HDA UK

HOT TOPICS in Medicines Distribution

PDIG
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HDA UK

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The Healthcare Distribution Association

Originally established in 1867, HDA UK has represented British pharmaceutical wholesalers for over 150 years.

We represent businesses who supply medicines, medical devices and healthcare services to patients, pharmacies, hospitals, dispensing doctors and the pharmaceutical industry.

HDA members operate across the four nations of the United Kingdom, enabling a safe, efficient and high-quality supply chain for the healthcare sector.

Our members distribute over 92% of NHS medicines and provide wholesaling services to their supply chain partners.

HDA is responsible for upholding the high standards expected of our members and supporting them through new challenges, such as Brexit, COVID-19, Net Zero and medicine availability issues

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The backbone of NHS medicines supply

- ✓ 54 MHRA fully validated cold & ambient warehouse across 4-country, UK locations, with CD stores
- ✓ Delivering 93% of NHS medicines – 2.1billion packs per year – temp controlled distribution
- ✓ Full range of products – 25,000 lines
- ✓ 250,000 deliveries per week across the UK
- ✓ 11 deliveries per week to each customer (on average)

- ✓ 7-day, 24- hour emergency service
- ✓ Full e-commerce capabilities
- ✓ Single packet to full pallet capabilities
- ✓ Integrated into NHS primary & secondary care
- ✓ Medicine recalls & anti-counterfeit surveillance (on behalf of MHRA & MAHs)
- ✓ NHS pandemic preparedness/buffer stocks/vaccines distribution

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HDA Full Member Companies

AAH, Alliance Healthcare, Lexon, Mawdsleys, Phoenix, Bestway Medhub, Sigma

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From Factory to Pharmacy

1250 Manufacturers

⇩

7 HDA full-service distributors

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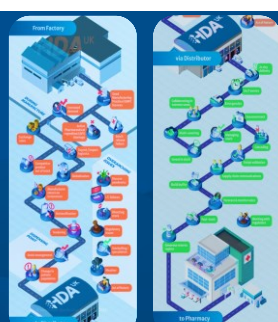
13,897 pharmacies + 327 hospitals
+ 1,207 dispensing doctors' practices



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Strategy Summary

Purpose of the HDA

To enhance the appreciation of the healthcare distribution sector in the UK and the value it brings to patients, the NHS and the taxpayer.

Core Objectives

1. Actively engage to shape the regulatory and business environment for HDA members.
2. Differentiate HDA members within the sector based on quality of service.
3. Provide a forum for networking and best practice sharing.

Key Themes

1. Regulation
2. Supply Chain Resilience
3. Net Zero
4. Supporting a changing NHS

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Products

25,000 individual lines (SKUs)
- Medicines (Rx)
- Medical Devices
- Vitamins Minerals and Supplements
- Specialist Foods
- Sundries

Storage Conditions
- Ambient
- Cold Chain
  - Refrigerated
  - Frozen
- Controlled Drugs

Approx. 2.1 billion packs worth £19bn

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Primary v Secondary Care split - as at March 2024

Primary Care
- Community pharmacy & dispensing doctor market accounts for **1.9bn packs and is valued £12.3bn**
- HDA member companies account for 95.2% volume share and 96.3% value share
  - Volumes delivered decreased by 0.7% but value grew by 2.0% over 12 months

Hospitals
- Hospital market accounts for **148.9m packs and is valued £6.9bn**
- HDA member companies account for 96.9% volume share and 67.3% value share
  - Volumes delivered grew by 3.4% and value by 18.3% over 12 months

By volumes of packs stored and distributed, secondary care is approx. 7% of the number of packs stored and distributed to primary care

IQVIA

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Availability Issues

Complex multifactorial local and global factors at play
- Concurrent self-created demand spikes and structural issues – stock present, but can be in wrong location
- generics medicines are a global commodity market
- Fair access systems in place at HDA wholesalers
  - Capping systems, Rx validation
- Deep engagement and work with DHSC and suppliers and regulators
  - stockbuilds, controls, planning
  - understanding demand patterns – esp. for HRT, ADHD & GLP-1 agonists

UK-specific challenges
- Fragmentation of the community pharmacy sector plus financial woes – the 'wild west'
  - many more independent community pharmacies
  - increasing use of electronic buying platforms
  - DSPs, online & soon hub & spoke pharmacies – less visibility
- many WDAs means medicines *can* go sideways!

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Deck Title

Hospital supply - what might help?

- NHSE to include supply chain resilience criteria in their tender scoring, alongside pricing and product quality, to incentivise investment in resilient supply chains
- NHSE to include *commitments to purchase* in secondary care framework contracts
- Longer lead times for orders
- Fast-track regulatory approval for changes needed to address shortages (e.g. different API source, changes in pack sizes or labelling)
- Better demand forecasting (learning from HRT and ADHD experiences)
- Make substitutions by pharmacists easier

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HDA Intent on Net Zero

Transportation
- Exploring alternatives to high-emissions vehicles aligned with the needs of the sector
- Supporting actions to expand charging infrastructure
- Reducing mileage through route planning and optimisation

Energy Consumption
- Encouraging the switch to green energy sources
- Exploring avenues for reducing energy consumption, e.g. LED lighting, battery storage

Packaging
- Working with industry partners to reduce plastic waste & adopt environmentally friendly packaging
- Return recycling collection?

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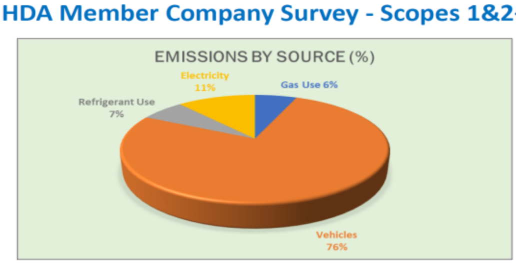
HDA Member Company Survey - Scopes 1&2+



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HDA UK Member Spotlight: Alliance Healthcare UK Journey to Date

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Mawdsleys Redhouse PV + Battery

Mawdsleys

- *300,000sq ft site. Providing 30,000 pallets for 3PL pharma storage and distribution. Fully temperature controlled.*
- *1,688kW PV array, contain 3,375 panels.*
- *Connected to a 2,600kWh battery, housed in a 45ft container*
- *Aim is for site to be 65-68% self-sufficient on power*



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HDA's focus so far

- Engagement with NHSE, other stakeholders & HDA members
- Regulatory flexibilities:
  - Paperless supply chain
  - Temp-controlled transport
- Supporting MAHs' 2024 obligations:
  - Calculation of per pack footprint (MAH Scope 3 Cat 9)
  - Evergreen Assessments

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Asks for a paperless supply chain

e-documentation in place of physical documents

- when distributing healthcare products from, or into, a wholesale distributor's warehouse
- requires secondary legislation to be passed by UK Parliament
- MHRA amendment to GDP regs
- MHRA Green Guide 2025

CD requisition form proposition

- the Misuse of Drugs Regulations 2001: Home Office Circular 027/2015 covers the monitoring of CD ordering by individual healthcare professionals (not community or hospital pharmacies)
- currently, CD requisitions in *wet ink* have to be provided to suppliers before supply of CDs
- proposal is to amend guidance that allows for electronic requisitions to be used for ordering CDs
- link wholesaler records to NHSBSA database
- would mandate wholesalers to keep electronic proof of deliveries (documents) of electronic sales records in line with current legislation

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Overdue Hospital debt owed to HDA wholesalers - as of May 2024

£42.4m

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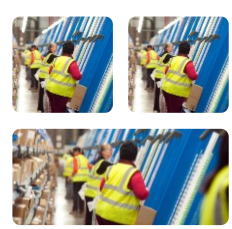
KPIs

Ongoing review by NHSE Procurement Pharmacists following PDIG 2023



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What Else Keeps Us Up at Night?
Regulation
Level playing field?
GPHC vs MHRA
Hub & Spoke
Future UK Regulations
Medical devices
Falsified Medicines
Windsor Agreement
Limited SKU ranges in NI warehouses
UKIMS, NIRMS, Licence & Labelling, Medical Devices
Inflationary Cost Pressures and Pharmacy Funding (England)
Costs increasing
Debt and community pharmacy defaults
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