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PLASMA PROCUREMENT - HCV TESTING - UK SELF-SUFFICIENCY RECENT ADVANCES AND THEIR EFFECT ON NLBTC AND THE COSTS AND PRICES OF BLOOD AND BLOOD COMPONENTS.

a) SUBSIDY OF BPL BY THE NW THAMES REGION AT 1990/91 PRICES.

For non-specific plasma (routine fresh frozen plasma) we currently receive from BPL £35 per kg for recovered and £60 per kg for apheresed plasma. On the basis of a detailed costing exercise by specialist external consultants following national guidelines, our costs in 1990/91 are £54 and £89 respectively. From information available, these costs would seem to be similar to those of other centres. For example, the costs of one major centre outside London are £51 and £88 respectively.

NLBTC's estimated shortfall in 1990/91, taking into account the above costs, is £1,073,000. This shortfall will be one of the highest in the country because we have been the most successful centre in plasma procurement. Based on the first six months of 1990/91, NLBTC supplied BPL with 12.77 tonnes of plasma per million population. This was easily the highest in England and Wales and compares with an England and Wales average of 9.28 tonnes. The combined figure for the South Thames Regions is 7.2 tonnes, which is 40% less than NLBTC. North London Blood Transfusion Centre and North West Thames RHA's reward for being the best performer in meeting the plasma target for national self-sufficiency is a large financial deficit. Because our costs do not seem to be greater than those of other Centres, there will be many other Centres with deficits on BPL plasma. On the other hand, because of our success, no other Centre will proportionately have such a high shortfall as NLBTC.

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We have now moved into a contracting position where the Centre is forced to recover all its costs in contractual arrangements with purchasers. The above shortfall therefore has to be met by contract with the RHA or individual contracts with purchasers. Though we understand other Centres are making "top-slicing" contracts with their RHAs to fund the BPL deficit, we are passing on all the costs to our purchasers of blood and blood components, mainly NHS hospitals. This has the effect of increasing our prices for blood and blood components on average by over 20%. Hospitals are heavily subsidising the procurement of plasma by BPL; are they in agreement with this cross-subsidisation?

In 1990/91 and preceding years the BPL deficit has been funded by NWTRHA. It is only now that we have undertaken a detailed costing exercise and are charging our customers, that the scale of the subsidy is apparent.

b) TRADING POSITION WITH BPL IN 1991-92

We have been informed by BPL that they will not be increasing the level of reimbursement for apheresis plasma in 1991/92 and will only be increasing recovered plasma from £35 to £35.80 for inflation. This is equivalent to an overall increase on all plasma of 1.1% for NLBTC which compares to a NWTRHA inflation estimate/provision of 8.44%.

The effect of this further reduction in the real terms reimbursement price of plasma is to increase our shortfall by £275,000 from £1,073,000 to £1,348,000. In order to recover this additional shortfall, NLBTC has been forced to raise the price of blood and blood components by over 11% for inflation. If the RHA does not fund the full 11.1% then our NHS purchasers will have insufficient funds to purchase blood components for clinical use.

In addition to the above, the Centre is being required by the Department of Health to introduce HCV testing of blood and blood products. We have been told that when HCV testing starts the price of non-specific apheresed plasma will increase from £60 to £65 to cover part of the extra cost. Assuming an October 1st implementation date (it is possible that the starting date will be September 1st) the average price will be £62.50 per kg. BPL are not proposing to increase the price for recovered plasma on the basis that we should yet again recover this cost on our red cell contracts with hospitals. The BPL shortfall on HCV funding is £65,000 in 1991/92 (£130,000 in a full year) giving a total shortfall of £1,413,000 for the supply of plasma to BPL.

The success of NLBTC in plasma procurement will clearly adversely affect our pricing position relative to other Centres. For example, if NLBTC was

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supplying plasma at the same level as the neighbouring South Thames Regions i.e. 7.2 tonnes per million population, our shortfall would be £641,000 less. Compared to South London RTC, our purchasers will be charged an additional £641,000 because of this Centre's success in plasma procurement.

The net effect of the BPL shortfall is to add nearly a third on to our blood and blood component prices in some cases. Without the BPL shortfall, our price for whole blood would be £34.09 and the price of red cells would be £19.97. With the BPL shortfall our prices are £45.12 and £26.07.

We find it difficult to justify such a large cross -subsidy of BPL by our customers. We would also suspect that our NHS customers will find it even more difficult to justify especially if they are not fully funded for the BPL shortfall. A subsidy of £1.4m out of a total blood and blood components contract value of £7.8m is clearly significant. It is also ironic when considered against the Management Executive's fundamental principle of contracting:

"there should be no planned cross-subsidisation between contracts the methods should in all cases conform with these principles."

(NHS Management Executive "Costing and Pricing Contracts October 1990 page one).

In contrast the National Directorate of the National Blood Transfusion Service states

"... on average cellular prices will need to increase by an additional 2.5% to cover the shortfall arising from inflation in plasma costs and an additional 2.5% to cover the shortfall arising from not putting an HCV test component on recovered plasma."

(Letter from Deputy National Director to all Regional Transfusion Directors 18th February 1991)

Under the current situation, NLBTC would seem to have little choice but to respond to the requirements of its customers. Consultant Haematologists have already expressed concern at the level of our prices and Unit Managers are unlikely to be willing to subsidise a small group of haemophiliac patients at the expense of other NHS patients. They most certainly will not agree to any subsidy if they are not fully funded for the subsidy and are forced to cut other patient care. Consequently, I am being forced to reconsider our plasma procurement policy. I am also presuming that the policy of self sufficiency in plasma procurement is not being continued despite European policies which strongly favour self-sufficiency in blood and blood products.

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In 1992 Europe will not be allowed to purchase blood products obtained from non-volunteer donors (USA plasma fractionation companies rely fully on paid plasma donors).

c). **OTHER FACTORS INFLUENCING PLASMA PROCUREMENT**

It is a cause of considerable sadness to myself and senior colleagues that we and Region have invested large sums of both revenue and capital in plasma procurement which will now be wasted. However, there is a growing body of evidence to support the need to rationalise and reduce plasma procurement in North West Thames Region, if we are to deal solely with BPL as a fractionator. The National directives given in the late 1980s to produce increasing amounts of plasma may no longer be appropriate.

Firstly, BPL have significantly improved the efficiency of their fractionation process since 1988. Then, 1 kg of plasma yielded 130 iu Factor VIII, whereas now they can achieve 200 iu/kg with their immune affinity chromatography preparation of high purity Factor VIII. Consequently, they require 35% less plasma to achieve the same goals. This is evident by their prescriptive approach to plasma targets for the next financial year and it is no surprise that they will favour recovered plasma in future, to improve the cost-effectiveness of their products.

Secondly, recombinant Factor VIII will be licensed towards the end of 1992. If sufficient volumes can be obtained by genetic engineering, this will undoubtedly reduce the market for plasma derived Factor VIII, despite its higher cost.

Finally, the national boundaries of the plasma industry are rapidly being eroded. Kabi in Sweden is manufacturing the first batches of BPL high purity Factor VIII on a contract and in turn BPL is seeking to manufacture ATIII from British plasma for the Swedish market. Given the advantages of European horizons for the fractionation of plasma from voluntary donors, in improving standards, increased peer pressure from other fractionators and joint developments, should we not finally admit that the concept of National self-sufficiency (and the requirement for our own efforts) have disappeared? Alternatively, should we now be exploring other markets for our plasma, before making decisions to run down our plasma programme?

d). **HCV FUNDING**

I am concerned that there is no identified funding for our purchasers in respect of HCV testing for blood and blood components.

On the basis of our October 1st start the cost to the Centre will be £325,000 in 1991/92. The effect of HCV testing will add approximately 3.5% to our

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prices in 1991/92 (excluding the shortfall on plasma). The introduction of HCV testing is mandatory and the Centre has no control over the requirement to test for HCV. The Centre's cost for introducing the test is less than comparable costs from other Centres.

e). SUMMARY.

The net effect of the BPL subsidy and HCV funding is to add approximately 30% to our prices. This increase is before a further increase for capital charges.

The potential shortfall to our NHS purchasers for the effects of HCV and BPL inflation in 1991/92 is £372,000. This figure is based on the assumption that the RHA funds purchasers only 8.44% for inflation and does not fund HCV testing.

We are therefore requesting that the DoH fund our purchasers for the £372,000 shortfall. Secondly can we have clarification on the plasma procurement policy and the Management Executive policy of no cross-

subsidisation? Thirdly, and most importantly, if we are to continue plasma procurement for BPL and our NHS customers are not willing to subsidise the programme can we be informed about a source of funding e.g. RHA or Department of Health?

GRO-C

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