

RESTRICTED – POLICY AND COMMERCIAL

To: Ken Anderson

From: Dean Arnold

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BLOOD FACTOR PRODUCT PROCUREMENT

SUMMARY

1. Currently haemophilia products are bought from a range of locally and nationally held contracts. The major national contract for recombinant products will expire in March 2006. There is currently no work underway to recomplete this contract.
2. Total NHS spend on haemophilia products is estimated to be approx £250M and growing at about 10% pa. Unless managed, for example through a continuation of the national contract, the total haemophilia cost burden could rise by £30M next year¹.
3. Further, there is evidence that the current national recombinant contract, due to expire in March, does not achieve best prices for some products. Additional spend is fragmented across a large number of locally-held contracts, with prices varying by up to 17% in some cases.
4. As a result of recent Commercial Directorate work in pharmaceutical pricing strategy, a variety of stakeholders within the DH and NHS have reached out to the CD for support in establishing new commercial arrangements. This includes PaSA, the Blood Policy lead, MPI, the specialised services team lead, haemophilia commissioner consortia and the UK Haemophilia Centre Doctors' Organisation.
5. The rising spend on blood products combined with the future lapse of the national contract has not yet been discussed with Ministers. However, given the size and rate of growth of spend, we believe that there will be Ministerial support for strong commercial negotiations.

ACTION REQUESTED

6. New contracts need to be in place by March 2006. Given the short time-line, size of spend and complexity of this category, additional professional

1. ¹ This is based on an underlying rate of increase of 10%, combined with the loss of RFA prices driving a national increase of £2.8M. Source: Pan Thames Consortium expectation that loss of the RFA prices would lead to an increase in their spend of approx £700,000 in 2006/7.

RESTRICTED – POLICY AND COMMERCIAL

procurement support would help ensure that the DH obtains best value for money for haemophilia products.

7. We believe that a rapid assessment should be initiated to determine a negotiating strategy to secure better value in this highly complex area.
8. Building on the successes of the Commercial Directorate in previous pharmaceutical price negotiations, we would like to establish whether you believe this warrants Commercial Directorate investment.
9. We suggest that a six-week opportunity assessment could be carried out with a full time manager and data analyst.
10. Deliverables from this opportunity assessment would be
 - a. Cost-benefit analysis
 - b. Engagement and buy-in of key stakeholder groups
 - c. Implementation plan
 - d. Understanding of regulatory and legal constraints
 - e. Risk assessment
 - f. Purchasing strategy
 - g. Analysis of current spend and spending projections

RESTRICTED – POLICY AND COMMERCIAL

ADDITIONAL INFORMATION

BACKGROUND

11. Patients lacking Factor VIII and IX suffer from Haemophilia A and B respectively. Coagulation products are required by these patients to reduce or prevent bleeding and are increasingly used on a prophylactic basis.
12. There are a total of 17,347 bleeding disorder sufferers in the UK of whom 3,800 who received treatment. The number of patients is increasing at approx. 4% per year.²
13. Historically, coagulation products were derived from human blood plasma, but due to viral contamination with Hepatitis and HIV, recombinant products are increasingly used.

CURRENT PROVISION AND PROGRAMMES

14. Many haemophiliacs are treated through specialised centres, which are linked to consortia, with some additional patients treated at smaller trusts.
15. In 1998, a programme was initiated to allow all patients aged under 16 or born after 27/02/1998, as well as those adult patients requiring infrequent treatment, to transfer to recombinant products.
16. In 2003, MS(H) announced the “Recombinant for All” (RFA) programme. This funded all adult patients currently being treated with plasma-derived products to switch to recombinant products if they wished. As recombinant products are more expensive, £88M of staged funding was allocated to top up PCTs. The RFA programme expects that by 2005/6 all patients who want recombinant products are able to access them.
17. To cover the recombinant products, a national tender was arranged by PaSA, which yielded a reduction in price.
18. Outside of the RFA contracts, haemophilia products are currently procured on a range of different contracts with prices differing by up to 17%.

CURRENT AND PROJECTED SPEND

19. The exact data for current NHS spending is not readily available. However, a range of estimates indicate that spend is approximately £250M.

² UKHCDO 2002 report. This includes Scotland & Wales but the treated population does not include St Thomas', which has approx. 10% of the UK bleeding disorder population

RESTRICTED – POLICY AND COMMERCIAL

- a. Pan Thames haemophilia consortium which covers about 27% of the NHS population was £65.3M in 2004/5, excluding the RFA uplift. This implies a total NHS spend of £270M in 2005/6.
 - b. Data from Pharmex indicates 2003/4 spend of £70M in 14 hospitals. However, it is not clear whether this covers all product dispensed outside of hospitals.
20. Estimates for spending growth range from 9-15%.
- a. Data from Pan Thames consortium indicates that spend is increasing about 10% pa, excluding the impact of RFA funding.
 - b. UKHCDO data indicates that
 - i. patient numbers are increasing at about 4% per year
 - ii. The number of factor VIII and IX units used is growing at approx. 10-15% pa.

RECENT TENDERING PROGRAMMES

21. There has been work to reduce prices through joint tendering events. These have had mixed success.
- a. PaSA tendered for the RFA contract in 2003/4.
 - b. There are some small groups which have tendered successfully.
 - c. Pan Thames consortium aimed to develop contracts for haemophilia products across the whole region but following long discussions no contracts were let.