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Proposed Amendment to the Health Service Medical Supplies (Costs) Bill: Briefing

Background

For some long-term debilitating dermatological diseases e.g. chronic plaque psoriasis, there are very few suitable safe and effective topical licensed medicines.

‘Specials’ are a category of unlicensed medicines that are manufactured or procured specifically to meet the special clinical needs of an individual patient. Specials are safe and effective and are used to treat many dermatological diseases.

Currently, these items are not available to most patients in England, Wales and Northern Ireland on the grounds of cost.

The Current Pricing & Procurement of Specials

The current prices for specials in the community are inflated well over secondary (hospital) care patients, leading to patients being denied access. This is attributable to the way in which the procurement system in England, Wales and Northern Ireland works.

In primary and community care, pharmacy is required to seek only one quote on the price of specials when procuring them and they are guaranteed reimbursement, however high. Legally, the quote can be acquired from a parent or sister company, adding an incentive to seek a high quote, and thus a high profit.

The tariff-system process that has developed from this process compounds this problem. Prices for specials in the primary care sector are set by reference to prices of the Association of Pharmaceutical Specials Manufacturers, composed of private companies only. APSM members manufacture relatively small quantities of specials on an ad hoc basis, thereby leading to extremely high prices.

Up until now, the Department of Health (DH) has refused to involve any NHS manufacturers in the process for setting Tariff prices in England. Estimates for the amount of money being wasted as a result of these issues is difficult to obtain but, in exemplification, the top 12 dermatology ‘Specials’ dispensed in England in one recent year cost £845,000, rather than the £162,000 it would have cost had they been produced by an NHS manufacturer.

The Proposed Amendment

The amendment proposed would require community care to seek more than one quote, including from amongst NHS providers, and to choose the most cost-effective option. It would also require NHS England to use NHS reference prices in their tariff setting process.

The benefits that will be derived from the outcomes of the above-suggested amendments have already been witnessed in Scotland, where the procurement system is vastly different to that in England. Up until 1st September 2015, the Scottish procurement system made it mandatory to collect three quotes, one of which had to be from an NHS manufacturer, with the cheapest option being selected in all cases. The new procurement system in Scotland now allows dispensing without the need to obtain pre-authorisation where an NHS manufacturer is used.

Such a system has led to a culture of low prices for Specials, leading to the Scottish Tariff being significantly lower than that in England. The success of this system can be demonstrated by the fact that private specials manufacturers (e.g. IPS Specials) produce two price lists with some dermatology items listed at 8 times the price for England versus Scotland.

Control of maximum price of medical supplies other than health service medicines

After section 260 of the Health Service Medical Supplies (Costs) Bill insert–

260A Specials

- (1) When commissioning the production of ‘Specials’ (unlicensed batch prepared or extemporaneously dispensed medicines), National Health Service Clinical Commissioning Groups, Hospital Trusts and Community Pharmacies should:
 - a) seek no less than three quotes for non-tariff items
 - b) at least one of which should be from a NHS manufacturer; and
 - c) unless there are over-riding reasons not to accept this, then the most cost-effective quote should be selected.
- (2) When setting the tariff price for ‘Specials’, NHS England, in its tariff-setting process should
 - a) seek prices from NHS manufacturers as well as private manufacturers
 - b) unless there are over-riding reasons not to accept this, then the most cost effective quote should be selected