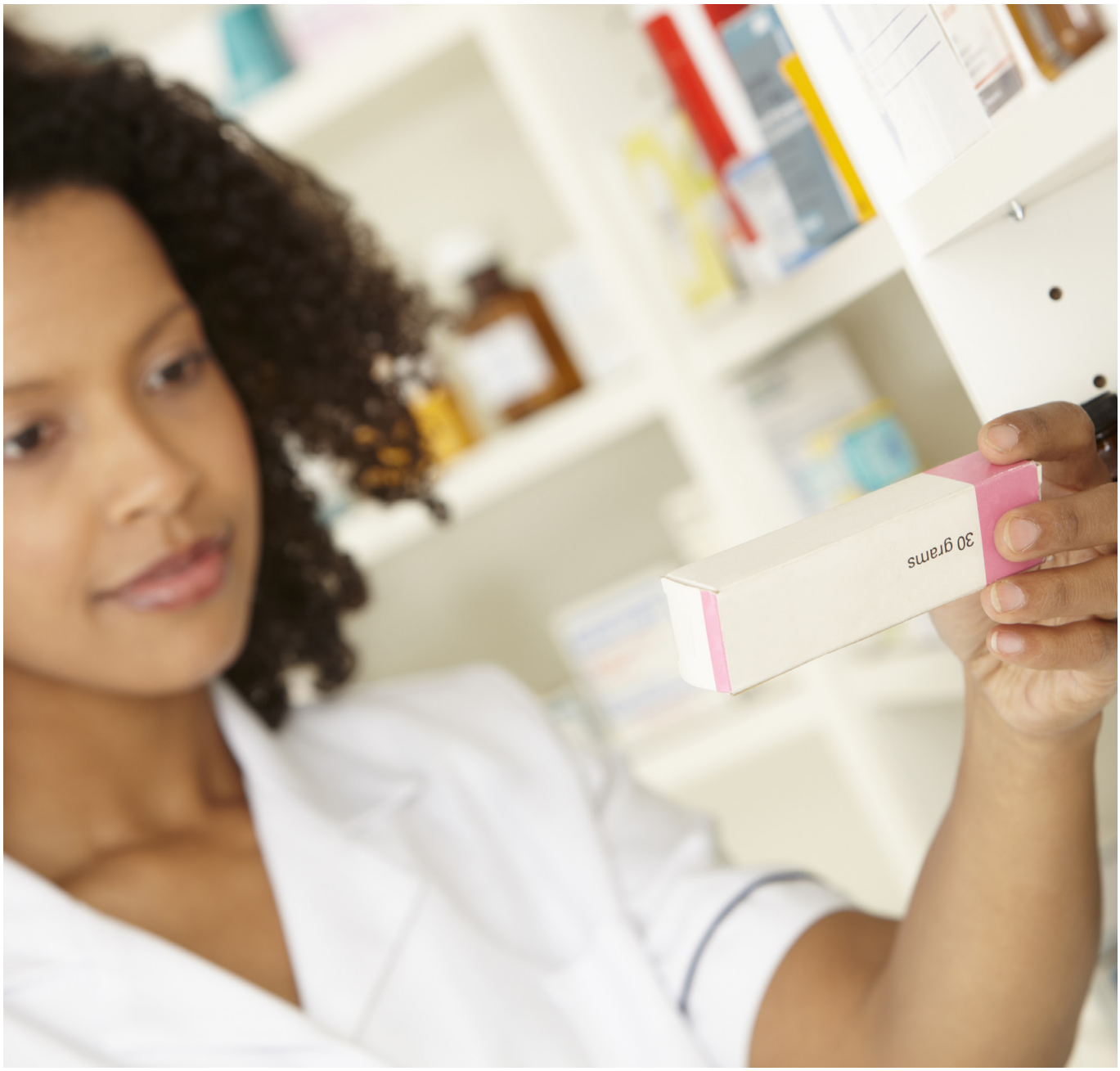
Preserving clinical choice and patient access

Drug Tariff Part IX: Position Paper
In the community setting across England and Wales



Contents

Introduction

The purpose of this paper is to set out the advantages of a transparent, centrally negotiated and managed system where essential appliances (at the discretion of the Secretary of State for Health and Social Care) are listed in Part IX of the Drug Tariff, prescribed on form FP10 (a prescription) and dispensed by appropriately regulated and qualified contractors.

The use of Part IX of the Drug Tariff enables the NHS to maintain a uniform high standard of healthcare for all users of the relevant medical devices, but especially for all patients who rely on these appliances in a community setting, promoting self-care and self-management as outlined in the NHS Long Term Plan.

Drug Tariff Part IX: preserving patient choice

The Drug Tariff prescribing route for the supply of medical devices is the most appropriate for reasons of choice, cost and efficiency:

Choice: to the patient in terms of their choice of product and contractor and to the clinician in terms of selecting the most appropriate product from the list approved by the Secretary of State for Health and Social Care.

Cost: commissioners do not have to pay for goods until after the patient has used the product, they avoid incurring additional distribution costs and employment costs associated with distribution and dispensing.

Quality: products are assessed against strict criteria of appropriateness, safety, quality, efficacy and cost effectiveness based on the prevailing regulations.

Efficiency: through this system, service and availability can be controlled with low costs of administration and with the added benefit of having transparent and granular data across all health economies.

The supply of appliances through pharmaceutical services

The list of appliances deemed appropriate by the Secretary of State for Health and Social Care for use in the community, at the expense of the NHS, appears each month in the Drug Tariff for England and Wales.

General Practitioners and suitably qualified nurses issue a patient with an FP10 form (a prescription) and the patient is free to take that prescription to a Pharmacy, Dispensing Doctor or Dispensing Appliance Contractor of their choice to have the items dispensed. Medicines required by the patient are supplied through pharmaceutical services,are only dispensed through a pharmacy or dispensing doctor, again based on patient choice.

The prices for these appliances, listed in four sections of the Drug Tariff are set centrally with annual price increases, where applicable, and managed by the NHSBSA Prescription Services division.

The industry Drug Tariff Committee believes that this centrally operated system is the best way for clinicians and patients, particularly those with a long-term condition, to obtain their appliances in a community-based setting for the following reasons:

A. Choice

- The list of appliances on the Drug Tariff ensures that all products are available regardless of where the patient lives or the volume of product required - postcode prescribing would result if localised negotiation took place, which in turn could result in health inequalities across regions.

- Clinicians have the choice of prescribing any of the appliances deemed appropriate by the Secretary of State for Health and Social Care.

- Patients have choice of both clinician and contractor - this would be lost if local arrangements specify only one product supplier.

- Through the Drug Tariff, products from different manufacturers are made available via the contractor chosen by the patient.

- The current system is well understood and easy to use.

- In the absence of Part IX of the Drug Tariff the current standardised and transparent pricing platform would be lost. Prices will vary due to lack of centralised management and policing.

- Products that have been approved for listing on the Drug Tariff have been through a quality assurance process including evidence of having obtained the CE Mark. (Where required). Through the Drug Tariff, patients using these products, with the CE Mark, can be assured that their product options are safe, of high quality and regulated.

B. Cost/Value for money

- Pharmaceutical services have preferential VAT treatment for commissioners which means cost savings to the NHS.

- The current system has a very low cost of administration for the NHS.

- Multiple manufacturers means competitive pricing.

- No warehousing, logistic or product costs are carried by the Department of Health and Social Care (DHSC) under the current system through pharmaceutical services, as the contractor bears the risk of holding the stock until it is needed by a patient.

- There are no NHS employment costs related to distribution or dispensing.

- The pharmaceutical services route of supply provides for split bulk (whereby single items can be dispensed rather than whole packs) which results in minimal wastage.

- Through central control of pricing by NHSBSA, prices are issued to the manufacturer following a robust listing procedure. This means that the NHS is purchasing clinically effective products that are also deemed cost effective.

- Central DHSC ownership of the system would be lost if centralisation were abandoned. It would lead to a more fragmented approach with the possibility of postcode prescribing thereby limiting choice to the patient.

- Centralised price negotiation and price control in the community.

- Centralised decision on availability based on tests of safety, quality, efficacy, appropriateness and cost effectiveness.

Drug Tariff Part IX: preserving patient choice

- Transparency of pricing and costs of prescribed products by each area health economy.

- The Drug Tariff ensures that data collected on dispensing costs is transparent and uniform and the NHS has oversight over its spending.

C. Quality of products

- The Drug Tariff approval system is based on appropriateness, safety, quality, efficacy, cost effectiveness and is centrally controlled. Manufacturers must demonstrate that their products comply with the existing regulatory frameworks and standards.

- The Drug Tariff allows for innovation and competition in the marketplace and assists in clinical decision-making. It provides patients with the latest technology to manage their chronic and acute conditions, so enhancing their quality of life.

- Consistent availability of a product is a critical part of the current system and is essential to a positive patient experience.

- Maintenance of the supply of low volume and specialised products is critical to the individual patient's quality of life.

D. Centralised system

- Availability of prescribing data giving full visibility of prescribing across England and Wales showing trends.

- Electronic prescribing (EPS) is driving efficiency and cost savings across the NHS, these savings would be lost if there was no FP10 (A prescription) system. EPS is also helping the NHS to fulfil its sustainability commitments by cutting down on its waste and carbon footprint as outlined in the NHS Long Term Plan.

- Education and training services are provided to clinicians and patients by manufacturers, these could be reduced if the system was de-centralised.

- A centrally managed system avoids a possible monopoly or duopoly supplier situation which again could lead to a reduction in choice and postcode prescribing.

Conclusion

The current system, revised following extensive consultations between 2006 and 2009, with the reforms implemented in April 2010, offers good value for money to the DHSC and the NHS. It delivers robust control through transparent pricing; with due regard to the relevant quality and safety standards.

In order that a uniform quality service is maintained, regardless of postcode, a co-ordinated approach is essential for this critical area of healthcare. The current system, which ensures that prices for the NHS are open and transparent, provides patients and tax-payers with choice from a range of products with the benefits of oversight and control from the DHSC.

Background

Background

The Part IX Industry Drug Tariff Committee was formed in the early 1990s to represent manufacturers with appliances listed in Part IX of the Drug Tariff. The Committee is comprised of representatives of the following trade associations:

- ABHI (Association of British HealthTech Industries)
- BIVDA (British In-Vitro Diagnostics Association)
- BHTA (British Healthcare Trades Association)
- SDMA (Surgical Dressings Manufacturers Association)
- UTA (Urology Trade Association).

It takes its mandate from all relevant companies, whether they are members of their trade associations or not, who form the Part IX Industry Drug Tariff Forum. The Drug Tariff Forum is made up of over 200 companies.

Drug Tariff Committee Objectives

The Objectives of the Drug Tariff Committee are:

- To provide a common voice between industry, relevant government departments and the NHS involved in Part IX of the Drug Tariff (hereinafter referred to as DT) on issues that are industry wide.

- To monitor and feedback the performance of the DT with regard to the application process and to work with the sponsoring body, in this case the NHS Business Services Authority (NHSBSA), to ensure that this process is open and transparent.

- To engage with the DT to ensure the price increase process is used by industry

- Negotiate with the DT in agreeing appropriate levels and mechanisms for price rises based on factor X, as agreed with NHSBSA.

- To provide industry with information concerning the DT that may affect their business.

- To negotiate with the DT on specific issues raised by the Drug Tariff Forum

Appendix

NHSBSA
National Health Service Business Services Authority

DHSC
Department of Health and Social Care

NHS
National Health Service

CE Mark: Conformitè Europëenne
The Conformitè Europëenne (CE) Mark is defined as the European Union's (EU) mandatory conformity marking for regulating the goods sold within the European Economic Area (EEA) since 1985. The CE marking represents a manufacturer's declaration that products comply with the EU's New Approach Directives.

NHS Long Term Plan
https://www.longtermplan.nhs.uk/

Drug Tariff Part IX
https://www.nhsbsa.nhs.uk/pharmacies-gp-practices-and-appliance-contractors/drug-tariff/drug-tariff-part-ix

Created by the Industry Drug Tariff Committee

Revisions:
February 2014
February 2020
August 2020

British Healthcare Trades Association
Secretariat for the Part IX Drug Tariff forum and committee
drugtariff@bhta.com.

Office 404 · Tower Bridge Business Centre · 46-48 East Smithfield
London · E1W 1AW

Telephone: 020 7702 2141
Email: bhta@bhta.com
Twitter: @wwwbhta
www.bhta.com

AUGUST 2020
Drug Tariff Part IX Position Paper 0820