

0510.04 Pharmaceutical Services – Pre-Award

Issued: March 21, 1997
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PURPOSE

To specify the policies and procedures for procuring pharmaceutical services through the Minnesota Multistate Alliance for Pharmaceuticals.

APPLICATION

Executive Branch Departments and Sub-units.

CONTACT AGENCY

Department of Technology, Management and Budget (DTMB)
Procurement

Telephone: 517-284-7000

Fax: 517-335-0046

SUMMARY

A pharmaceutical distributor warehouses and distributes contracted pharmaceuticals to authorized agencies. The state contracts with a distributor, and manufacturers for the actual pharmaceuticals, through the Minnesota Multistate Alliance for Pharmaceuticals of which Michigan is a member. All drugs and related pharmaceutical items are to be ordered from the distributor by authorized agencies.

A catalog listing all items available from the distributor is disseminated periodically to all authorized agencies. An authorized agency is a state agency, local unit of government, college or university approved by DTMB Procurement which has an on-site licensed pharmacist, a Drug Enforcement Agency (DEA) number, and orders an average of \$10,000 or more per month.

All procurements under this procedure are subject to review and audit by DTMB. Violations by departments may result in the loss of delegated authority.

APPLICABLE FORMS

MAIN ADPICS:

- Advice of Change (AOC) (PCHL8010)
- Blanket Purchase Order (BPO) (PCHL2342)
- Contractual Services Request (CS-138) (PCHL2117)
- Direct Purchase Order (DPO) (PCHL2360)
- Purchase Order (PO) (PCHL2340)

Agency and DTMB Procurement Approvals

- Internal approvals must be obtained and documented according to agency policies and procedures, including provisions surrounding signature authority.

Michigan Civil Service Commission Approval for Services

- The disbursement of funds to pay for services performed by an independent contractor must have the prior approval of the Michigan Civil Service Commission pursuant to the PRF/CS-138 process (PCHL2117). See the Michigan Civil Service Commission Website at www.michigan.gov/mdcs.

Agency

Preparing orders for the distributor

- All items available from the distributor are found in its catalog. If an item is on the Minnesota Multistate contract but not available from the distributor, the agency must request that the distributor stock the item.
- Orders for pharmaceuticals are transmitted electronically directly to the distributor using the distributor's electronic ordering device/system.
- The distributor will fax a confirmation of the order if requested by the agency.
- Pharmaceutical purchases must be entered in MAIN ADPICS to capture related accounting transaction information. Detailed purchase information at the individual item level will not be required, as usage information will be provided by the distributor. Summarized purchase information must be entered for each order placed with the distributor.
- State agencies then enter a Direct Purchase Order (DPO) (PCHL2360) with a purchasing type "BP" against the existing Blanket Purchase Order (BPO) in ADPICS to record and process the purchase.
- Enters summarized order information in ADPICS. On the DPO Detail Entry screen (PCHL2365), enters the following:
 - COMMODITY: # 269 (Drugs).
 - QUANTITY: 1
 - PURCHASE: U/M (Lot)
 - UNIT COST: Total amount of order placed with vendor.
- A copy of the faxed confirmation from the distributor should be attached to all copies of the Purchase Order (PO).

Receiving orders from the pharmaceutical distributor

- Discrepancies in orders must be noted and reported to the distributor.
- The distributor does not maintain a back-order system. Items which are unavailable should be reordered on the agency's next order.

Billing/Payment

- The distributor bills agencies at the state's contract price, plus the established service charge as indicated in the Minnesota Multistate contract.
- Agencies issue payments to the distributor through authorized payment method and system.

Service returns

- The distributor is responsible for processing returns, for credit, of pharmaceutical items which have been delivered by the distributor.
- To request a return of merchandise, an agency should contact the distributor. The distributor shall pick up merchandise designated to be returned, leave a receipt for it and credit the agency's account.
