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Centre's health scheme goes paperless

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New Delhi: The Central Government Health Scheme, a health ministry arm which serves over 4 million beneficiaries in 25 cities, has managed to break free of the alleged net of local chemist cartelisation by going paperless.

In what marks a turnaround in the manner in which this government organisation procures its medicine, the Delhi arm of CGHS (serving almost half of total beneficiaries), which bought over 75% of the medicine from local chemists till 2007, now procures over 75% of drugs directly from the manufacturers, through its centralised system, mainly by outsourcing the task to public sector undertakings like HSCC.

While local chemists offer a discount of around 10-12% to the government organisation, the companies give a discount in the range of 25% to 30% on the same medicines. This was possible only after the CGHS adopted the online documentation and monitoring of the end-to-end supply chain and has been able to project the demand of medicines, after analysing the consumption pattern. The online initiative is gradually being expanded to all cities. "This has also resulted in reducing the time taken to deliver the medicine to the beneficiary. Earlier, CGHS would have to start the process of procurement only after the medicine has been prescribed in dispensaries, so that the patients in most cases had to make two visits, once to be diagnosed and second time to collect the medicine.

The online documentation has helped the organisation forecast the need of medicines and thus stock drugs according to the projected demand in advance," a health ministry official told FE. "Apart from saving over 10% of procurement costs on account of higher discounts, quality issues can be better tackled when medicine is procured directly from the manufacturers. Firstly, medicine brands can be monitored and secondly, in case of any problem with the drugs, the accountability can be fixed on the manufacturer directly and immediately," the official added.

A Comptroller and Auditor General Report in 2007 had noted that out of the total expenditure of Rs 460 crore on purchase of medicines for CGHS dispensaries in Delhi during 2002-06, the value of purchase of medicines made through local chemists was Rs 366 crore, which constituted 80% of the total purchase in Delhi. Similarly, the percentage of locally-purchased medicines in CGHS Hyderabad, Bangalore, Allahabad, Patna, Kolkata, Mumbai, Pune and Guwahati during 2002-07 accounted for 74 to 91% of the total purchases.