 80
- Hospital Bed Density: 472.60 per 100,000 inhabitants

## Pharmaceutical

<table>
<tr><th colspan="3">PHARMACEUTICAL CARE</th></tr>
<tr><td colspan="3">Pharmaceutical expenditure in total per capita<br>765 USD (2021)</td></tr>
<tr><td colspan="3">Pharmaceutical spending, in total, as a share of GDP<br>1.38% (2021)</td></tr>
<tr><td>Main providers of Pharmaceutical Care</td><td>Breakdown of Pharmaceutical Care providers</td><td>State-level or national specificities to be highlighted in terms of Pharmaceutical Care</td></tr>
<tr><td>Number of pharmacists professionals:<br><br>6,341<br><br>Number of pharmacies (facilities):<br><br>1,500 pharmacies, including branch pharmacies and hospital pharmacies (as of December 2023).<br><br>In addition, 902 dispensing doctors.</td><td>Number and % of community pharmacy (facilities) – non hospital pharmacy:<br>1,458<br>(97.2%)<br><br>Number and % of hospital pharmacy (facilities):<br>42<br>(2.8%)</td><td>Challenges in the pharmaceutical care provision exist due to the split between inpatient and outpatient sectors.<br><br>Distinctive features of the structure of the Austrian pharmaceutical care provision include the relatively high number of dispensing doctors (only allowed to operate in areas with no community pharmacy within reach) and a comparatively low proportion of hospitals with their own pharmacies.<br><br>Hospitals without their own pharmacy rely on hospital or community pharmacies for the provision of pharmaceuticals.</td></tr>
</table>

# Healthcare financing

| Main sources of financing | Main organisations in charge of financing | Breakdown of financing, by organisation | Short description |
|---|---|---|---|
| 1. Tax<br>2. Statutory health insurance<br>3. Private insurance / voluntary health insurance<br>4. Private expenses ('out-of-pocket')' | 1. Social Security Institutions (mainly Austrian Sickness Fund / Österreichische Gesundheitskasse (ÖGK))<br>2. Federal Ministries (Ministry of Finance & Ministry of Health)<br>3. State-level health funds / Landesgesundheitsf onds:<br>· Burgenländischer Gesundheitsfonds (BURGEF)<br>· Kärntner Gesundheitsfonds (kgf)<br>· NÖ Gesundheits- und Sozialfonds (NÖGUS)<br>· Oö. Gesundheitsfonds<br>· Salzburger Gesundheitsfonds (SAGES)<br>· Gesundheitsfonds Steiermark<br>· Tiroler Gesundheitsfonds (TGF)<br>· Gesundheitsfonds für das Land Vorarlberg<br>· Wiener Gesundheitsfonds (WIGEV) | Health expenditure, **Government schemes:** 37.7 % (2021) | Revenue raised from taxes constitutes the second largest source. This corresponds to payments of the federal government, the Länder or municipalities for the costs of inpatient care and LTC, public health and prevention, as well as contributions to SHI funds for the unemployed and for maternity benefits. Tax revenues for healthcare are mainly pooled by the Federal Health Agency (Bundesgesundheitsag entur, BGA) at the federal level and by the nine state health funds (LGFs) at state level. |
| | | Health expenditure, **Voluntary healthcare payment** schemes: 5.9% (2021) | Voluntary health insurance (VHI) has mainly a supplementary function in the Austrian healthcare system and can take various forms. The most common type of supplementary health insurance covers extra amenities in the hospital sector like accommodation in "special fee class" rooms in hospitals (e.g. single rooms), costs of transportation to hospitals and free choice of hospital physicians. The second most common type of VHI offers more choice of ambulatory care providers, covering fees of physicians without SHI contracts, as well as medicines and medical aids in the ambulatory care sector. |
| | | Health expenditure, **Household out-of-pocket payments** 15.8% (2021) | Household Out-Of-Pocket (OOP) Payments include direct payments, user charges (cost-sharing) and informal payments; In 2015, the largest share of OOP was spent on ambulatory (extramural) curative and rehabilitative care (37.44%), especially for dental services (13.9% or €876 million) and on pharmaceuticals (21.4%), notably for over-the-counter (OTC) medicines (14% or €865 million). Also spending on long-term care (14.6%) and therapeutic appliances (12%) are among the largest shares of total OOP spending. |

**Specificities related to the national/state-level healthcare system funding: fragmentation of financing sources**

The financing of Austria's healthcare system is highly fragmented with a complex network of pooled funds, transfers between the tax system and the SHI system and with financial obligations being shared between three governmental levels. The responsibilities of the different governmental financing agents are regulated by agreements under Article 15a of the Federal Constitutional Law and by the Financial Equalisation Act.

# Healthcare procurement environment and stakeholders mapping in Austria

## Public policy objectives: description of the national programme in Austria

## Main laws that govern public procurement

- Bundesgesetz über die Vergabe von Aufträgen (Bundesvergabegesetz 2018 – BVergG 2018).
- Bundesgesetz über die Vergabe von Konzessionsverträgen (Bundesvergabegesetz Konzessionen 2018 – BVergGKonz 2018).
- Bundesgesetz über die Vergabe von Aufträgen im Verteidigungs- und Sicherheitsbereich (Bundesvergabegesetz Verteidigung und Sicherheit 2012 – BVergGVS 2012).
- Bundesgesetz über die Beschaffung und den Einsatz sauberer Straßenfahrzeuge (Straßenfahrzeug-Beschaffungsgesetz).
- Bundesgesetz über Genehmigungen im Zusammenhang mit Sanktionsmaßnahmen in Angelegenheiten des öffentlichen Auftragswesens.
- Bundesgesetz über die Errichtung einer Bundesbeschaffung Gesellschaft mit beschränkter Haftung (BB-GmbH-Gesetz).

## Legal framework of reference that applies for public procurement of healthcare products

A mix of both, centralised and decentralised procurement.

## Content of the national programme

**Definition of the programme that promote healthcare procurement in Austria: Strategische Beschaffung in Österreich** *(Strategic Procurement in Austria)*

During Strategic Procurement in Austria, the government has developed a national action plan for sustainable procurement. The Austrian action plan for sustainable public procurement (naBe) serves as a model for the responsible and careful use of resources to protect the environment and offer future generations a future worth living. With defined criteria, the public sector provides the necessary support for sustainable procurement.

**Topic covered by the national programme in Austria:**

- **Sustainable Procurement** (Environmental; Social and Economic)

## Focus on security of supply, from the national programme

| | |
|---|---|
| **Implementation of shortage prevention techniques** | Security of supply does not feature in the national action plan. Healthcare procurement is largely decentralised in Austria. However, security of supply measures has been taken at the national level: By decree of the Minister of Health in 2024, Marketing Authorization Holders (MAH) of around 700 selected medicines are required to keep a four-month stock. |
| **Contingency plan for supply chain disruption (buffer stock)** | Decree of the Minister of Health on the stockpiling of speciality medicinal products for human use (Federal Law Gazette II No. 161/2024) |
| **Strategic stocks** | The requirement to stockpile products applies to painkillers, antibiotics, medicines for cold symptoms, but also preparations for chronic cardiovascular or lung diseases. |

# Stakeholders mapping of the healthcare procurement environment in Austria[11]

## Public perspective

| Categories of Public Procurers | Territoriality level | Names of organisations | Figures |
|---|---|---|---|
| **Government Public Procurers** | National | 1. Federal Ministry of Social Affairs, Health, Care and Consumer Protection (central procurement only in crisis or exceptional cases, or similar[12])<br>2. Federal Ministry of Justice (closed prisons)<br>3. Federal Ministry of Defence (army hospitals) | 3 Federal Ministries |
| **National Central Purchasing Body** | National | Bundesbeschaffung GmbH (BBG) / Federal Procurement Agency | In 2024, there was 1 national/central public procurement body for procurement in the healthcare sector. |
| **State-level /Local Public Purchasing Bodies** | State-level / Local | 1. Zentraleinkauf Gesundheit Burgenland<br>2. KABEG Management / Abteilung Einkauf<br>3. Oberösterreichische Gesundheitsholding / Beschaffungs- und Innovationsmanagement<br>4. Landesgesundheitsagentur / Business Unit Supply Chain Management - Einkauf<br>5. SALK / Managementbereich Einkauf und Logistik<br>6. KAGes-Services/Einkauf<br>7. Tirol Kliniken / Zentraleinkauf<br>8. Vbg. Krankenhaus-Betriebsgesellschaft m.b.H.<br>9. Wigev / Vorstandsressort Einkauf | In 2024, there were 9 state-level/local public procurement bodies for hospitals. |
| **University Hospitals** | National / State-level | Procurement for university hospitals is usually conducted by the respective state-level (or national)[13] procurement unit of the owner organisation. | In 2024, there were 8 university hospitals (Graz, Innsbruck, Krems, Linz, Salzburg, St. Pölten, Tulln, Vienna) |

*[11]This section was elaborated during a focus group process consisting of representatives from institutions, contracting authorities and private procurers in Austria.*
*[12]BMSGPK carried out extensive procurements exclusively in the context of the COVID-19 crisis (e.g. vaccines or medicines for the treatment of COVID-19). Centralised procurement by the BMSGPK is not provided for in the regular process (only in crisis situations, exceptional cases or similar). According to legislation, procurement for federal institutions must be conducted by the Federal Procurement Agency (BBG).*
*[13]Procurement in private hospitals is classified as national level, given that religious order hospitals operate across regions (e.g. Order of the Brothers Hospitallers).*

| | | | |
|---|---|---|---|
| **Hospitals** | National / State-level | Procurement for university hospitals is usually conducted by the respective state-level (or national)[14] procurement unit of the owner organisation. | In 2024, there were 264 hospitals (in accordance with the Hospitals and Health Resorts Act, KAKuG) that generally ordered through state-level procurement bodies of the hospital owners' organisations. |
| **Other public procurers (non-hospital) such as nursing homes, rehab centres, elderly centres** | National / State-level / Local | Procurement of nursing homes, rehab centres, elderly centres is usually conducted by the respective local, state-level or national[15] procurement unit of the owner organisation. | NA |

## Private perspective

| Categories of Private Procurers | Territoriality level | Names of organisations | Figures |
|---|---|---|---|
| **Wholesalers** | National / State-level | 1. Full-range wholesaler<br>2. Wholesalers with partial product ranges | 1. Full-range wholesalers comprise 5 companies in Austria: Herba-Chemosan, Jaboby, Kwizda, Phoenzix and Richter Pharma (as of 2024).<br>2. Wholesalers with partial product ranges comprise > 200 companies/businesses with a wholesale licence (as of 2024). |
| **National Central Private Purchasing Body** | National | Individual nationwide private organisations have set up national central procurement offices (e.g. Österreichisches Rotes Kreuz Einkauf & Service GmbH, Caritas Einkaufgruppe Österreich) | NA |
| **Local Private Purchasing Bodies** | State-level / Local | NA | NA |
| **Alliance of private hospitals** | State-level | NA | NA |
| **Private Hospitals** | National / State-level / Local | 1. Religious order hospitals whose purchasing is locally or regionally, depending on the owner organisation of the hospital (as of 2024).<br>2. Goldenes Kreuz (maternity hospital)<br>3. Several fertility centres | There are 23 religious order hospitals in Austria whose purchasing is local or regional, depending on the hospital operator (as of 2024). |
| **Other private procurers (non-hospital) such as nursing homes, rehab centres, elderly centres** | National / State-level / Local | 1. Senecura GmbH<br>2. Hilfswerk | 1. Senecura operates 79 health and care facilities in Austria with around 6,800 beds.<br>2. Hilfswerk has 19 elderly centres and 88 Assisted living facilities. |

[14] *Procurement in private hospitals is classified as national level, given that religious order hospitals operate across regions(e.g. Order of the Brothers Hospitallers).*
[15] *Owner organisations of nursing homes, rehab centres, elderly centres may operate on different levels. For example, procurement of elderly centres operated by Caritas would be considered on a national level, whereas procurement of elderly centres operated by regions take place on a regional level.*

# Procurement practices in the healthcare sector and suppliers' perceptions in Austria

## Deontology

### Guidelines, standards, tools

**Most common guidelines, standards and tools used by public procurers**

- Guidelines and standards
  - Supplier relations.
  - Treatment of suppliers: equal treatment of suppliers and non-discrimination in tenders and supplier selection.
- Tools
  - Templates for market talks and guidelines as well as organisational instructions for employees.

### Deontology training

- Anti-corruption and discrimination sensitisation in the Federal Procurement Agency (BBG) buyer training course.

### Regulations

**Most common regulations to prevent fraud, bribery or corruption followed by public procurers**

**Legal Provisions**

In addition to the legal provisions in the BVergG 2018 and the company rules (work agreements, collective labour agreements, etc.), there is also the Whistleblower Protection Act (HSchG).

### Data accessibility

**Most common tools used by public procurers for accessing to procurement data**

- Analysis of procurement data is done via SAP-MM and electronic procurement portal vemap.
- Tendering programmes of the external procurement offices ensure that the procurement data is available.

### Internal and compliance control

**Most common practices and tools for internal and compliance control used by public procurers**

- **Enforceable instructions for employees**
- **Internal measures:**
  - Establishing a chief compliance officer who acts as person of trust.
  - Internal control system with anti-corruption guideline.
  - Whistleblower system, including a whistleblower-website where employees can report cases anonymously via an easily accessible website.
  - Compliance training integrated into an internal E-learning platform
  - Encouraging employees to be vigilant.
- **Enhancing transparency:**
  - Introduction of an electronic procurement portal (vemap).
  - Risk management and internal revision.

### Supplier relations

**Most common practices, standards and tools used by public procurers in terms of supplier relations**

- **Central credit check**
- **Supplier monitoring**
  - Suppliers are monitored on an ongoing basis. Contractual precautions are taken (penalties, contract cancellations, etc.).
  - Market assessment, contract handover discussions, procedure for contract adjustments, price adjustments, audits.
- **'Partnership signets' with suppliers**

**Other practices and tools in terms of supplier relations**

There are general terms and conditions that apply to all suppliers and contractors. The procurement departments of the client are also active in this regard and are constantly expanding/updating them.

# Procurement cycle in Austria[16]

## Contracting phase: market readiness/sourcing, allotment, legal clauses, evaluation criteria

## Public perspective

### Channels used by public procurers to analyse the market readiness & for suppliers sourcing

The 3 most common channels used are:

- Internet research such as: https://ted.europa.eu/de/; https://ausschreibungen.usp.gv.at/at.gv.bmdw.eproc-p/public/tenderlist ; https://de.statista.com;
- Trade fair visits;
- Specialist presentations.

### Processes used by public procurers for market readiness analysis

The 3 most common processes used are:

- Open Market consultation / Market consultation as defined in the Procurement Act;
- Bilateral meetings / pre-tender dialogue meetings;
- Benchmarking.

### Category of information collected by public procurers during sourcing

The 3 most common categories of information collected by public procurers are:

- Price;
- Technical elements;
- Risk Management.

### Sourcing tools used by public procurers during sourcing

The most common recurring tool used by public procurers is a CRM - Customer Relations Management Tool.

Allotment in public procurement

In Austria, the principle of allotment is optional but recommended in national/state-level guidelines.

By principle of allotment, we understand the "division of contracts into lots", based on the definition included in Article 46 and Recitals 78 and 79 of the European Directive 2014/24/EU on Public Procurement.

### Legal clauses in public procurement

The 5 most common legal clauses used are:

- Time and duration of contract;
- Division of contracts into lots (principle of allotment);
- Options;
- Penalties;
- Termination.

### Evaluation criteria in public procurement

Table with the recurring main awarding criteria, by category of health products/services:

| Pharmaceutical products | Medical Equipment: Imaging equipment for medical, dental and veterinary use | Medical Equipment: Other medical equipment for medical use (except Imaging and Medical Consumables) | Medical Consumables | Health Services | Protective equipment / protective gear |
|---|---|---|---|---|---|
| PRICE ONLY | PRICE ONLY | PRICE ONLY | PRICE ONLY and PRICE/ QUALITY RATIO[17] | PRICE/ QUALITY RATIO | PRICE/ QUALITY RATIO |

For medical equipment and medical consumables, no single dominant type of award criteria could be identified. While public procurers participating in the survey indicated to primarily use the price/quality ratio, an analysis of TED data for public procurement of medical technology products (i.e. various forms of medical equipment and medical consumables) found that award criteria were almost evenly split in Austria (56% using price only and 44% using price and other criteria).

Apart from the technical and price criteria, some other categories of criteria are used by public procurers for the evaluation criteria such as:

- Environmental criteria;
- Social criteria;
- Criteria measuring patient impact (Value Based Procurement);
- Security of supply.

[16] *Contracting authorities responding to the survey did not answer all 186 questions.*
[17] *Criteria may depend on the consumables that are being procured.*

# Execution phase: average contract duration, monitoring and control, penalties of contract

## Public perspective

**Contract duration**

Contract duration in Austria is in principle 4 years.
However, duration of contracts depends on the subject matter of the order. In principle, **framework agreements are concluded for 4 years.** Services are concluded on a project-related basis. Deliveries of standard products are generally concluded for an indefinite period. If major price fluctuations are to be expected, call-offs are scheduled at shorter intervals.

**Processes for monitoring the execution phase**

- Control: For deliveries by presenting the delivery notes or acceptance protocols, for services by presenting proof of performance.
- The specialised departments regularly monitor the services provided. Deliveries are checked regularly.
- Contract monitoring and quality management, partly digitalised.

**Processes for managing the contracts penalties**

- Contractual penalties provided for in the contract are enforced in accordance with the contract.

# Evaluation phase: evaluation of the procurement performance, procurement performance objectives, risk management, accountability

## Public perspective

**Process of evaluation of the performance and effectiveness measures**

- Procurement is carried out in accordance with legal requirements and the principles of economy, efficiency, transparency and expediency.

**Tool of evaluation of the performance and effectiveness measures**

- Procurement manual

**Monitoring and steering objectives of the procurement performance**

The most recurring general objectives followed by Public Procurers in terms of procurement performance are:

- Economic performance;
- Supplier performance;
- Service quality performance (innovation);
- Environmental and social performance;
- HR performance.

# Key practices of procurement performance in Austria[18]

## Workforce professionalisation

### Public perspective

In Austria, the most recurring tools used by Public Procurers to maintain and/or to improve the specialisation of the procurement workforce are:

- Training courses / Staff receive regular training e.g. TÜV-certified buyer training course 'Professional public procurement';
- Participation in trade fair events;
- Provision of specialist literature on the relevant topics.

# Diagnostic of performance

## Public perspective

**Main processes used for the diagnostic of performance**

| Streamlining costs | Time to respond | Other | |
|---|---|---|---|
| *Processes* | *Process* | *Process* | *Tool* |
| • There are clear regulations on needs assessments and budget plans that keep procurement within an economic framework.<br>• Ongoing needs assessment to bundle procurement processes. | There is ongoing demand/budget and procurement planning. Project teams are formed to keep an eye on efficiency and effectiveness. | The other points are regulated based on the respective procurement manual. | Procurement manual |

# Supplier performance

## Public perspective

**Supplier performance tool**

- SAP Materials Management, https://community.sap.com/t5/supply-chain-management-blogs-by-members/sap-materials-management-introduction/ba-p/13591233.

[18] *Contracting authorities responding to the survey did not answer all 186 questions in the survey.*

# Procurement routes

## Public perspective

In Austria, procurement through Central Purchasing Bodies (CPB) is mandatory for some institutions and it is recommended or optional for others.

The Legal Act on Establishing the CPB (Bundesbeschaffung GmbH / Federal Procurement Agency) applies to the award of supply and service contracts for consideration by federal institutions and downstream departments in fulfilment of their tasks. The CPB could also be used by other public entities (e.g. state-level, municipalities) but for those entities it is not mandatory to commission the CPB for procurement. For other institutions for which the legal act does not apply to, centralising procurement activities is usually recommended (e.g. to realise cost savings potentials).

Law of reference – when mandatory: Bundesgesetz über die Errichtung einer Bundesbeschaffung Gesellschaft mit beschränkter Haftung (BB-GmbH -Gesetz) https://www.ris.bka.gv.at/Dokumente/BgblPdf/2001_39_1/2001_39_1.pdf

The main reasons why public procurers do their procurement through CPB are usually the following:
- **Efficiency gains:** to save yourself a tendering procedure; (Framework contracts);
- **Scope for synergies;**
- **Increase bargaining power** as larger quantities can determine price.

An analysis of TED data for public procurement of medical technology products (i.e. various forms of medical equipment and medical consumables) found that Austria employs both centralised and decentralised approaches, with most tenders identified from 2021-2023 awarded by state-level hospital holding companies and the Austrian Health Insurance Fund (ÖGK).

# Sustainable procurement approaches

## Public perspective

### Main processes implemented

- As the Federal Procurement Act incorporates sustainability in its fundamental principles, public authorities must adhere to these principles in all procurement activities.
- In principle, sustainable procurement is assessed individually and implemented accordingly. While the topic is considered important, it does not solely determine procurement decisions.

# Security of supply

## Public perspective

### Main shortage prevention techniques implemented

- The size of the warehouses in accident hospitals and rehabilitation centres must guarantee a supply security of 3 months.

# Digitalisation

## Public perspective

| Main e-procurement tools | Internal IT tools for procurement data management |
|---|---|
| • vemap, www.vemap.com<br>• SAP | |

# Suppliers' perceptions on both public & private procurement in Austria

## Procurement information accessibility

## Public perspective

### Tools & methods used for call for public tenders monitoring

- ANKÖ (Auftragnehmerkataster Österreich), a centralised platform to streamline public procurement processes;
- Sales Representatives who maintain good contact with lead buyers;
- Websites, including
  - Auftrag.at;
  - Vemap.at;
  - Websites of healthcare institutions (and related institutions);
  - data.gv.at.

### Accessibility of public procurement information

- Better and easier overview would be needed within the ANKÖ platform to streamline public procurement processes.
- Accurate quantity structures are lacking, and sufficient lead-time to increase the supply chain (6 to 9 months) is needed.
- National associations do not always have access to tender content.

## Private procurement

### Tools & methods used for call for private tenders monitoring

- Direct contacts are crucial as there are few public tenders (mostly direct negotiations). It is very important to have an exceptional customer relation management system in place (both personally through sales representatives and system-wise).
- ANKÖ (Auftragnehmerkataster Österreich), a centralised platform to streamline public procurement processes.
- Website: auftrag.at.

### Accessibility of private procurement information

- There is a lack of timely information about upcoming tenders.

[18] *Contracting authorities responding to the survey did not answer all 186 questions in the survey.*

# Transparency and ethic

## Public procurement

| Positive feedback | Negative feedback |
|---|---|
| • A very strict healthcare compliance law is in place that supports the behaviour of buyers.<br>• Overall, suppliers consider public buyers to behave ethically and transparently with companies. Processes have always been transparent. | Establishing and maintaining professional relationships is only possible if the procurement staff is willing to communicate. |

## Private procurement

| Positive feedback | Negative feedback |
|---|---|
| • Established suppliers in Austria have good customer relationship management.<br>• Clear standards of buyers. | Transparency only applies up to a certain point. |

# Relationships quality with procurers

## Public procurement

| Positive feedback | Negative feedback |
|---|---|
| • A very strict healthcare compliance law is in place that supports the behaviour of buyers.<br>• Overall, suppliers consider public buyers to behave ethically and transparently with companies. Processes have always been transparent.<br>• There is open communication during market exploration (pre-tendering), and fair approach on tender criteria (bidder questions and answering) during tender phase. | Establishing and maintaining professional relationships is only possible if the procurement staff is willing to communicate. |

## Private procurement

| Positive feedback | Negative feedback |
|---|---|
| • Established suppliers in Austria have good customer relationship management.<br>• There is open communication during market exploration (pre-tendering), and fair approach on tender criteria (bidder questions and answering) during tender phase. | Relationships are influenced by competition. |

# Needs and expectations

## Public procurement

| Positive feedback | Negative feedback |
|---|---|
| Most of the tender material is very comprehensive. | • Moving away from price as the single decisive factor would be desirable.<br>• Lack of transparency at times in direct acquisition (non-public tenders).<br>• Logistics details are not included in calls for tenders. |

## Public procurement

| Positive feedback |
|---|
| Compared to regular tenders, private tenders are seen as more open for / more focused on innovative solutions/ products. |

# Sustainability requirements

## Public procurement

| Negative feedback |
|---|
| • More time is needed to develop harmonised sustainability criteria.<br>• It should be made clear what the supply chain law (Lieferkettengesetz) entails. Better understanding of sustainability and relevant laws could help focus on sustainability questions with added value. |

## Private procurement

| Negative feedback |
|---|
| • It should be made clear what the supply chain law (Lieferkettengesetz) entails. Better understanding of sustainability and relevant laws could help focus on sustainability questions with added value.<br>• There is a lack of concrete sustainability criteria. |

[18] *Contracting authorities responding to the survey did not answer all 186 questions in the survey.*

# Innovation promotion

## Public procurement

| Negative feedback |
| --- |
| • There is often no opportunity to enter tenders with innovative products/services because the demand is too small to include them in a tender, at least initially.<br>• In most tenders, only existing products are considered; alternative offers are not accepted; and the entire "tool-box" of different types of tenders is not yet utilised. For instance, product handling (e.g. through innovative application devices) is not considered as tender criteria. This is because various calls reference existing customers and product deliveries, which contradicts the inclusion of new products. |

## Private procurement

| Positive feedback | Negative feedback |
| --- | --- |
| Compared to regular tenders, private tenders are seen as more open for / more focused on innovative solutions/products. | There are also opinions that the private sector is less open for innovation. |

# Barriers identified

## Public procurement

### Pricing is more relevant than quality and security

Suppliers consider that the willingness of public procurers to switch from purely price-orientated to value-based procurement is largely lacking. From the suppliers' perspective, there is a lack of mid-term perspective.

### Substantial bureaucratic efforts

From the suppliers' perspective, substantial bureaucratic efforts are required, but timelines are often very short. Hence, the capacities are often missing to deal with various tenders at one time.

### Decisions are not fully transparent

Suppliers consider that decisions are for instance, the scoring mechanisms for criteria beyond price are often not known.

### Unclear requirements

Requirements on reference projects are sometimes unclear, and there is a lack of references for newly introduced products.

### Non-application of market explorations

From the suppliers' perspective, market explorations are very often not applied prior to tenders, although they could help provide the purchasing organisation with a better overview.

## Public procurement

### Too much price-oriented

From the suppliers' perspective, there is too much focus on prices instead of added value for the user or patient. More consideration should be given to mid-term perspective.

### Need for cross-border businesses

There should be more cross-border businesses. Private institutions with headquarters in other countries tend to focus on purchasing in other countries but request services locally.

# Success stories

## Public procurement

### Dedicated tender department

Establishment of a dedicated tender department was considered necessary (despite the high additional costs) and could advance processes on suppliers' tender participation.

### Useful local field service

Availability of a local field service that can reach out to customers in the public healthcare sector very quickly in case questions, problems or complaints are raised.

### Test of innovative products

Innovative products are normally first tested on a small scale, for example for clinics, to find out whether it is a relevant product for the subsequent tender.

### Openness for dialogue

### Competitive pricing

## Private procurement

### Long-term relationships

Continuous customer relationship management was considered a success, as long-term relationships tend to be more important than for public buyers.

### Wide range of products offered

International companies can offer a wide range of products and show example case studies.

[18] *Contracting authorities responding to the survey did not answer all 186 questions in the survey.*

# Covid impacts and best practices in Austria[19]

## Main challenges faced during Covid crisis

## Institution, public and private procurement perspectives

### Institution, public and private procurement perspectives

Ensuring the availability of critical items
Even before COVID-19, there was a dependency on individual suppliers, which was the cause of delivery problems and higher prices in public procurement during COVID-19. At the beginning of the COVID-19 crisis, it was almost impossible for the purchasing department to procure the urgently needed goods, as there was a shortage of goods and supplies. In some cases, companies were not supplied if they did not have a valid contractual relationship at the time. In addition, demand led to fierce competition for available items between procurers in Austria and abroad.

### Ensuring quality despite supply bottlenecks

The inspection of the required quality of the delivered products had to be properly carried out and documented despite the crisis. Dealing with a wide variety of certificates and test protocols also posed a challenge. This resulted in many legal disputes that continue to this day. At the same time, the administrative workload increased massively.

### Short-term adaptation of contracts

Regulations on fixed prices and price adjustment clauses had to be redeveloped, as no offers could be made under conventional regulations due to daily prices or even hourly prices.

### Speed of procurement and competition

Procurement in crisis mode required quick decisions in purchasing, as otherwise there was a risk of not being able to guarantee the availability of individual products. This was exacerbated by the simultaneity of the crisis, which meant that buyers were in competition with other organisations in the country (or in Europe or other regions of the world).

### Compliance with public procurement law delayed the process

Despite the extremely volatile market, the provisions of public procurement law were complied with. Some traditional procurement instruments were too slow and too sluggish to keep up with the necessary speed for procurement or to capture extreme fluctuations. Existing contracts had to be re-tendered as contract amendments were often not possible.

### COVID-19 therapeutics

Procurement of COVID-19 therapeutics was conducted by the federal Ministry of Social Affairs, Health, Care and Consumer Protection (BMSGPK). Generally, the federal government does not procure and distribute medicinal products. However, due to the urgency of the situation, exceptions were made. To provide a legal framework, COVID-19 legislation was enacted (it expired on 30 June 2023). During the procurement of COVID-19 therapeutics the BMSGPK faced several challenges:

- The number of medicinal products suitable for the treatment of COVID-19 infections was limited, some of the products had not yet been approved by the EC (EMA).
- Suppliers of these products insisted on exclusive negotiations with the centralized bodies/organisations, generally represented by the BMSGPK.
- The COVID-19 crisis response unit took over the necessary procurement processes in the first phase of the pandemic (2021/2022).

[19] *In addition to limited responses to the survey, this section was elaborated during a focus group process consisting of representatives from institutions, contracting authorities and private procurers..*

However, due to the creation of a new central procurement path, the COVID-19 crisis response unit could not make use of established processes and expertise of regular procurement bodies.

- Other challenges arose primarily from the fact that the therapeutics were still in the authorisation process and subsequent procurement decisions could therefore not be based on sufficient clinical evidence.
- Additionally, due to the constantly evolving situation during the pandemic, it was difficult to accurately predict the development of the epidemiological situation. This complicated the estimate of the quantities of product that needed to be procured.

### Procurement of healthcare products & services with the highest risk(s) identified during COVID-19 crisis

Different challenges in different phases of the pandemic

- The COVID-19 crisis has not been uniform, which is why the challenges that needed to be addressed depended on the respective phase of the pandemic. In the initial phase, this primarily concerned protective equipment and medical consumables. In general, it was observed during the pandemic that non-locally/non-regionally produced products could be delivered less frequently and cross-border services (due to entry regulations) could be provided less frequently (or not at all).
- SARS-CoV-2 (COVID-19) testing
- The political desire in Austria for the widest possible range of tests (especially gargle tests) has led to an availability issue. There were also reviews and legal disputes with providers in this newly created market. In the case of rapid antigen tests, newly developed products and ongoing product adjustments (due to virus variants) initially led to a product bottleneck and then to cut-throat competition.
- COVID-19 therapeutics

There was uncertainty regarding the quantity required and longer-term applicability.

## Supplier's perspective

### Main challenges faced by suppliers during the COVID-19 crisis (bid offer, both public/private)

- **Raw material price increases**
  It was difficult to maintain the prices specified in the tender due to substantial raw material price increases. Reduced logistics chains created challenges for delivering goods. At the same time, there were requirements on binding offers for quantities that were not available, combined with penalties.
- **Online settings**
  If it was necessary to conduct training for products, it was extremely difficult to carry out practical examples online.
- **Counterfeit products**
  Invitations to tender for Covid compliant products were drawn up without an acceptance guarantee, which meant that many well-known manufacturers did not submit a bid. However, public buyers got in contact and sometimes even signed contracts with suppliers newly entering the market and sometimes operating without appropriate licenses. As a result, counterfeit products appeared on the market in some cases.

# New procurement practices due to Covid crisis

## Institution, public and private procurement perspectives

- **Contract conclusion phase** - Compared to pre-Covid, there is now more emphasis on ensuring the greatest possible security of supply in the procedural documents while determining suitability, selection and best bidder. After the crisis, the structure on the contractor side was further diversified to reduce dependencies and to prevent 'market collapse' in the worst-case scenario if individual suppliers with a large share fail. In connection with this, more attention is being paid to production and warehousing in Europe, and these aspects are being included in the contracts. The contracts are now more flexible. More consideration has been given to price changes due to unforeseeable events. Price development clauses (especially in volatile markets) had to be reconsidered so that suppliers would participate again, as there were major concerns about new price instability; in addition, the technical requirements in the lot procedure were strengthened.
- **Contract execution phase** - In the event of non-compliance with contracts, penalties are increasingly applied ('penalisation'). There are requirements to maintain a basic stock that guarantees operational reliability, even if unforeseeable peaks are reached. Controls on suppliers have been stepped up and economic performance is scrutinised more frequently.
- **Evaluation phase** - The fulfilment of the order was already subject to a strong evaluation before the pandemic; only fine adjustments were made in this regard.
- **COVID-19 therapeutics** - As of 2024, only one speciality medicine for the treatment of COVID-19 infections is available, therefore no changes about contract conclusion, execution, and evaluation phase were observed. The legal framework of the BVergG 2018 applies.
- **Other** - There has been a reduction in the number of manufacturers as the crisis has led to a market consolidation. In addition, insisting on contract durations in volatile markets meant that many suppliers were no longer prepared to provide corresponding price guarantees; this contributed to a further market consolidation (in some cases monopolisation). In addition, the creation of a federal warehouse for critical supplies was unthinkable before COVID-19.

# New policies implemented in the Healthcare procurement

## Institution, public and private procurement perspectives

### Federal Procurement Act 2018

The Federal Procurement Act 2018 continues to represent the applicable legal framework, and public procurement in the healthcare sector is supported by implementation measures and action plans.

### Exchange Platform

An information exchange platform has been established between procurement organisations (federal government, federal states and BBG) for crisis management in the healthcare sector.

### Sustainable public procurement action plan

The Austrian action plan for sustainable public procurement (naBe) aims to support contracting authorities in sustainable procurement by defining specific requirements for 16 procurement groups for the general standard of Section 20 (5) BVergG 2018 on green procurement. These procurement groups are general consumables (office supplies, sanitary paper, lamps), durable products & capital goods (e.g. electrical appliances such as ovens, televisions and IT equipment, textiles) or construction equipment.

# Best practices

| Best Practices promoted by public procurers in response to the Covid-19 crisis | | |
|---|---|---|
| **Crisis as an enabling factor** | **Utilisation of established tools and distribution channels** | **Making the portfolio more flexible** |
| The crisis made it possible for the first time to carry out joint procurement for a crisis warehouse. Contracting authorities became more aware of the support possibilities offered by joint procurement. | For the operational handling of the distribution and logistics of vaccines, it was possible to fall back on already established tools and distribution channels. No new solution had to be developed, as vaccination centres were able to access COVID-19 vaccines via the BBG's e-vaccine shop. The same applies to the distribution of masks and disposable gloves for the private practice sector. | Framework agreements/contracts are concluded for all essential products and services and flexible contract design options are provided. |

# Conclusions

## Future of the national public healthcare system in Austria[20]

## Notable changes and trends of the healthcare system in Austria

### Institution, public and private procurement perspectives

**Cooperation between contracting authorities**

There is an increasing exchange between purchasing departments, and the focus is increasingly on cooperation. One example are informal purchasing cooperatives, which help to mitigate supply peaks more effectively than centralised warehouses.

**Greater involvement of procurement institutions in planning**

The centralised distribution of goods procured at federal level would not have worked without the established structures of the hospital operators, as - apart from the Austrian Armed Forces and the Red Cross - no consistent nationwide structures and processes existed at the time of the crisis.

**Stronger coordination between healthcare providers and sectors**

The Austrian healthcare system is fragmented in terms of financing and service provision. However, as the challenges cannot be considered and solved in isolation (e.g. the requirements of demographic change and an ageing population are relevant across all sectors), coordination and strengthening of preventive medicine are necessary.

**Urban-rural divide**

Demographic change is happening at various levels and is leading to a further differentiation of the population structure between urban and rural regions. The needs between the regions are developing differently, and it is becoming increasingly difficult to maintain access to healthcare, particularly in rural regions. As part of the EU Recovery and Resilience Plan (RRF), EUR 100 million has been earmarked for the expansion of primary care in Austria.

**Specialisation of procurement agencies**

In recent years, the requirements for public procurement have grown steadily, and the large number of objectives that are to be covered by qualitative criteria are becoming increasingly difficult for public procurement organisations to achieve. Organisations/structures are needed that can cope with the complexity of the treatment on the one hand and the requirements of procurement (consideration of various criteria such as environmental protection, employee protection) on the other.

**Greater relevance of auditing**

The procurement environment is extremely dynamic, and procurement systems designed in this area cannot solve challenges 'once and for all'. On the contrary, due to volatile markets, there is a need to regularly monitor/review the results of procurement. Effective control and audit systems are therefore included as indicators in international procurement assessment methods (e.g. OECD MAPS). Due to the developments mentioned above - a stronger focus on best value criteria and value-based procurement - it is

[20] *In addition to responses to the survey, content for this section was extracted from a focus group process consisting of representatives from institutions, contracting authorities and private procurers.*

necessary to regularly analyse whether the set targets have been achieved. This can be done by official auditing bodies (e.g. Court of Auditors), ensuring that the intervals and number of audits allow for a target-orientated evaluation. Alternatively, this can be carried out by internal auditing bodies, with standards and processes defined to ensure their implementation.

## Supplier perspective

### Digitalisation and digitisation (Austria's e-health strategy)

Digitalisation and digitisation are important trends, which are also addressed in the new Austrian e-health strategy (published in June 2024).

### Demographic shift

There is a focus on finding solutions for an aging population and finding solutions for being able to finance the sector. The ageing of the population generates increased needs and demand, especially in the basic supply of medicines to people. To ensure this supply in the long term, reforms are needed in the reimbursement system and procurement processes.

### Lack of incentives to ensure security in supply

A trend towards a "race to the bottom" in prices can still be observed. Suppliers believe that incentives are necessary to make the market appealing and to secure investments in regional production.

### Improvement of medical techniques and technology

Medical techniques and technology have developed at a faster rate than structures and financing systems in the healthcare sector. While the healthcare sector has been an attractive employer, working conditions in some areas have become unattractive, leading to a shortage of human resources (e.g. nurses, practitioners under contract of public health insurance). Due to bottlenecks in ambulatory services, the number of hospital patients is constantly increasing, which leads to disproportionate cost increases.

### Procurement practices and cost pressure shaped supply side/ supply chain

An increase in price pressure can be observed, but no long-term solutions exist yet. In addition, there has been a decrease in innovative drugs that made it to the market, less production took place in Europe, and there is increasing dependence on China and India.

### Other trends

There is increasing focus on ambulatory services. Suppliers also see an opportunity to better cope with insufficient resources of healthcare staff by improving processes in the healthcare system through technology, digitalization and process management. Other trends and important developments mentioned by suppliers included the increasing number of practitioners focusing on private / out of pocket services; the European AI Act; supply chain due diligence; and the need for an improved reimbursement process to provide access to modern products and services for patients.

# Future of the healthcare procurement environment in Austria[21]

# Notable changes and trends of the healthcare procurement environment in Austria

## Institution, public and private procurement perspectives

### Increasing/advancing digitalisation

A larger number of processes/tasks are being carried out digitally. On the one hand, this represents a challenge for employees at the operational level of procurement to meet the requirements of digitalisation. On the other hand, this also means that a larger number of software products are being put out to tender (e.g. relating to tele-rehabilitation or telemedicine). In the areas of diagnostics, laboratory, rehabilitation, etc., this has already led to an expansion of the procurement spectrum about new software and interface solutions to existing systems.

### Provisions of public procurement law

There is a need to consider the compatibility of data protection requirements with public procurement law, particularly in case of new (innovative) solutions. Provisions of public procurement law are cumbersome in crisis situations in individual cases but offer a corresponding spectrum for emergency procurements/exceptional cases in emergencies.

### Internet of medical things / cloud solutions

The internet of medical things relates primarily to products/activities in which data is automatically generated and transferred to programmes for evaluation, e.g. various sensor patches (temperature measurement, blood glucose measurement, wound healing). These processes take place in provider-specific cloud solutions and - apart from data protection aspects - the question arises as to how data transfer can be ensured from the user's perspective when changing providers.

### Procurement should correspond to clinical requirements and not the other way round

The procurement of medicinal products requires close coordination with scientific and medical societies that are involved in the development of (internal or external) guidelines or quality standards. In this way, the procurement of medicinal products can be adapted to the requirements of clinical practice.

### Increase in additional administrative workload reduces participation of small and medium-sized enterprises

Public procurement/procurement in general, and in the healthcare sector in particular, has become increasingly formalised. This represents an increasing hurdle for small and medium-sized enterprises. In addition, purchasing departments in public procurement organisations can no longer carry out award procedures without legal support due to increased willingness of companies to raise objections and pursue legal action.

### Spill-over effects from other areas

In recent years, there have been more stringent requirements around procurement law due to increased transparency requirements and legal requirements (especially at EU level). This has led to stricter rules, which sometimes place high demands on smaller market participants, but are considered generally sensible in terms of economical, efficient and appropriate budget management.

[21] *In addition to limited responses to the survey, content for this section was extracted from a focus group process consisting of representatives from institutions, contracting authorities and private procurers.*

### Market is more volatile and more competitive

Price changes can be unpredictable due to political developments and can take on substantial scale. In addition, there has been a reduction in the number of manufacturers in recent years. As other public procurers are confronted with the same situation, this often leads to excess demand and a shift in market power towards the seller's market.

### Increasing use of framework agreements

From the procurement procedure defined in the 2018 Federal Procurement Act, procurement practice in the healthcare sector is increasingly moving towards framework agreements (agreement without purchase obligation between one or more contracting authorities and one or more contractors) in open procedures (unlimited number of contractors are publicly invited to submit bids). It should be noted that an analysis of TED data for public procurement of medical technology products (i.e. various forms of medical equipment and medical consumables) found that Austria had the lowest share of open procedures compared with 14 other European countries (39% of tenders posted on TED, 2021-2023).

### Different sources of funding reduce predictability

In Austria, there has been discussion over the best 'point of administration' for individual therapies in recent years. Shifting treatment and/or maintenance therapy from inpatient or outpatient-inpatient settings to lower-threshold care levels would be conceivable in many cases but has led to extensive discussions due to the dual financing system in Austria. As the outcome of the discussions is principally open-ended, this also reduces the ability to plan the conclusion of agreements for individual drugs/indications.

## Supplier perspective (on public procurement)

### General considerations on public procurement in the healthcare sector

Public procurement for medicinal products in Austria currently only affects hospital or institutional purchasing. The reimbursed retail sector is regulated via the reimbursement code. No significant changes to procurement structures for the reimbursement market in retail segment are foreseen. The introduction of a tender or tender-like system is unlikely. In the hospital market, there has been increased pressure in recent years, e.g. from the Austrian Court of Audit (Rechnungshof), to carry out procurement in compliance with procurement law. Until now, procurement has been carried out through heterogeneous tendering processes. The first award procedures have now been carried out (WIGEV, SALK, Tirol Kliniken) and, for the first time, criteria other than price have been used. This development is likely to continue.

### System-related changes and promotion of digital healthcare solutions

Suppliers see notable trends and developments in the promotion of digital healthcare solutions; expansion of local solutions (with nurses) in the outpatient sector (extramural); expansion of local solutions like "Primärversorgungszentren" (primary care centres) and ambulatories; and continuous harmonisation within health insurance.
Cost containment related to demographic shift
Healthcare systems face cost-pressure, particularly due to demographic and organizational challenges. On the other hand, medical technology and advanced products and services (e.g. digitalization) offers multiple possibilities to increase quality of services without proportional increase of costs for the public systems.

### More focus on sustainability and supply security instead of solely focussing on the price

From the supplier perspective, moving away from price-only award criteria would support public procurement to focus on quality, innovation and sustainability instead of short-term costs only. Sustainability (particularly environmental criteria) slowly gain importance in public healthcare procurement. Clear guidelines (and legislation on minimum standards) are still missing in this topic, resulting in uncertainty for suppliers and healthcare institutions. While a trend towards stronger focus on quality, innovation, and sustainability can be observed in legislation and in certain sectors, overall public procurement practices still focus primarily on costs (unit prices) instead of lifecycle costs, outcome-based costing, etc.

### General considerations on changes in healthcare public procurement

From the supplier perspective, in the retail sector, there have been only few significant changes to the reimbursement process in the last 15 years. Adjustments include a separate, temporary price regulation for biosimilars and the so-called price corridor regulation (regulating prices of generic and biosimilar products included in the code of reimbursement). At the same time, administrative practice was considered to have become increasingly restrictive, resulting in initial discounts for generics significantly higher than 50%.
Suppliers also consider that few things have changed in hospital procurement, although some individual procurement procedures have now been conducted that follow the procurement law process. The 9 state hospital operators and the private supra-regional operators still predominantly procure via price lists requested annually from the suppliers. In most cases, only one supplier is included in the formulary for an active ingredient and the price usually remains the only listing criterion.

### The number of public tenders has increased over the past years

While there was a strong focus on security of supply particularly during the COVID-19 pandemic, many tenders are designed as framework agreements without minimum quantities resulting in uncertainties for both suppliers and healthcare institutions.

### Paradigm change in evaluation criteria

A slow development from pure price-driven tenders to (in parts) quality-driven criteria could be observed. However, in most cases, costs and pricing remain the main deciding factor.

### Skilled employees of suppliers

From the supplier perspective, it has become increasingly important to have skilled employees. For instance, it became an increasingly crucial factor to assure correct application of products and services by the users, which requires for training and consultation concerning products and services. Tenders sometimes foresee related criteria to assure availability of those crucial resources. However, there is still room for improvement as pressure on human resources in healthcare institutions is constantly rising and therefore demand for those (additional) services is also rising.

### System-related changes

These include the introduction of the first individual primary care centres and ambulatories, the start of first prescription by nursing staff (since 1.1.24), and the beginning of the implementation of ELGA (electronic health record). Additionally, a register for medical trading companies has been established. During the pandemic, standardised procurement processes were enforced nationwide, which can support the necessary security of supply even in non-crises times. There has also been a reduction and consolidation of the various healthcare systems and, to some extent, their processes.

# Suppliers perspective (on private procurement)

## General considerations on healthcare private procurement

### General considerations on healthcare private procurement

The private healthcare market is characterised by an increase in the number of private or elective doctors, while the number of physicians with a contract with statutory health insurance remains essentially unchanged. However, this does not affect purchasing. Some private hospitals also generally have public law status and procure medication in a manner like that described above. By investing in new technology and quality products and services, private healthcare institutions try to differentiate themselves from others (including public healthcare institutions) to attract both patients and healthcare professionals. Budgeting that is less focused on fiscal years offers more flexibility, which is also reflected in purchasing processes.

### Paradigm shift also takes place in private-owned institutions

Population ageing requires new systems to maintain population health. Prevention and further approaches are necessary to enable people to remain in the workforce for much longer.

### Increasing relevance of digital solutions

Digital solutions can be used in prevention but also for therapeutic approaches.

### Private procurers tend to have higher cost awareness than public procurers

There tend to be more multinational purchasing efforts in the healthcare sector compared to public procurement. Decisions are based on economic factors, with an increasing emphasis on sustainability.

### Private sector is an early adaptor of technological changes

The private sector is considered faster at developing and implementing digitalisation and quality-focused procurement. Private insurance companies are more familiar with new medical applications than public systems providers.

### Reduction of transaction costs (particularly search costs)

The availability of information improves the bargaining power of negotiation partners. In the past, searching for information related to alternatives required additional effort, leading to more pressure from suppliers and harder conditions.
Multinational purchasing efforts

# Major lessons learned by procurers in Austria

## Summary of main challenges identified in public/private procurement of healthcare products and services in Austria

| Challenge | Description |
|---|---|
| **Ensuring the availability of critical items** | The dependency on individual suppliers during the COVID-19 crisis led to delivery issues and higher prices. As a result, it was almost impossible for purchasing departments to procure urgently needed goods due to a shortage of supplies. |
| **Ensuring quality despite supply bottlenecks** | During the COVID-19 pandemic, dealing with a wide variety of certificates and test protocols posed a quality challenge, resulting in many legal disputes and an increased administrative workload. |
| **Short-term adaptation of contracts** | Regulations on fixed prices and price adjustment clauses had to be redeveloped. |
| **Speed of procurement and competition** | Procurement in crisis mode required quick decisions in purchasing. In this context, buyers were in competition with other organisations within the country, as well as in Europe and other regions of the world. |
| **Compliance with public procurement law delayed the process** | The experience of the COVID-19 pandemic showed that some of the traditional procurement instruments were too slow to keep up with the necessary speed for procurement. |
| **Procurement of COVID-19 therapeutics** | In principle, the federal government in Austria is not responsible for the procurement and distribution of speciality medicines. However, COVID-19 legislation was enacted to address this, which ended on 30 June 2023. Challenges in the procurement of COVID-19 therapeutics included a lack of treatments and clinical evidence, supplier negotiations, time pressure and critical procurement timelines, lack of product availability, and difficulty in predicting the epidemiological situation. |
| **Different challenges in different phases of the pandemic** | The COVID-19 crisis has not been uniform, which is why the challenges that needed to be addressed depended on the respective phase of the pandemic. During the pandemic, non-locally/non-regionally produced products could be delivered less frequently, and cross-border services (due to entry regulations) could be provided less frequently (or not at all). |

# Summary of new procurement practices & new procurement policies implemented due to Covid in Austria

| New practices | Description |
|---|---|
| Contract conclusion phase | Ensuring the greatest possible security of supply in the procedural documents while determining suitability and selecting the best bidder. This includes diversification of suppliers, emphasising the importance of local suppliers and production, implementing more flexible contracts, reconsidering price development clauses, and enforcing more stringent technical requirements. |
| Contract execution phase | In cases of non-compliance, penalties are increasingly applied.<br>It is now mandatory to maintain a basic stock, and tighter controls on suppliers have been implemented, including economic performance analysis. |
| Evaluation phase | The fulfilment of the order was already subject to a thorough evaluation beforehand; only fine adjustments were made in this regard. |
| Other | There has been a reduction in the number of manufacturers as the crisis has led to a market consolidation. In addition, many suppliers are no longer prepared to provide price guarantees. |

| New policies | Description |
|---|---|
| Federal Procurement Act 2018 | This Act still represents the applicable legal situation for public procurement in the healthcare sector, along with the implementation of measures and action plans. |
| Exchange Platform | Creation of an information exchange platform between procurement organisations for crisis management in the healthcare sector. |
| Sustainable public procurement action plan | This action plan aims to support contracting authorities in sustainable procurement by defining specific requirements for 16 procurement groups for the general standard of Section 20 (5) BVergG 2018 on green procurement. |

# Summary of best practices in Austria

**Public/private procurers**

| Best practices | Description |
|---|---|
| **Crisis as an enabling factor** | Joint procurement has been carried out for the first time for a crisis warehouse and is considered a useful procurement tool for public procurers. |
| **Utilisation of established tools and distribution channels** | The use of existing distribution channels for the logistics of vaccines, masks and disposable gloves have been very efficient during the crisis. |
| **Making the portfolio more flexible** | Framework agreements/contracts are concluded for all essential products and services and flexible contract design options are provided. |

# Sources of the ID Card

- **Matrix**[22]
  - Questionnaires filled by Contracting Authorities
  - Questionnaires filled by Private Procurers
  - Questionnaires filled by Suppliers
  - Questionnaires filled by Institutions

[22] *Note that some contracting authorities, institutions, and private procurers provided responses to selected questions during a focus group and did not fill out the questionnaire.*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