



Containing rapidly growing health care costs in the Latin American and the Caribbean region, especially amid the COVID-19 pandemic, requires an in-depth analysis of prices from a novel perspective. This paper documents hitherto understudied variations in prices paid for pharmaceuticals, equipment, and medical supplies within countries and markets. It also identifies effective procurement strategies for lowering prices within existing regulatory frameworks. The analysis uses public procurement data gathered by govern

Lowering Prices of P

1. Introduction

The COVID-19 pandemic has put a lot of pressure on already strained health care systems across

2. Institutional set

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cheaper alternatives, and on many occasions came with clinical vouching from a health

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group price predictors according to market features and main compon

4. Methodology

4.1 Data

In addition to product classification harmonization, we harmonized unit prices, contract values and procurement methods. Price variables without VAT were converted into international constant USD using official World Bank PPP exchange rates.² A host of national procurement methods were grouped into open, restricted, non-competitive and other types. We marked framework agreements separately.

4.2 Indicators

When operationalizing the groups of explanatory factors and individual indicators of the theoretical framework we aimed to be as encompassing as possible while considering the limitations of the data set. Hence, we define a large array of indicators and let ‘the data decide’ on which ones are powerful predictors of unit prices (Table 4). Nevertheless, each of these indicators are policy relevant and derive from the literature which is based on tested economic and public administration theory using qualitative as well as quantitative methods. The interpretation based on the relevant literature is discussed in the results section.

² <https://data.worldbank.org/indicator/PA.NUS.PPP>

Table 4. Summary of variables used in the analysis, LAC region

Type	Group	Variable name	Types	mean/ most
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Product bundling	continuous	34.83	38.54	287,041
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Quantity of purchased

constructed using randomly varying parameters (randomly drawn samples of observations and

Missing	1.414***
	(0.000)
Buyer-supplier location, Baseline: No	

Contract award year

Y

Y

Y

Figure 3. M

Figure 4. Margins plot: The impact of purchase month on log unit prices, country-by-country effects

Figure 5. Partial dependence plot: Number of bids

The largest price impact is predicted for bundling products in the same auction, rather than buying

6. Conclusions

This study has looked at a hitherto understudied aspect of health care pricing in the Latin America and Caribbean region: procurement policies. Our novel analytical focus was

Bibliography

Fazekas, M., & Tóth, B. (2016). *Assessing the potential for detecting collusion in Swedish public procurement*. Stockholm.

ANNEXES

ANNEX Product

Table A1. High-level I

Brazil





