

Challenges, opportunities and solutions to more robust, cost-effective hospital medicines supply

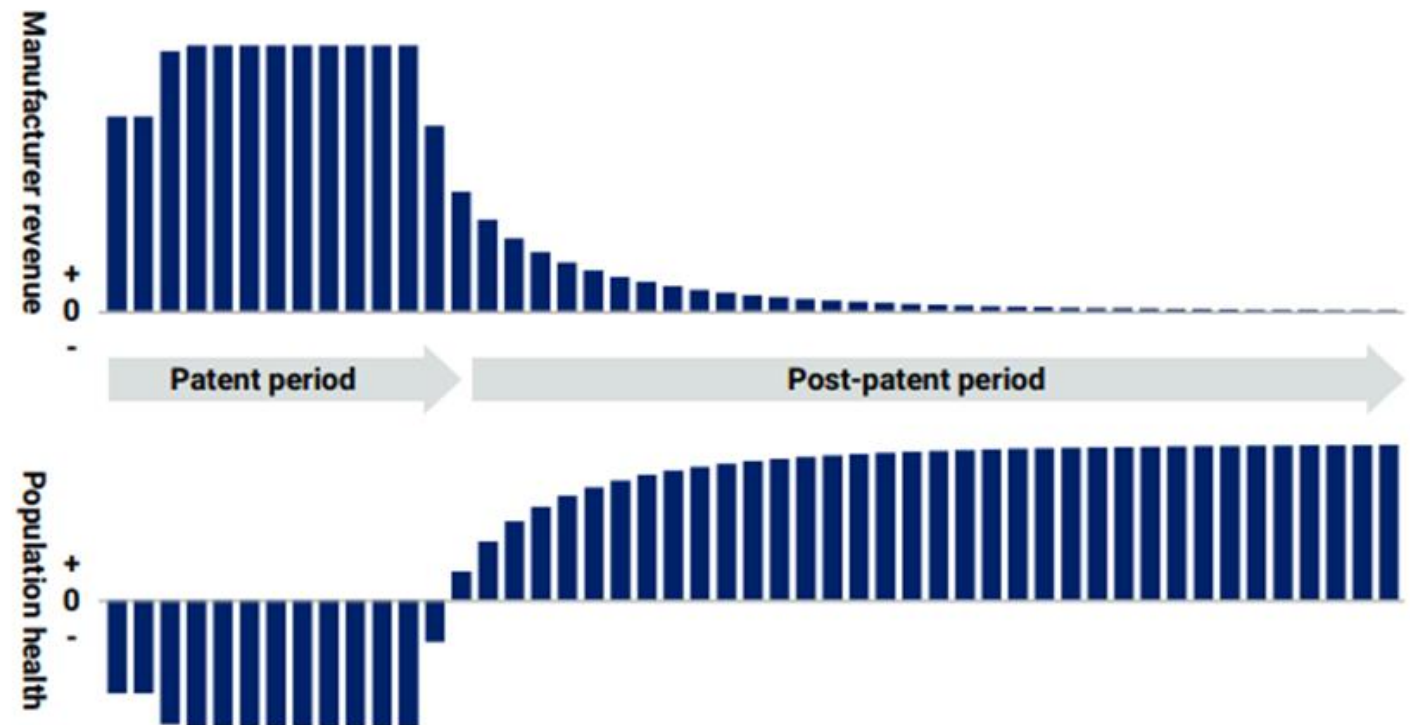
A BGMA perspective by Mark Samuels

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The value of generics and biosimilars

“How a medicine’s value is distributed between the manufacturer and NHS patients over its life cycle. During the on-patent period, revenue mainly accrues to the manufacturer due to the drug’s monopoly protection. During this period, NHS patients experience a health deficit as the new medicine’s benefits are outweighed by the impact on other NHS services. **After the patent period, NHS patients start receiving significant net benefits from the availability of cheaper generic or biosimilar versions of the medicine**”

Figure 2. The value profile of new pharmaceuticals from a manufacturer and NHS perspective



Challenges and opportunities

Challenges

- A more complex, less agile supply chain
- Rising costs and less material availability
- Limited global manufacturing capacity
- Clear UK-specific disincentives to supply

Opportunities

- A shift to preventative treatment in the community
- Capitalise on off-patents to drive savings and wider access
- A more resilient supply chain
- Less time needs to be spent resolving shortages

Evolving global supply chain dynamics

- Longer manufacturing times, now 6 months or more, whether contract or vertically integrated
- Less agile supply chains that carry less stock from manufacturer to pharmacy
- Limited global manufacturing capacity
- Companies, therefore, are more open to pruning portfolios where loss-making
- Big rises in materials, energy, transportation and labour costs
- Availability of glass for vials, paper, and packaging is no longer a given
- Continuing global conflict that adds to unpredictability for supply chains
- At the same time, longer supply chains can give rise to less visibility
- More countries asking for buffer stocks, which is tying up supply



UK-made challenges

- MHRA taking longer to licence new medicines or agreeing variations to existing MAs
- VPAS has placed a tax of 26.5% on the revenues of branded medicines, and the danger is that 2024-28 terms aren't much better
- Brexit has placed uncertainty over UK supply; Windsor Framework unites GB and NI but requires 'UK only' labelling
- Supply issues on Specialist Pharmacy Service website at the highest level since we started recording three years ago
- NHS has ambitious carbon reduction targets, meaning suppliers must reduce CO2 by 80% by 2036-39, the





Opportunities

- Increased preventative approach can help reduce acute care need
- Over 80 biologics coming off-patent up to 2028 with the potential to save billions, if more spread than before
- Regional Procurement Specialists have a clear remit to increase contract uptake to help maximise benefits
- A better-trained MHRA with investments in IT infrastructure can speed up licensing to increase competition and the speed of products getting to the market
- A chance to reset the terms of the next VPAS
- A greater desire to weight tenders re: supply security
 - **i.e. not just the lowest compliant bid**
- We have worked together to rationalise what photography and artwork is required in tenders to help reduce the number of compliant bids failing

CMU policy approach

- Stability for competitive generics and biosimilar markets around contract format and duration
- CMU will promote contract take-up to maximise NHS savings and widen access
- Pilot to compare forecast with demand; brief suppliers where prescribing changes have occurred
- Encourage trusts to pursue off-contract claims to minimise non-supply
- A requirement to hold buffer stocks for hospital-only lines
- More data requests on suppliers to record buffer stock levels, particularly with nearly half of shortages flagged up in less than 1 week
- A proportionate approach to social value and carbon reduction that doesn't imperil or make more expensive supply
- A potentially positive platform capable of increasing cost-effective medicine use and reducing supply problems: vital to work in partnership to deliver



What can we all do to help the NHS buy better?



Suppliers

- When you think you may have a supply issue, notify DHSC/CMU and fill out the fortnightly supply issues spreadsheet *with adequate notice*
- If you go out of stock, help trusts organise alternative
- Prioritise greater management of contracted lines

NHS trusts

- Order in line with the framework agreement
- Order what you need, while holding adequate stock for key lines
- Contact manufacturer before making off-contract claim

What can we all do to help the NHS buy better?



CMU and other purchasing authorities

- Deliver tender stability
- Longer lead times to reflect longer manufacturing times
- Use KPIs to stop unreliable suppliers continuing to win business, while cultivating good supplier relationships
- Seek data that is proportionate and adds value
- Widen pilot to review forecast-demand variance and flag prescribing changes to suppliers

Central Government

- Agree a VPAS where the contribution of off-patent branded medicines is proportionate to the sector's growth and NHS benefits
- MHRA to speed up licensing so more bidders compete in tenders and can help with constrained supply
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Thank you and any questions



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