

8. THE PROCUREMENT PROCESS

Each entity within the *Sistema Nacional de Salud*, National Health Care System, operates its own purchasing department. Requirements for the upcoming year are determined within the system. The needs are then analyzed and appropriate budgets are assigned. Finally, specifications are drawn up in preparation for the tendering process.

The *Ley de Adquisiciones Públicas*, the Public Procurement Act, governs all purchases within the National Health Care System. Each entity has a small discretionary budget and small procurement contracts do not have to go to public tender. Exceptions are the *Institutos Especializados*, Specialized Institutes, which have unusual discretion over equipment purchases.

Some health care providers channel their purchases through the *Secretaría de Salud (SS)*, Secretariat of Health, or the *Instituto Mexicano del Seguro Social (IMSS)*, Mexican Institute for Social Security, in order to take advantage of volume discounts. This applies particularly to less sophisticated equipment purchased in quantity. The *Departamento del Distrito Federal (DDF)*, Department of the Federal District, and the *Sistema Nacional para el Desarrollo Integral de la Familia (DIF)*, National System for the Development of the Family, for example, coordinate much of their purchasing through the *Secretaría de Salud (SS)*.

It is estimated that the private medical care system accounts for between 10 and 20 percent of medical equipment purchases. Most private hospitals have purchasing departments which manage the acquisition budget, but needs are identified by the medical staff in different units. For large purchases, the hospital's board of directors may make purchasing decisions. The private system includes a large number of very small facilities, and most foreign suppliers concentrate on the large private hospitals in the major urban centres.

THE BUYING CYCLE

Public health care providers in Mexico must update their basic formularies annually. They must submit their budgets to the *Secretaría de Hacienda y Crédito Público (SHCP)*, Secretariat of Finance and Public Credit, more commonly referred to as *Hacienda*. The budgets received may be smaller than those requested which may lead to changing priorities later in the year. This leads to an annual buying cycle. Companies that sell medical equipment in Mexico should coordinate their marketing activities with the cycle:

May and June:	Health care priorities are established for the following year.
August:	Budget submissions to <i>Hacienda</i> .
Late Summer:	Basic purchasing lists are updated.
November:	Budgets are finalized and returned to the purchasing entities to be allocated internally.
January/February:	Purchasing tenders are announced.

