DISTRIBUTION OF BPL PRODUCTS AND SUPPLY OF PLASMA TO BPL: A NEW APPROACH

Introduction

These proposals were drawn up by a group under DH chairmanship on which a RT nominee, a RTD and CBLA were represented. The proposals were circulated by the RT and RTD nominees to their colleagues. The proposals attached reflect the many constructive detailed comments received. No one objected to the thrust of the proposals.

1. Background

1.1 The new BPL is working up towards full capacity and the goal of satisfying demand within E & W for blood products.

1.2 The existing distribution method provides for RTCs to receive free from BPL a volume of products pro rata to the volume of plasma supplied.

1.3 This method will become increasing less viable as demand and supply move closer. Demand for blood products is not correlated to the ability to supply plasma.

1.4 Demand for products especially coagulation factors is still growing. To satisfy this demand requires more plasma. Alternatives to human plasma are still some years away.

1.5 Finance will be an obstacle to expanded collection where RTCs do not need back products of commensurate value.

1.6 To satisfy growing demand will require BPL to incur additional running costs. It will become increasingly unacceptable to meet this via topslicing the resources for all RHAs.

2. Objectives for the New Approach

2.1 To provide a financial incentive to RTCs to supply plasma to BPL, or at least remove disincentives.

2.2 To provide an equitable means of distributing blood products.

2.3 To provide a means of financing BPL without top slicing the HCHS Vote.

2.4 To provide incentives for BPL to achieve production efficiencies.

3. Outline of a New Approach

3.1 The chosen means of meeting the objectives above is to implement cross-charging.

3.2 BPL will pay RTCs an agreed national price for supplying plasma.

3.3 RTCs will pay BPL for the agreed cost of blood products supplied.

4. Constraints

4.1 Cross-charging will operate within the usual framework of public expenditure conventions and the health service cash limits.

4.2 CBLA is just like other HAs and cannot build up capital reserves or invest surplus funds.

4.3 Cross-charging will aim to recover BPL's Revenue Costs only, not capital costs. There will be no element for profit or for a ROC.

4.4 Charges to customers outside the NHS will however reflect capital costs and a ROC.

5. Supply Arrangements

5.1 RTCs will supply BPL with agreed quantities over an agreed period.

5.2 BPL will supply RTCs with agreed quantities of blood products.

5.3 BPL will be responsible for making good any shortfall in these agreed quantities by central purchase of acceptable alternatives at an acceptable price.

5.4 Until supply from BPL in all products matches demand, agreed allocations of BPL product will be rationed.

5.5 BPL Factor VIII will be issued to RHAs proportional to the number of haemophiliac patients receiving treatment by Factor VIII in the Region.

5.6 BPL albumin and other products (except Factor VIII) not in full supply, will be issued to RHAs in proportion to their catchment population. Special arrangements will need to be made where Regions have the responsibility for supplying SHAs with blood products.

6. Plasma Prices

6.1 There will be national agreed prices for plasma. Different prices will be agreed for different qualities and types of plasma.

6.2 Prices will be fixed annually between CBLA and the National Director of the NBTS and approved by the NBTS steering committee (on which RHAs and CBLA are represented) in the light of current costs adjusted for forecast inflation and agreed productivity goals.

6.3 CBLA income will be used to reduce the cost of products to RTCs. An estimate of income will be taken into account in assessing the net expenditure to be recovered through prices.

7. CBLA Prices

7.1 CBLA prices will reflect the total running costs of BPL. Their R & D budget, CBLA administration and cost of BGRL will all continue to be funded directed by DOH.

7.2 BPL prices for blood products will include the cost to them of RHA plasma.

7.3 BPL prices to RHAs will be agreed annually with the National Director of the BTS and approved by the steering committee for the NBTS.

8. Method of Settlement

8.1 RHAs will raise invoices on CBLA for plasma supplied.

8.2 CBLA will raise invoices on RHAs for products supplied.

8.3 There will be a monthly settlement on the basis of a statement of the net position raised by CBLA. This should reduce cash flow to the minimum.

8.4 Each RHA will authorise CBLA to effect reimbursement of a debit balance by Direct Credit.

8.5 CBLA will settle any credit balances promptly by cheque.

8.6 This method is designed to ensure that CBLA's cash limit is not breached by an unexpected increase in outstanding debtors.

9. Cash Limit Accounting

9.1 CBLA will draw cash from DH to cover temporary inbalances between cash receipts and payments. CBLA will be expected to keep their bank balance to a minimum level and will return any surplus cash to DH.

9.2 The charge against CBLA's cash limit will comprise any cash advanced and not returned. This should represent any change in net working capital.

10. Plasma Stockpile

10.1 CBLA hold a stock pile of plasma donated by RHAs on which RHAs have incurred expenditure. Products will be made in part from this plasma.

10.2 RHAs should not pay twice for this plasma; and those RHAs who have donated most should benefit most.

10.3 As the stockpile is run down (ie issues exceed current plasma receipts) credit notes will be issued to RHAs for the equivalent amount.

10.4 Plasma credit notes will be priced on a LIFO basis and reflect the relative proportion of the stockpile contributed by each RHA.

11. Capital Expenditure

11.1 Capital expenditure will continue to be funded by DHSS from the HCHS Vote.

12. Resource Distribution Effects

12.1 At present BPL's running costs of approximately £11 million are distributed between RHAs as the net effect of two transactions.

12.2 Firstly, BPL's budget is top sliced from the total otherwise available for distribution between RHAs. Each RHA therefore foregoes a share of £11 million proportionate to their share of the total available to RHAs.

12.3 Secondly, RHAs receive the running costs back within the value of blood products supplied to them. These are returned pro rata to the amount of plasma contributed to the total pool.

12.4 The effect on RHAs is thus the net of £11m distributed pro rata to total allocations less £11 million distributed pro rata to plasma contributions. This net distributional effect is de minimus.

12.5 Cross charging will distribute BPL's costs differently. RHAs will pay for products which (per 5.5 and 5.6) they will get on a pro rata basis. If however more plasma is supplied by a RHA than is reflected in the amount of products it purchases, then its costs will be reduced.

12.6 The net distributional effect of £11m distributed as per 12.4 and 12.5 will be de minimus.

13. Implementation Date

13.1 It is suggested that the date of implementation should be 1 April 1989.