

An overview of NHS Procurement of Medicines and Pharmaceutical Products and Services for acute care in the United Kingdom

Executive Summary

1. The purpose of this paper is to give an overview of the current arrangements for the procurement of medicines and pharmaceutical products and services in the UK. It includes an overview of arrangements the NHS in England, Scotland and Wales and HSC Northern Ireland. It is intended as a resource document for those individuals working in the NHS who do not have a background in medicines and pharmaceutical products and services in the United Kingdom.
2. NHS Medicines Procurement in England is led and coordinated through a structure headed by the Commercial Medicines Unit hosted by NHSE&I and supported by the National Pharmaceutical Supply Group and The Pharmaceutical Market Support Group.
3. Operationally, medicines procurement in England is managed through 10 regional pharmacy purchasing groups which are listed below, and each group has a regional pharmacy procurement specialist (RPPS). The regional pharmacy purchasing groups exist within historical boundaries which relate to the former strategic health authority areas.
4. For the purposes of tendering and contracting, licensed Medicines are split into a number of categories and the size of the contract is determined by the characteristics, dynamics and risks associated with each category.
5. There are robust mechanisms to ensure the NHS obtains competitive prices for medicines whilst ensuring that the UK remains a commercially attractive marketplace for pharmaceutical companies.
6. The Devolved Health Administrations in Wales, Scotland and Northern Ireland have different but complementary systems for procuring medicines for acute care which are also described.

1. Purpose

The purpose of this paper is to give an overview of the current arrangements for the procurement of medicines and pharmaceutical products and services in the UK. It includes an overview of arrangements for NHSE&I, NHS Scotland, NHS Wales and HSC Northern Ireland.

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2. Structure

2.1 Commercial Medicines Unit

The Commercial Medicines Unit (CMU) is part of the NHSE&I Commercial Medicines Directorate. CMU is responsible for tendering, awarding and managing frameworks for licensed medicines for the regional purchasing groups in compliance with public contract regulations.

All tendering opportunities including a 3 year workplan can be found on the government contracts finder website- <https://www.gov.uk/contracts-finder> .

2.2 National Pharmaceutical Supply Group (NPSG)

The strategic organisation of medicines procurement is ratified by the National Pharmaceutical Supplies Group (NPSG). Membership of this group consists primarily of secondary care chief pharmacists representing their geographical area and representatives from the devolved administrations (Northern Ireland, Scotland and Wales).

2.3 Pharmaceutical Market Support Group (PMSG)

The Pharmaceutical Market Support Group (PMSG) is a subgroup of NPSG and enacts the strategic requirements set by NPSG. Membership of PMSG consists of the Regional Pharmacy Procurement Specialists and leads from the Commercial Medicines Unit for branded and generic medicines along with the principal pharmacist lead. Representatives from the devolved administrations, Department of Health and Social Care, NHS Pharmaceutical QA Committee and Medicines Information subgroups of the Specialist Pharmacy Service also attend. PMSG is chaired by a secondary care chief pharmacist who is a member of NPSG. PMSG has three subgroups – the Generic Medicines subgroup, the Branded & Biosimilar subgroup and the National Medicines Homecare Committee (NHMC)

2.4 Generic Medicines subgroup

This subgroup deals with developing and supporting the operational aspects of the generics market which includes horizon scanning for patent expiries, tender planning and general monitoring of the market

2.5 Branded and Biosimilar Medicines subgroup

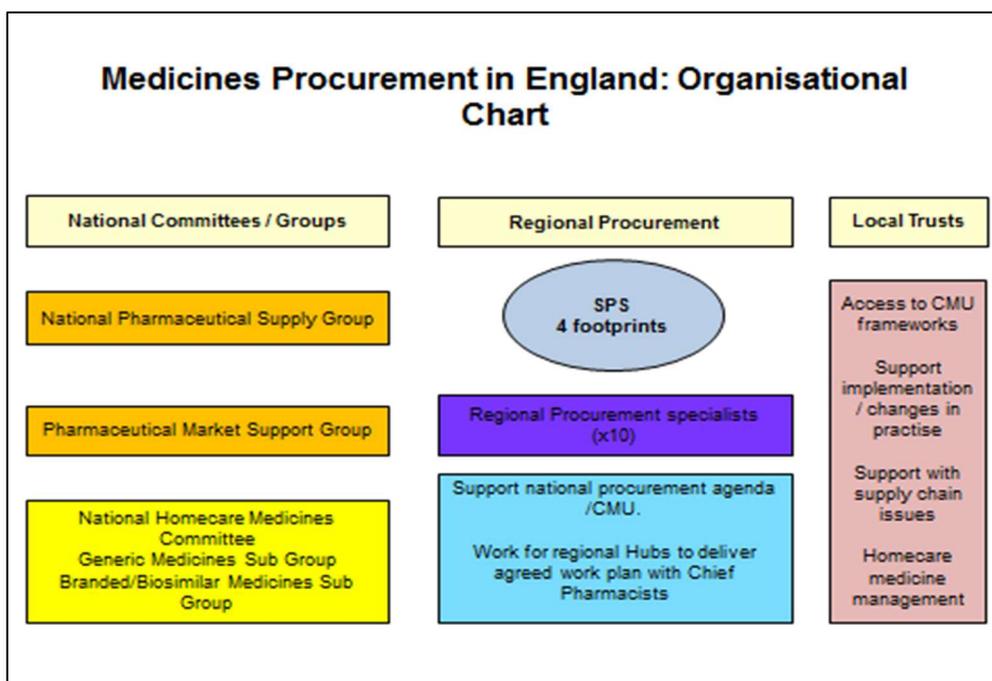
This subgroup deals with developing and supporting the operational aspects of the branded and biosimilar medicines market which includes horizon scanning for new pipeline products, tender planning and general monitoring of the market.

2.6 National Homecare Medicines Committee (NHMC)

This subgroup acts as the national focus for developing and improving administration and governance processes for homecare medicines services. Members are committed to collaboration and joint working across all sectors of the homecare medicines market.

Membership includes Regional Homecare Specialists, Regional Procurement leads including representatives from the devolved administrations and the CMU Homecare team, NHS commissioners, NHS QA, Royal Pharmaceutical Society (RPS), Chief Pharmacist and clinical colleagues. The committee also has representatives from the Association of British Pharmaceutical Industry (ABPI) and the National Clinical Homecare Association (NCHA).

NHMC has three subgroups: Digital Strategy group (DSG), Supplier Engagement group (SEG) and the Standardisation group. The DSG has published a 5-year strategy and shares a work plan with the NCHA. The SEG meets regularly with all homecare providers to review performance and support innovation in the homecare market. The Standardisation group has a work plan which aims to provide documents to support the NHS in the delivery of homecare services.



3. Medicines and Pharmaceutical Products and Service arrangements

3.1 Procurement regions and purchasing groups

England has 10 regional pharmacy purchasing groups and each group has a regional pharmacy procurement specialist (RPPS). The regional pharmacy purchasing groups exist within historical boundaries which relate to the former strategic health authority areas. These are then grouped to form

- 4 procurement regions (London, MAE, NOFE, SOFE) used for the Tranche frameworks (see section 3.1.2)
- 6 buying groups (DNW, DNE, DCE, DLN, DLS and DSW) used for generic frameworks.

Table 1: Pharmacy Procurement Regions and Purchasing groups in England

Procurement region (4)	Pharmacy Purchasing Groups (10)	CMU buying group code (6)
North of England (NOE)	North West North East Yorkshire & Humber	DNW DNE DNE
Midlands and East (MAE)	East Midlands West Midlands East of England	DCE DCE DLN
London	London	DLN DLS
South of England (SOFE)	South East Coast South West Thames Valley & Wessex	DLS DSW DSW

A list of all the names and addresses of Trusts in the pharmacy buying groups using CMU frameworks can be found at <https://www.gov.uk/government/publications/pharmaceutical-buying-groups-in-the-nhs>

The geographical demographics of the groups enables the RPPS to support hospital Trusts across their individual footprints and to facilitate networking among individual trust medicine procurement leads. The role of the RPPS includes responsibility for ensuring the interests and requirements of Trusts are represented from planning and design of the medicine tender through to contract award and implementation. The role drives engagement with contracting processes and a collaborative approach to tackling other issues such as shortages, e-commerce and concerns about supplier performance.

Each RPPS for England is a member of the National Pharmacy Procurement Specialists Committee (NPPSC) along with a representative from Scotland and Wales. This committee forms a further link into the Specialist Pharmacy Service of which procurement is a functional group.

Tenders in England are managed by the CMU across the 10 pharmacy purchasing groups. The groups are configured to present sufficiently high usage volumes to attract the best prices for both branded and generic medicines. The configurations are designed to maintain continuity of supply and avoid monopolies.

Trusts are responsible for implementation of the contracts after award. Authorised NHS pharmacy staff can view all details of the contracts including price via the CMU web catalogue. The awarded lines have been assessed by an NHS Quality Assurance (QA) Pharmacist and QA reports are available to NHS pharmacy staff at <https://pharmaqc-trust.cmu.nhs.uk/pharmaqc> (authorisation and registration required).

4. Licensed Medicines

4.1 Licensed Medicines are split into a number of categories and the size of the contract is determined by the characteristics, dynamics and risks associated with each category.

Table 2: Licensed Medicines Category

Licensed Medicine Category	CMU team	Length of framework	Size of framework contract
Generic Medicines that are predominantly used in the hospital sector e.g. injectable medicines	Generics	Variable up to 2 years	One third (33%) of England divided by buying group e.g. one third could be a combination of DSW and DLN. Three lots are tendered for differing lengths of time and awarded (where possible) to different suppliers so that the opportunity can be recompeted sequentially to maintain diversity and foster competition.
Generic Medicines of which <10% national demand used in hospital sector and >90% in primary care	Generics	2 years	National (100%) – whole of England
Clozapine Sevoflurane	Generics	2 years	England
Medicines near /at patent expiry 'Transition products' NB excluding biosimilars	Generics	Variable	One third (33%) of England – each third including 2 CMU buying groups i.e. 1) DCE DSW 2) DNW DLN 3) DLS DNE
Branded "Tranche" Medicines in a competitive market including Biosimilars	Branded	Variable up to 2 years	By region North of England Midlands and East London South of England
Branded medicines with only one supplier and minimal competition	Branded	2 years	England
Intravenous fluids	Branded	2 years	England
Albumin and Anti D	Blood Products	2 years	England
Icatibant and C1-esterase inhibitor	Blood Products	2 years	England, Wales & N Ireland
Blood Clotting Factors (BCF)	Blood Products	2 years	England, Wales, Scotland & N Ireland
Prothrombin Plasma Complex	Blood Products	2 years	England, Wales & N Ireland
Intravenous and Subcutaneous Immunoglobulin	Blood Products	2 years	England & N Ireland

A National Patent Group

- Monitors the patents on medicines and maintains a record of patent expiries and market exclusivity for all medicines licensed in the UK
- Advises PMSG on any safety or operational issues that may arise from the introduction of generic or biosimilar products.
- Advises PMSG and CMU to support the development and delivery of a work-plan for these medicines

4.2 Branded “Tranche” Medicines in a competitive market

Some diseases and conditions can be treated by more than one branded medicine. Therapeutic categories sitting within a competitive market have been allocated to a ‘Tranche’ system.

Table 3: Branded Medicine Tranches

	Tranche A	Tranche B	Annual Tranche
Therapeutic categories	Epoetins (ESAs) GCSFs Botulinum toxins Intravenous iron Anti VEGF Antiretrovirals	LMW heparins Gonadorelins Fertility medicines Antifungals Insulin analogues Inhaled antibiotics CF Multiple sclerosis	Cytokine modulators, miscellaneous monoclonal antibodies (including some biosimilars), JAK inhibitors, Interleukin inhibitors, products for severe migraine and severe asthma
Length of framework	2 years plus a further 24 months extension option	2 years plus a further 24 months extension option	1 year plus an option to extend a further 12 months*
Size of framework	By procurement region	By procurement region	By procurement region

*Some products may be moved into a 2 year framework according to market dynamics

The Tranche frameworks start in either March or September on a rolling basis e.g.

	Tranche A	Tranche B
September even year (e.g. 2020)	London	SOFE
March odd year	NOFE	MAE
September odd year	SOFE	London
March even year	MAE	NOFE

4.3 Adalimumab is tendered separately

Table 4: Adalimumab

Length of Framework	2 years plus an option to extend up to a further 24 months.
Framework commencing	1 st April 2020
Size of framework	National agreement with regional access awards

4.4 Hepatitis C

A national Hepatitis C contract is in place from 1/5/19 – 31/3/22. This has been tendered and awarded by the Commercial Medicines Directorate. Details of the contract are available in the CMU Pharmacy web catalogue.

Table 5: Other services and unlicensed medicines managed by CMU

Unlicensed Medicine or Service	CMU team responsible	Framework (2 years with extension options)
Blood Clotting Factors Homecare Service	Homecare	England, Wales & N Ireland
Dose banded chemotherapy	Dose banded chemotherapy	North of England, London, East of England and South East Coast
Pulmonary Hypertension Homecare Service	Homecare	England
Enzyme Replacement Therapy Homecare Service	Homecare	England & Scotland
Home Parenteral Nutrition	Homecare	England

NPSG have agreed that licensed medicines (excluding any listed in Table 6) should only be tendered by CMU in accordance with the geographical size listed in Table 2. This means that local procurement hubs should not be tendering for these categories of medicines.

5. Competitive pricing and contract coverage

- 5.1 There are robust mechanisms to ensure the NHS obtains competitive prices for medicines whilst ensuring that the UK remains a commercially attractive marketplace for pharmaceutical companies. Strategies employed to ensure that this balance is maintained include:
- Biannual benchmarking of branded medicine prices by CMU, PMSG and the devolved nations
 - Use of a mid-contract CMU price review mechanism for branded medicines to match to the best price identified through benchmarking
 - Horizon scanning to ensure contracts are not awarded just before a significant change in the market price for example within a few months prior to patent expiry
 - Contractual obligation for suppliers of generic medicines to reimburse Trusts if their contracted line cannot be supplied and as a consequence Trusts have to pay a higher price from an alternative supplier. A procedure for managing off contract claims for generic medicines has been agreed with the British Generic Manufacturers Association and ABPI.

Every Trust in England submits Trust purchasing ('Pharmex') data to CMU on a monthly basis. The data includes the drug description, pack size, price paid and volume purchased. This data is used both to inform the tenders and to monitor compliance and uptake of the contracts.

Each Trust receives a monthly contract variance report to identify if they have missed any savings opportunities.

All licensed medicines go out to tender via CMU in England and via the national procurement organisations in the devolved administrations. Management consultants and turnaround teams often ask for explanation as to why Trusts do not have 100% contract coverage for all the medicines purchased. The reasons may include:

- No bid received
- Bid received but the medicine fails on quality
- Supplier withdraws their bid or does not accept an award
- Supplier terminates contract because of production or other issues
- CMU do not award as there is no economic advantage e.g. a supplier may offer 2% discount through direct supply in response to a tender but there is a better discount available through wholesalers
- There is a confidential patient access scheme or other commercial arrangement with NHSE&I or NICE
- NHSE&I does not commission the use of the product

5.2 Pharmacy Products and Services

There are 9 recognised Collaborative Purchasing Organisations (CPOs) for Pharmacy Products and Services in England. These groups manage the procurement of pharmacy products and services. The North West utilise contracts set up by NHS Shared Business Services (SBS) or by external CPOs.

NE	North East Pharmacy Procurement Service
YH	Yorkshire and Humber NHS Pharmacy Purchasing Consortium
EM	East Midlands Pharmacy Collaborative
WM	Health Trust Europe
EoE	East of England Collaborative Procurement Hub
TVW	Thames Valley and Wessex Pharmacy Procurement Service
L	London Procurement Partnership
SW	Peninsular Purchasing and Supplies Alliance
SEC	South East Coast NHS Commercial Solutions
NW	North West (not a CPO)

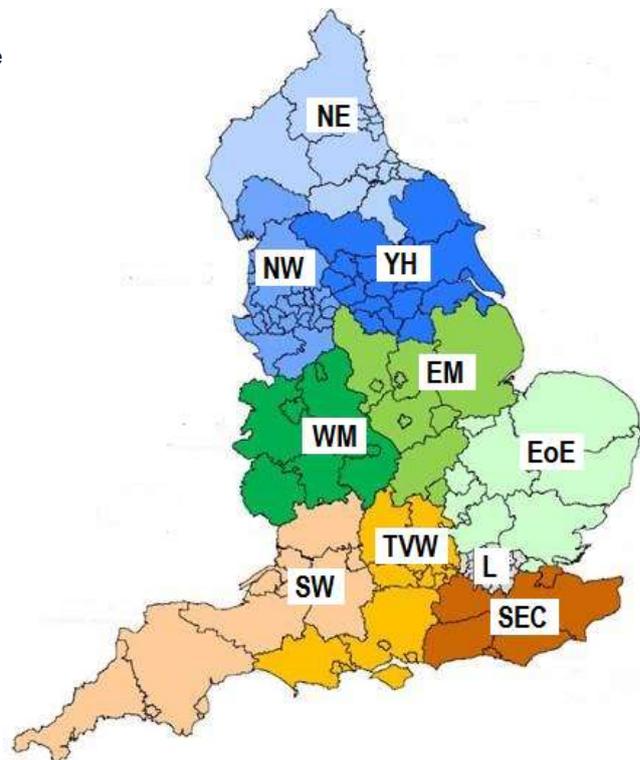


Table 6: Pharmacy Products and Services Managed by the regional collaborative purchasing organisations in England

Cleanroom consumables	Liquid oxygen
Compounding Services including dose banded chemotherapy	Medical Gas Cylinders
Contrast media & consumables	Nitric oxide
Drug Testing Kits	Overlabelled packs
Emergency boxes	Parenteral Nutrition
Enteral feeds	Pharmacy Automation
Eye products inc Viscoelastics, hylauronidase	Radiopharmaceuticals
Fibrin sealants	Urinalysis & pregnancy testing kits
Homecare (excluding four national contracts managed by CMU)	Wholesalers
Imports	Wound care
Insulin pumps & consumables	

The procurement of pharmacy products and services is managed effectively through the regional collaborative purchasing organisations. These organisations are recognised and understood by the supplier base. The NPPSC is developing national documentation for contracts based on best practice which can then be used at regional and devolved nation level.

Collaborative groups can and do join together to share workload. The maximum size of market share that can be tendered at any time should be agreed by the RPPS. As a general principle a pharmacy product or service contract should not exceed 4 CPOs at any time as the ability to manage the market and competition is reduced (new suppliers can be locked out for 4 years). Furthermore, the contract becomes more difficult to manage.

A collaborative group should not pick off individual Trusts in another region as it undermines the collaborative strength of the region, confuses suppliers and fragments management of the contracts.

6. Procuring systems in Scotland, Wales and Northern Ireland.

6.1 NHS Scotland

National Procurement, part of National Services Scotland, leads the collaborative procurement of medicines and associated services on behalf of Scotland's Health Boards. The majority of off-patent medicines are contracted via seven therapy-specific frameworks which are re-tendered every two-years (staggered with 3 frameworks tendered in one year and 4 the next). The Negotiation without Advert procedure is used frequently for in-patent medicines with individual product specific frameworks. There are a small number of product areas where there has been joint procurement with England; a key example is Recombinant Factor VIII (rFVIII). Some of the products and services typically managed by regional collaborative purchasing organisations in England are also procured on behalf of Scottish Health Boards by National Procurement.

National Procurement also provides the secretariat for:

- Scotland's Patient Access Scheme Assessment Group (PASAG) which agrees commercial arrangements linked to the health technology assessment process.

- The NHS Scotland Medicines Homecare National Governance and Management Group (MHNGMG) which is a focal point for collaboration between Health Boards on medicines homecare including undertaking once for Scotland reviews of homecare services proposed by manufacturers.
- The NHS Scotland Primary Care Rebate Scheme Review Group which assesses primary care rebate schemes proposed by pharmaceutical companies and advises on their appropriateness for implementation in NHS Scotland.

6.2 NHS Wales

In NHS Wales, the integrated health service structure provides chief pharmacists with overall accountability for patient safety and expenditure related to medicines and pharmacy services in both the managed sector and primary care. There is an All Wales Medicines Procurement Specialist Pharmacist (AWMPSP) who provides clinical procurement leadership to the contract process managed by NHS Wales Shared Services Partnership (NWSSP) – Procurement Services.

Other key medicines procurement services that are part of this national approach in NHS Wales include

- Medicines Homecare Services
- Primary Care Rebate Schemes
- Commercial agreements outside of a formal tender process usually related to new medicines or indications that have been subject to the health technology appraisal process completed by AWMSG or NICE

In Wales, the NWSSP invite and manage all the medicine contract categories and services for the 7 health boards and Velindre Trust. The All Wales Drug Contracting Committee (AWDCC) act as the awarding body for these contracts and ensure compliance with all the legal and governance requirements under the public procurement regulations. The committee has health board medicine procurement lead pharmacists, the All Wales pharmaceutical assurance pharmacist, chief pharmacist representation, a finance director and the medicines procurement category manager

6.3 HSC Northern Ireland

Public procurement is undertaken or is advised by the Centres of Procurement Expertise (CoPEs). NI Public Procurement Policy is developed by the Department of Finance with advice and guidance from the Construction and Procurement Delivery (CPD). <https://www.finance-ni.gov.uk/construction-procurement-delivery>

Health service procurement including pharmaceuticals is undertaken by the Business Services Organisation Procurement and Logistics Service (BSOPaLS). Professional and technical support, advice and leadership is provided by the Regional Pharmaceutical Procurement Service (RPhPS), based within the Northern Health and Social Care Trust.

The portfolio of work is agreed with the Regional Pharmaceutical Contracting Executive Group (RPCEG) comprising Trust¹ Heads of Pharmacy and Medicines Management, and senior representation from the Department of Health and BSOPaLS.

There are three main procurement work streams:

- Generic and branded medicines
- Medical devices (limited areas: surgical dressings, wound management products)

RPhPS / BSOPaLS also contribute to the Public Health Agency and Department of Health strategies for procurement of seasonal influenza vaccines, co-ordination of childhood vaccines distribution (with NHSE&I) and local storage and distribution arrangements and stockpile management.

Amongst other project areas, nutritional services, unlicensed medicines, homecare services and wholesaler services are within the current programme of work. Contracts typically operate as a 2+2+2 year period with pricing review pre-extension and review of transition products incorporated into the programme. NI has also implemented a Dynamic Purchasing System (DPS) to support the medicines procurement portfolio.

The Department of Health leads the Medicines Optimisation Regional Efficiency (MORE) Programme to then be delivered by the Trusts and the Health and Social Care Board (HSCB). One of the initial targets was to deliver £90m of efficiencies from the prescribing budget across Primary and Secondary care over the period 2016/17 to 2018/19. The efficiencies over the initial three year period were approximately £100m and the MORE programme has been extended.

NI HSC is also included within some national procurement arrangements including a number of NHSE&I frameworks and participation in the National Procurement Scotland Contrast Media Framework.

¹ NI includes 5 'hospital' trusts (Belfast HSCT, Northern HSCT, South Eastern HSCT, Southern HSCT and Western HSCT. (The NI Ambulance Service is also a Health and Social Care Trust.)