

Julia Stallibrass

22/07/2004 12:21

To: Zubeda Seedat/PH6/DOH/GB@GRO-C
cc: Richard Gutowski/PH6/DOH/GB@GRO-C
Subject: PQ on the £4 cut to the recombinant budget

Thanks for your email.

I would add in your reply to Geoff Rees that his point (in his email of 9/7/04) that the increase from the 2003/04 to 2004/05 budget is 31%, is IRRELEVANT. (ie. £13m increasing to £17m).

The fact is that the original £21m 2004/05 budget represents the full year effect of the (part year) 2003/04 budget. Cutting the £21m by £4m creates a DEFICIT.

The publicly stated policy of the DH is to fund all eligible patients (ie. under 41 at X qualifying date) to receive recombinant products from a certain point in 2003/04 and thereafter. However this is now impossible to achieve because the reduced 2004/05 funding is now not sufficient to cover all the patients who started recombinant products in 2003/04. Thus SOME PATIENTS WILL HAVE TO STOP RECEIVING RECOMBINANT PRODUCTS A FEW MONTHS AFTER STARTING THEM. This is clinically completely unacceptable and very very poor practice.

Try this line!

Julia

Julia Stallibrass
Specialised Services Team Leader
GRO-C

Julia,

Richard is off for a couple of days. I'd be grateful for your views on the attached draft to finance colleagues that I would like to send this afternoon following a PQ on the cutback. I think if we get the tone right in this e-mail it might help finance colleagues to reconsider the cut.

Thanks
Zubeda

Geoff,

As discussed we now have a PQ on the £4m cut to the recombinant budget from Lord Morris of Manchester

PQ06653 - The Lord Morris of Manchester - To ask Her Majesty's Government what was the outcome of the meeting at the Department of Health of its Recombinant Rollout Working Group on 5th July; what representations the Secretary of State for Health has received since that meeting from the Chairman of the Haemophilia Society; and whether the four commitments now sought by the Society will be met.

At the meeting on 5 July there was dismay and very serious concern about the cut. Richard has already mentioned that suppliers may claim a breach of contract. The total volumes that can be

purchased will be reduced compared to what was modelled by PASA for the National Contract and may affect the price per unit of recombinant product from some manufacturers. This means that we will no longer be able to reach the required threshold for maximum discount.

There is also concern about patients eligibility to treatment under the roll-out now that the budget has been cut, and the overall impact to PCTs budget. There have always been risks associated with the roll-out. We have been encouraging shared risk arrangements, however the cuts exacerbates the position.

The original £21.7m million was carefully calculated to ensure that PCTs could purchase sufficient stock for all the patients eligible under the roll-out. This meant that PCTs could purchase 10 months stock (they received funds to purchase two months stock in the last F/Y). The cut severely reduces the amount that can be purchased to 5 months stock - we were **not** using the weighted capitation formula.

As you know the Minister has already queried this cut. By way of background you should be aware that there is a high degree of Parliamentary interest in issues affecting people with Haemophilia and we are very likely to be lobbied as a result of this cut.

You will see that the PQ refers to representation that the SoS has received since the meeting on 5 July. We have received a letter from the Chairman of the Haemophilia Society to John Reid. I will fax you a copy. We will try to give assurance on the first three commitments that the Society are seeking, however, we need advice/lines from finance colleagues on the fourth commitment about the original budget of £88 over three years.

Thanks
Zubeda

----- Forwarded by Zubeda Seedat/PH6/DOH/GB on 21/07/2004 10:55 -----

Geoff Rees
09/07/2004 14:03

To: Richard Gutowski/PH6/DOH/GB@GRO-C
cc: Zubeda Seedat/PH6/DOH/GB@GRO-C Mark
Thomas/NUR-PS/DOH/GB@GRO-C Andrew
Clapperton/FDB-FM/DOH/GB@GRO-C
Subject: Re: National "recombinant for all" rollout

Richard

When considering reductions to the 04/05 budgets weight was given to whether despite any reduction the budget still recieved an increase over the 03/04 budget. In your case the budget after the deduction still increased from £13m to £17m a 31% increase. The proposed reductions were then shared with directors and finally approved by Sir Nigel Crisp.

If you wish the budget reduction re-instated then the funding will have to be found from another budget within your directorate.

With reference to our ability to take the money, the necessity, to cut budgets was absolute. The sum of the allocations exceeded the funding available.

Andrew

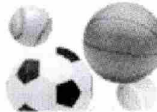
For info especially the bit about Minister questioning our ability to cut

Geoff Rees
Room LG04

Wellington House

Ext **GRO-C**

Richard Gutowski



Richard Gutowski

08/07/2004 14:13

To: Natalie Howell@ **GRO-C**

cc: Emily Costello@ **GRO-C**; Zubeda Seedat/PH6/DOH/GB@ **GRO-C**;

Geoff Rees/NUR-PS/DOH/GB@ **GRO-C**;

Subject: Re: National "recombinant for all" rollout

Natalie

I fully understand people's concerns but cannot think of anything to say. As far as I understand it the cut was arbitrary and one of many made to a large number of DoH budgets. Happy to meet to discuss how to take forward. I suggest Geoff Rees joins us.

Geoff

The £4m cut was announced at a recombinant monitoring meeting this week where great concern was expressed. The Patient Group has now written to John Reid demanding an explanation and the return of the money. The letter was copied to the Chairman of the All party Haemophilia Group therefore questions will be raised in the House. Melanie Johnson has also queried your ability to take the money. Just to alert you to the fact that I will be coming to you for lines to take and background.

Richard

Natalie Howell@ **GRO-C**

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07/07/2004 17:48

To: Richard Gutowski/PH6/DOH/GB@ **GRO-C**

cc: Emily Costello@ **GRO-C**

bcc:

Subject: National "recombinant for all" rollout

Richard

I understand that the year 2 budget for the rollout programme has been cut by £4M, and the projected purchases by centres is expected to be considerably below that originally indicated in the award of the National Contract. It is likely that for at least one supplier the centres will not purchase the volumes needed to achieve the price banding at which we made the award.

Such a supplier could insist on a price increase, or claim breach of contract. Either way there is a risk to PASA and the assumptions around which the revised modelling has been done.

Baxter and Bayer had expressed concerns about the failure to deliver on the year 1 promised volumes but were placated by the understanding that these were just teething troubles which would settle down in year 2. Now that this information (i.e. the cut in budget) is in the public domain, the suppliers need to be briefed earlier rather than later in order to open constructive dialogue. I believe this briefing ought to come from yourself.

Can you let me know as soon as possible how you feel this should go forward.

Thanks

Natalie Howell

Buyer, Specialised Pharmaceuticals
NHS Purchasing and Supply Agency



Natalie (E-mail).vcf

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09/07/2004 14:03

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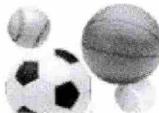
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Room LG04
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Ext. GRO-C

Richard Gutowski



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