AGENDA

1. Chilean Industry Status

2. What mean the Auge Plan to the Public Health Sector ?

3. GS1 Chile Pilot

4. Difficulties and main Issues for the project

5. What we need from the HUG Participants

Chilean Industry Status

Health Industry Status Actual

- Manufacturers
  - Near to 80 Laboratories
  - Local Manufacturers : near to 70% of Market Share, specially in generics
  - Over 95% of Selling units use EAN-13, and there is a lot of DUN-14 or Boxes Coding in Place (Near to 13.000 Product Coded and Listed in GS1-Chile Catalog)
  - No Unit Doses coding, except to Injectables in some laboratories
  - Little or no use of electronic documents in Logistics
- Distribution
  - Retail Channel it's concentrated in 3 players: Socofar, FASA and Cruz Verde   (FASA it's also an International Player), ($\approx$ 89% of Market Share, 445,5 MUS$, 150 M Units), 1.500 Shops
  - Direct Delivery to Hospitals (Private and Publics)
- Manufacturing Technology
  - Selling Box fixed Coding using Printing Facilities (and the pack the products inside)
  - Lot and Expiry Date through impact in Boxes or Additional Labels
  - Some experiments with Unit Doses Coding

Health Industry Status Actual

- **Users Public Sector**
  - 184 Hospitals, 526 Primary Centers and 1.800 Rural Centers (29.753 beds)
  - 11% of Purchasing Power for Pharma Products and Medical Devices ($\approx$ 55 MUS$, 19M units)
  - One Central Distribution Center named "Cenabast"
  - A Central Purchasing Power through web Portal "Chilecompra" (2004)
  - 80% of Population use this System ($\approx$ 12 Million)
  - 32.5M Primary Attentions and Consultancies ($\approx$ 85 MUS$), it means US$2.62/Att.

- **Use of Technology and Automation**
  - There is not Internal Process Bar Code use
  - Some Hospitals has Unit Doses Manual Machines or Process
  - Each Hospital has their proper ERP System, with some similarities between them
  - Very old technological infrastructure (and Physical also)
  - No traceability Support

What does the Auge Plan mean to the Public Health Sector ?

Auge Plan

- The system will guarantee some aspects:
  - Max Price for a Service
  - Opportunity, maximum time frame to be treated
  - Access, to all the population segments
  - Quality, Type of products, and Controls
  - 25 Diseases Initially and 52 Diseases on 2007
  - Account Transparency for the Patient

- What means this new Plan:
  - Very good process efficiency
  - Strong Cost Control and Tracking is the Key to be Profitable
  - Automation and technology where it's needed
  - Capacity to make comparisons between different Hospitals
  - Increase of 50% un Pharmaceuticals and Devices Budget

CRISIS !!

Income Curve

Cost Curve

Months
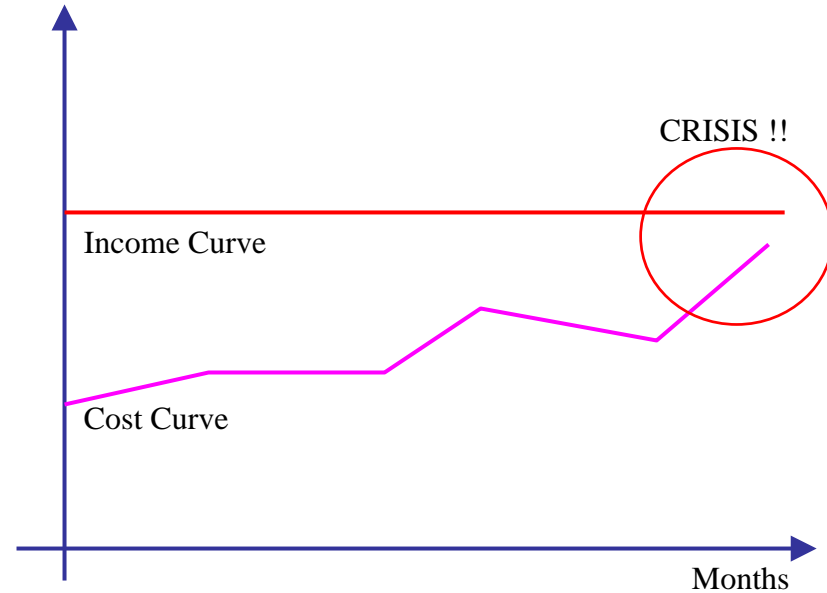
GS1 Chile Pilot

- 95% Products Coded in Our Catalog
- Suppliers Readiness
- E-commerce experience in Retail
- GS1 Global Innitiatives Aligned
- Plan Auge

Benefits for The Public System

1. To have exact registries about products flux and stocks in process

2. More efficient process, controlled and safe (in terms of patient) and with traceability capacity

3. To integrate the Supply Chain through a common language, at the same time global used and extensible to Pharmacies and Private Health Sector.

4. To have information easy to group around a unique and standard point of view (and Standard Classification)

5. Allow the Public Health Sector to take better decisions due a better and more quality information available.

Benefits for Suppliers

1. Less Dispatch/Receipt times, due the use of Package Codes and Automation in Reception Storages, and the following less dispatch errors.

2. Less (or nothing) re-labeling of products due the use of Supplier Codes as the Unique Identification Code in the System

3. Operation according international standards

4. To build solid bases to implement traceability inside the system

5. Less operational cost through a use of electronic commerce tools just in use in the retail sector

6. Less Invoice Conciliation Time

7. Better control and efficiency in the product transport process

Working Teams

Two Working Teams

Standard Classifying Team   (90% completed)
- To Define and Implement a Unique Standard Classification Scheme for the Health Public Sector in Chile
- 10 p

Bar Codes Team (3 to 5 Hospitals and Cenabast starting a pilot)
- To Implement the Standard EAN.UCC System in the Health Sector, inside the Companies working in the Piloto Effort.

- To standarize the Product Code scheme along the Supply Chain
- 30 p

Companies Involved

CENABAST

Chile compra
Chilean Buying Portal

FONASA
Public Security Organization

ISP
Public Health Institute

Health Minister

- *Hospital San Borja Arriarán (600 beds)*

- *Instituto del Cancer (350 beds)*

- *Hospital San Juan de Dios (650 beds)*

- *Hospital Roberto del Río (540 beds)*

- *Hospital Las Higueras, Talcahuano (410 beds)*
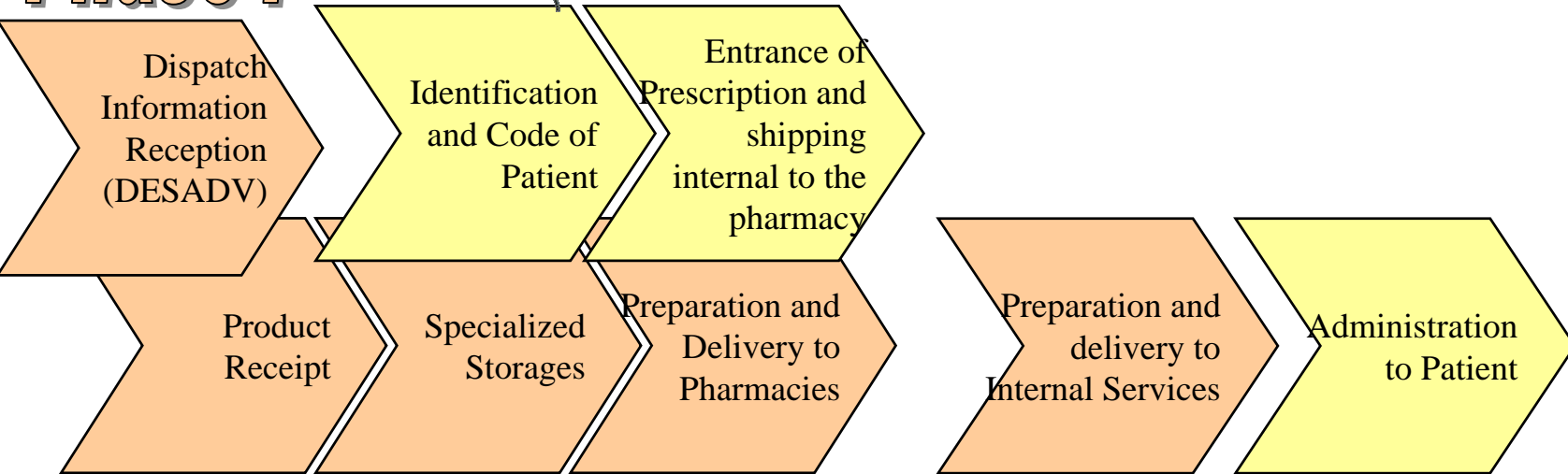
Laboratories (40)

Hospitals

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REFORMA DE LA SALUD

Phase I

Phase II

Dispatch Information Reception (DESADV)

Identification and Code of Patient

Entrance of Prescription and shipping internal to the pharmacy

Product Receipt

Specialized Storages

Preparation and Delivery to Pharmacies

Preparation and delivery to Internal Services

Administration to Patient

- Automatic Registry of Products using Technologies

- Registration of outgoing products to pharmacies, identifying each unit of destination

- Registration of salient products to the services, identifying each unit given with code that the patient will be associated with

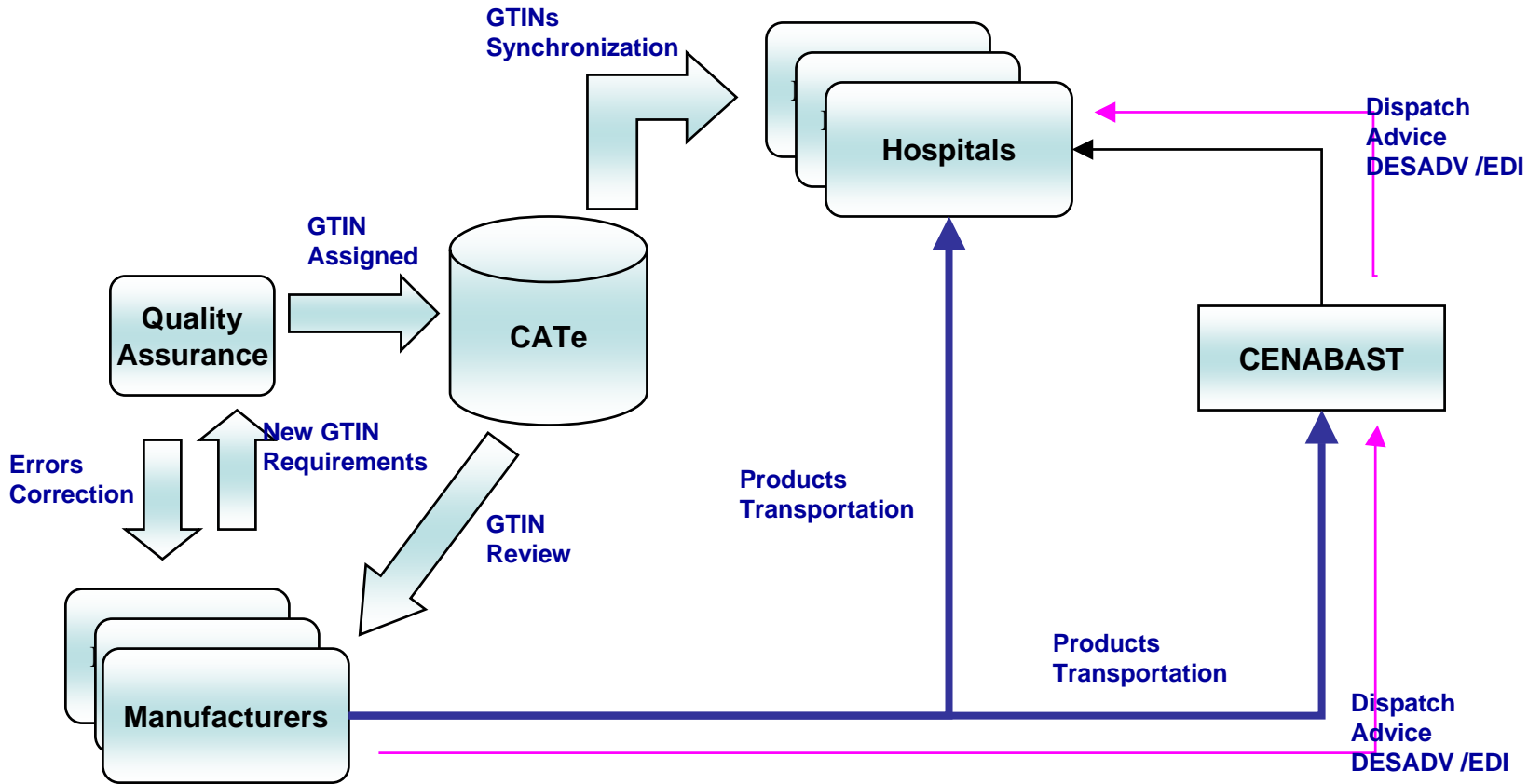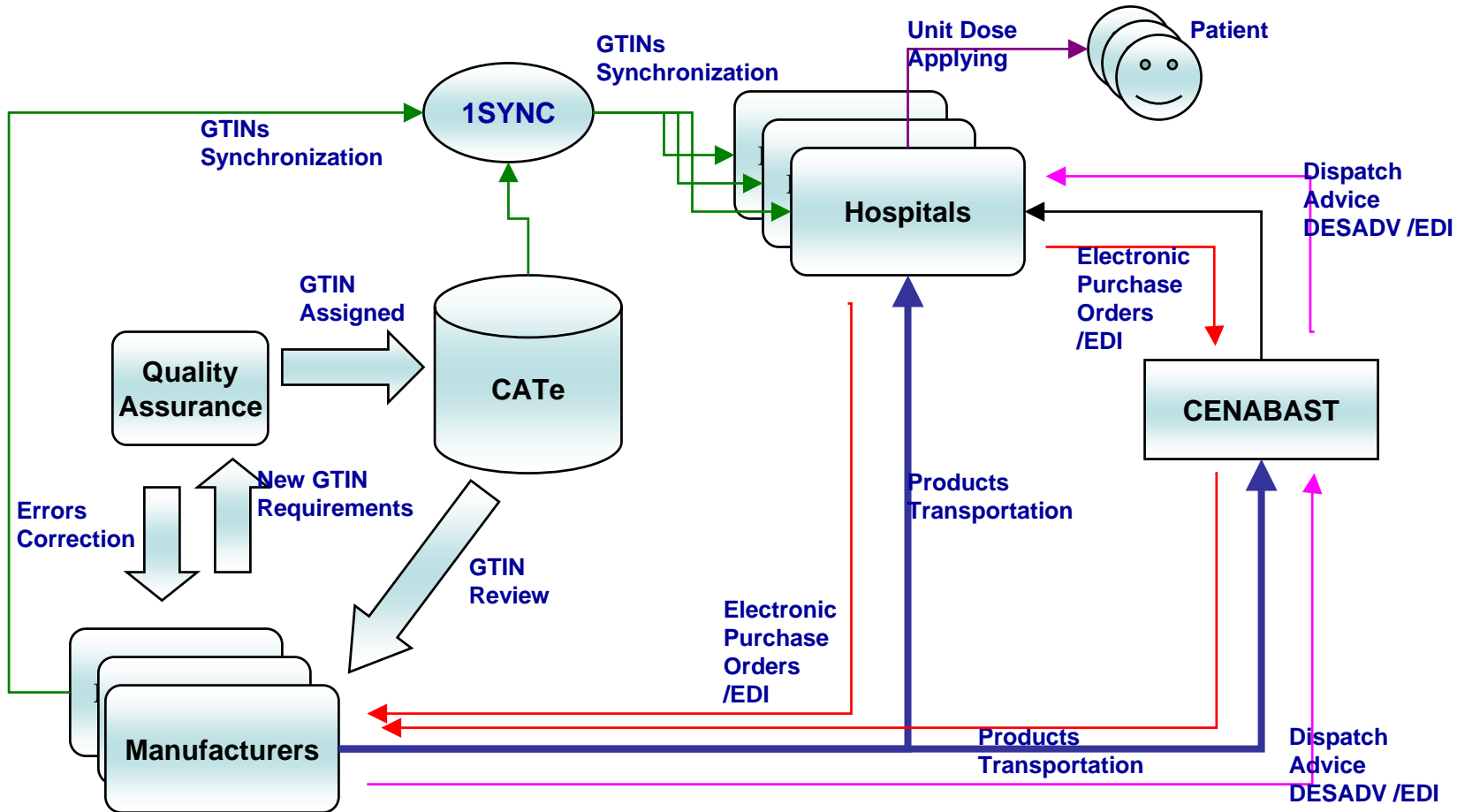- Control of supply of product to the patient

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Data Synchonization

GS1

HOSPITAL

SUPPLIER

✓

PRICE LIST (PRICAT)

INVENTORY REPORT (INVRPT)

SUGGESTED ORDER (ORDERS)

CONFIRMED ORDER- (ORDERS)

DISPATCH ADVICE (DESADV)

✓

RECEIPT ADVICE (RECADV)

✓

DTE – FACTURAS - NOTAS

GS1 Chile
Support Operation
PHASE 1

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GTINs Synchronization

Hospitals

Dispatch Advice DESADV /EDI

GTIN Assigned

Quality Assurance

CATe

CENABAST

New GTIN Requirements

Errors Correction

Products Transportation

GTIN Review

Products Transportation

Manufacturers

Dispatch Advice DESADV /EDI

INFORMACIÓN CONFIDENCIAL – TODOS LOS DERECHOS RESERVADOS

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DISPATCH UNIT

<u>Code: EAN.UCC-128 with the following information:</u>

1) EAN-13, EAN-14 – Composite
2) Lot
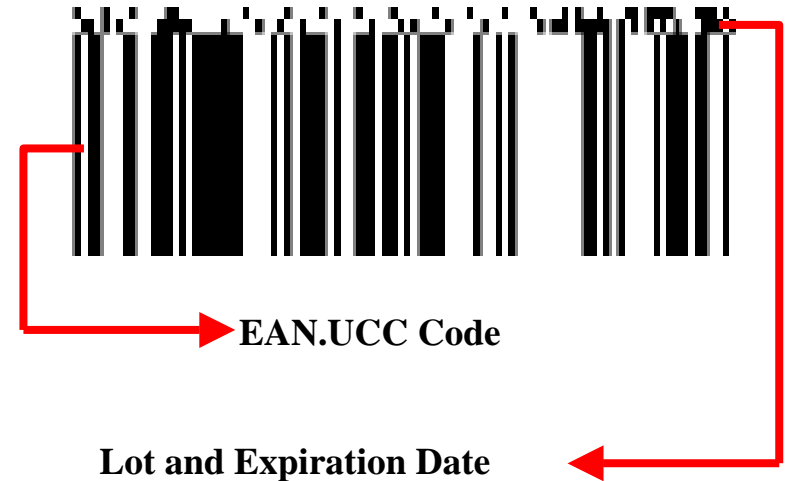3) Expiration Date
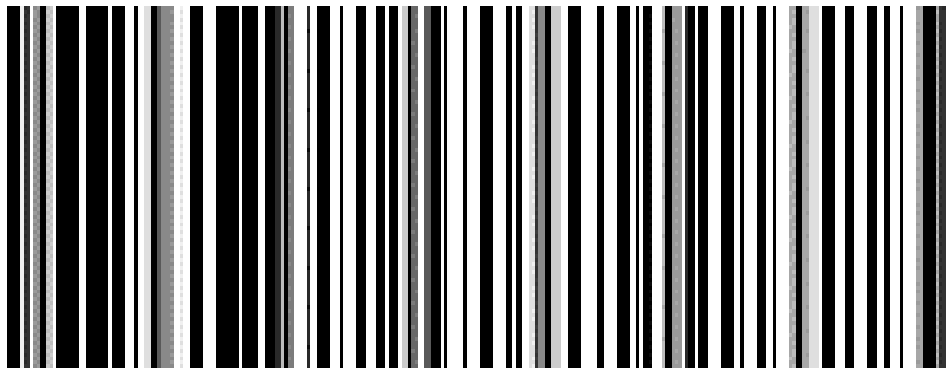
(01)4780501054321 3(10)lote1235(12)081031

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Units of Intermediate Packing

1) EAN-13 + 2D with:
2) GTIN
3) Lot
4) Expiration Date.

EAN.UCC Code

Lot and Expiration Date

Manufacturers Request
PHASE I

Single Product

1) EAN-13 + 2D with:
2) GTIN
3) Lot
4) Expiration Date.

EAN.UCC Code

Lot and Expiration Date

Unit Doses

- Ampoules/Injectables

- Unit Blister (Pills)

1) Code of the unitary Dose in Reduced Space (RSS) Symbology, when it is necessary.

2) Lot & Expiration Date (Composite Code)

Summary and Conclusions

PHASE 1:

- Code of Boxes and Units Base
- Code of Number of Lot and Date of Expiration in the packing
- Use of EAN-128, DUN-14, EAN-13 + 2D
- Electronic Message of Dispatch/Receipt Advice

NOVEMBER 2005

PHASE 2:

- Code of Unit dose or dose of administration to the patient
- Use of RSS+ Composite

DECEMBER 2005
DECEMBER 2006, IT'S A MUST

- **PHASE 1 and PHASE 2, will require a Project Leader like tally of each Manufacturer/ Supplier**

# Difficulties and main Issues for the project

Difficulties….

- In the beginning, no one knows about GS1 Standards

- The support in the implementation phases must be closely to Hospitals

- We found many problems in the Master Files of Laboratories, because customers started to use it directly.

  - We implemented an Emergency Task to Clean and Correct the Products Data, including a field task force removing more than 2.500 products in Hospitals and Distribution Center

- Manufacturers must be involved in early stages, but after hospitals working teams are in place.

- It's a good idea to start Visiting Manufacturer's Facilities to Assess the Real Challenge for them, to PHASE 1 and PHASE 2, from the beginning

- *If you don't have an Industry over 90% ready and a Centralized Catalog Ready, forget about an initiative like this.*
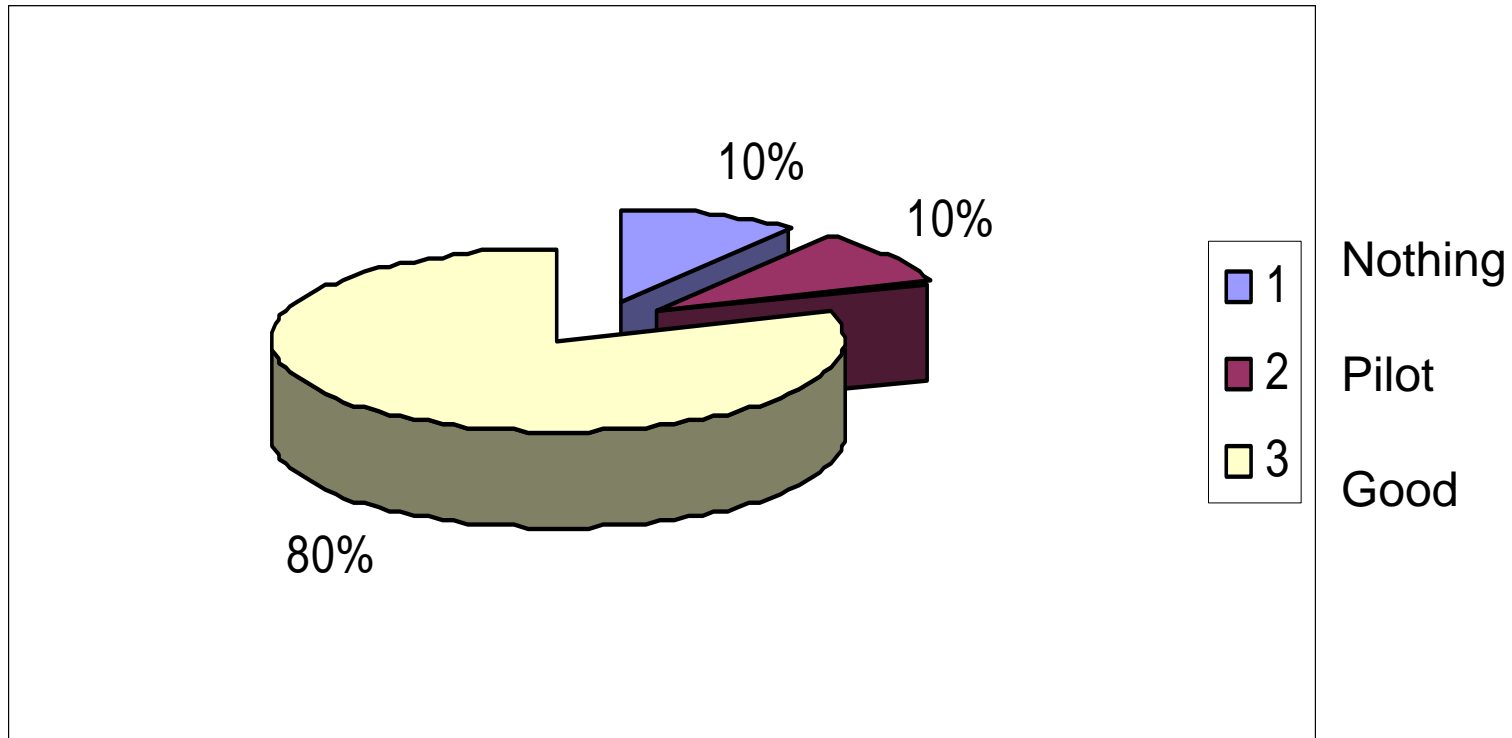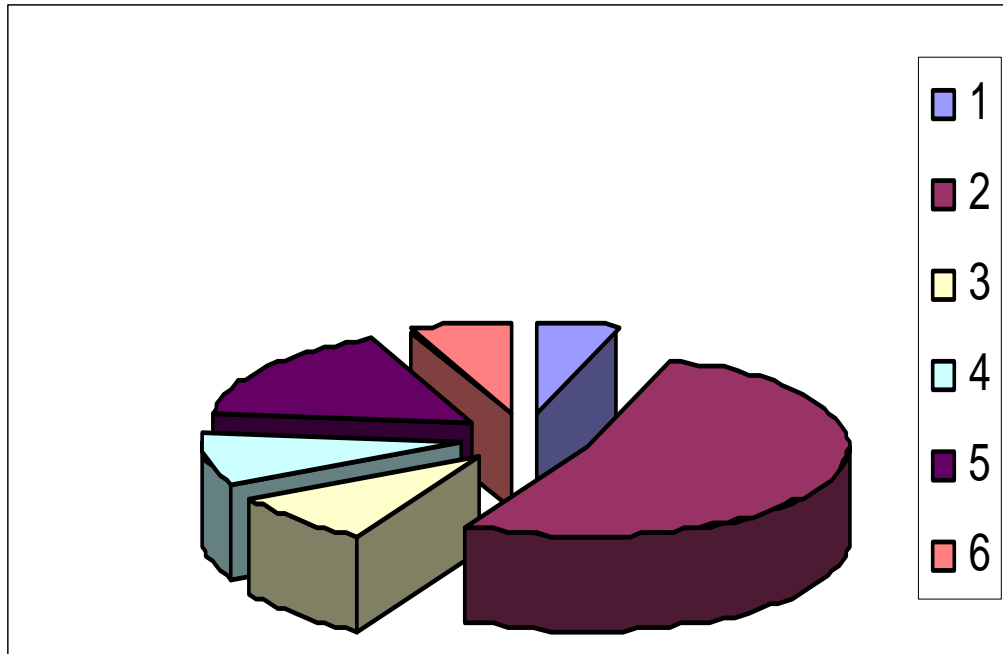
Some Results….

Awareness of the Project

Corporate Compromise

10%

10%

80%

■ 1	Nothing
■ 2	Pilot
■ 3	Good
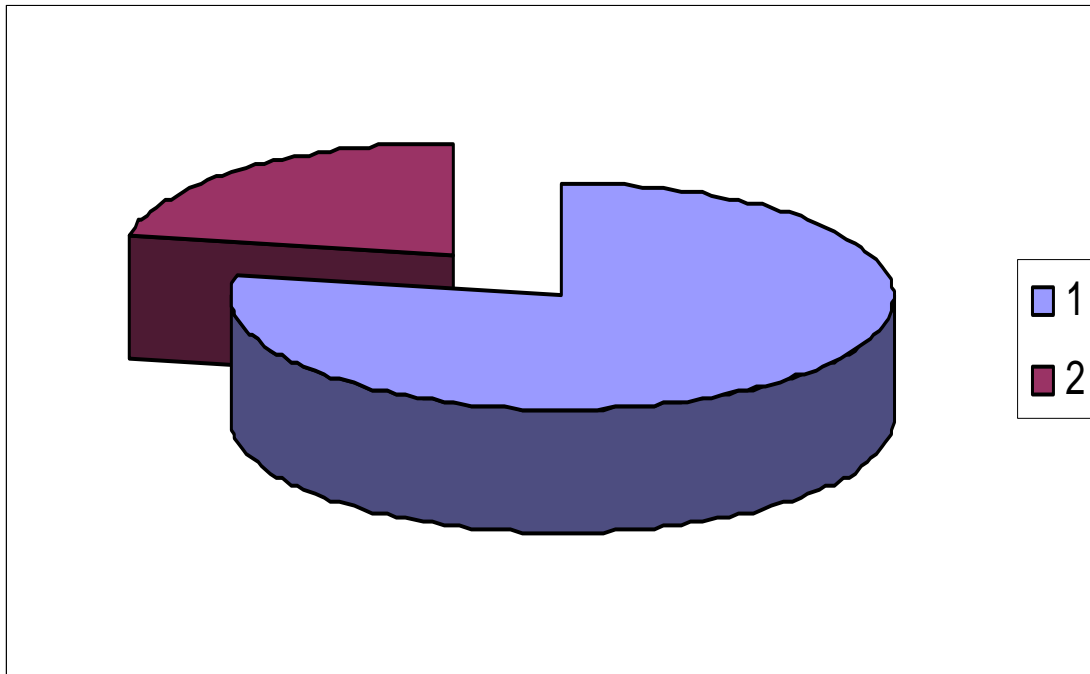
How do they enter their Purchase Orders?

1. email		5%
2. **Fax**		**53%**
3 & 4, EDI/ComercioNet		24%
5. B2B		17%
6. Sales People		1%

Opportunity to Save Costs by means of the use of electronic documents

How do they make the process of conversion of codes in the Purchase Order processing?

■ 1	Manual	60%
■ 2	Automatic.	10%
■ 3	Mixed	30%
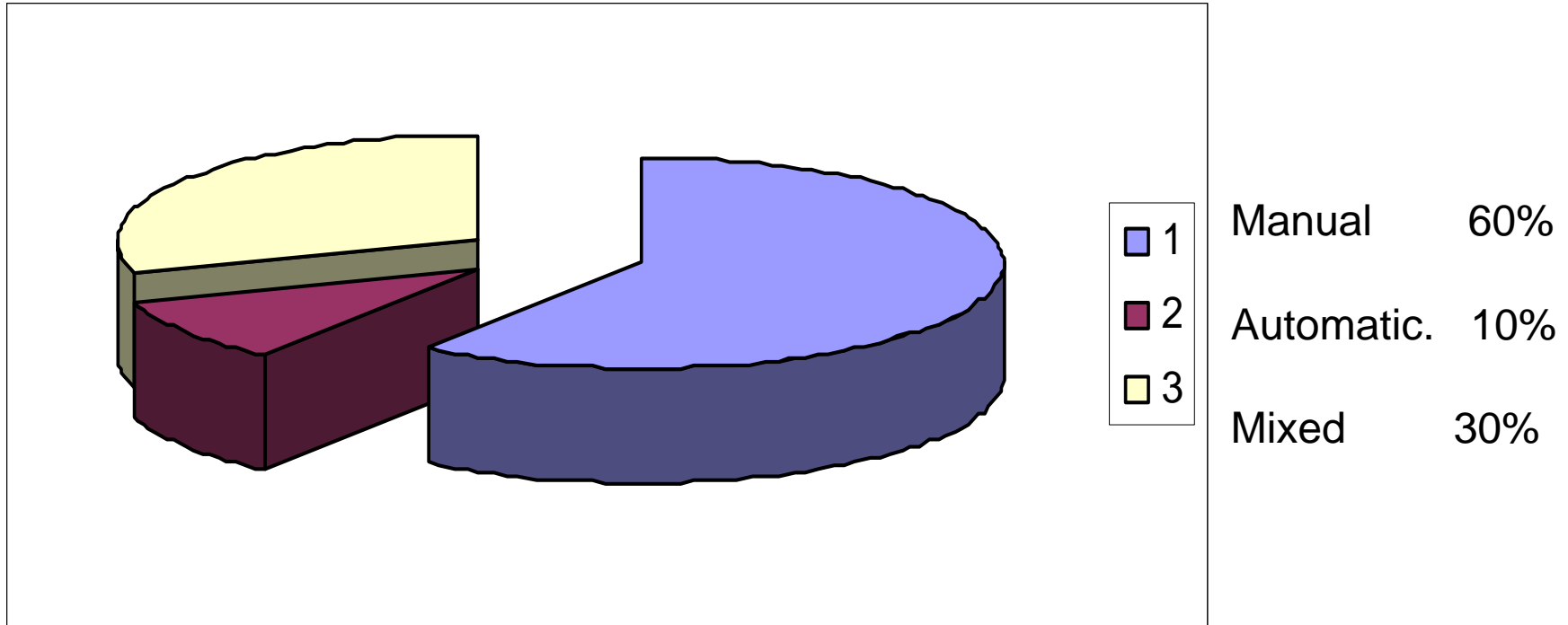
60% Could be diminished in drastic form

Cleaning process of Data….

Master Files   **26-nov-05**

Sent	To Date received	%
80 Sent	50	62.5%
12.550 Codes Sent	5.500	44%

What we need from the HUG Participants!!!

HUG Support

1. Help to Solve PHASE 1 Challenges

    1. Printing Solutions in Production Line

    2. Solutions Suppliers Tested by HUG Participants

    3. Push the Local Subsidiary

2. Directions to Unit Dose

    1. Technologies Available TODAY!!, suppliers tested and experience

    2. Datamatrix or RSS + Composite?, advantages and implementation cost for each alternative

    3. A Clear Path to the Future, EPC Compatible!

3. Subsidiaries in Chile Direction

    1. Give them some hint about what the company is doing

    2. Push them to support local innitiatives aligned with global product strategies

Contact

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