

POSITION STATEMENT 58

10 January 2019



Response to the limitation of Market Access by NHS Supply Chain

A vast number of wounds are treated every day by the NHS in both hospital and community settings, with at least 2.2 million wounds in the UK on an annual basis. The cost to the NHS of managing these wounds is estimated to be £5.3bn per year¹ with most wound care being managed directly by nurses². Since around 85% of wound care costs are related to just nursing costs and home visits (up to £80 per time) any delay in healing will dramatically increase overall costs. Choosing the most appropriate wound care product is thus crucial to reducing healing times and minimising overall treatment costs.

Lord O'Shaughnessy (former Parliamentary Under-Secretary of State, Department of Health and Social Care) has publicly stated *'supporting good wound care and providing the best and most effective products in the health care system are both essential parts of the strategy'*³.

The spirit of the NHS cost saving initiatives should therefore consider the overall treatment cost of wound care management – and not just the unit cost of dressings⁴. This is clearly not the remit of the current procurement system (CTSPs and SCCL). The Department for Health & Social Care need to take back control of the procurement process – and reiterate exactly what is required to reduce those overall treatment costs.

NHS Supply Chain (acting via SCCL Ltd) has been tasked to reduce the element of costs related to procurement. The SDMA understands the need of the NHS to reduce the costs associated with wound management as part of this process. Costs have already fallen as the result of the following programmes: e.g.

- Compare and Save
- Mini competitions and e-auctions
- Threshold pricing

In addition, the Buy-price = Sell price initiative is now pending (the likely impacts of which are unknown, but potentially game-changing)

It would be interesting to know what effect these have already had on unit cost savings. It would also be interesting to know what effect they have had on the overall cost of treatment for the NHS. Industry has already cut back on education, support, training, staffing, innovation and resourcing – along with facing significantly-reduced profitability. The effect of these actions is far-reaching and ongoing.

Industry and the NHS are now facing the prospect of a 'perfect storm' in the delivery of healthcare – which can only result in significant risks to patients – and legal/regulatory risks for NHS SC providers. These risks arise from:

¹ *Health economic burden that wounds impose on the NHS*, by J F Guest et al., BMJ Open (2015), available at <http://bmjopen.bmj.com/content/5/12/e009283.full>

² *Wound Care in five English NHS Trusts*, by Karen Ousey et al., Wounds UK (2013) vol 9(4) 20 et seq.

³ House of Lords Hansard, *NHS: Wound Care*. 22nd November 2017. Vol 787

⁴ Browning, P. *Cost effectiveness of wound dressings*. 2014, British Journal of Health Care Management Vol.20.

- Industry have a clearly defined 'duty of care' to provide education and training on the safest and most appropriate way to use their products. It is an essential requirement of the European Medical Device Directive (MDD) that manufacturers provide sufficient training for their products to be used safely. Price pressures are already reducing education and training and may thus reduce regulatory compliance and increase exposure to risk.
- The European Medical Device Regulation (MDR) is currently being introduced. This greatly increases the regulatory burden – especially regarding clinical evaluation, post market surveillance, post market clinical follow-up and biological evaluation. Smaller low-overhead suppliers may thus struggle to comply with these new regulations, and NHS SC will have a legal requirement to vet suppliers for compliance, which will be a statutory duty overseen by the MHRA.
- Under the MDR, clinical evaluations will be required for all products to show their safety and efficacy in use. In general, they will have to be developed without claiming equivalence to other product. This represents a considerable up-front cost to suppliers which 'me-too' suppliers may struggle to afford

Value based procurement has to take account of both the short and long term requirements of the NHS. The current procurement strategy translates to a race to the bottom for price and quality to meet short term targets, but is not a viable and sustainable strategy to achieve long term savings for the NHS.

Key considerations must include:

1. The documented ever-increasing shortage of nursing care resource – the single largest cost of NHS woundcare (over 85%). This is likely to increase still further if there is a reduction in product quality forced by a focus on unit cost. Reductions in product quality resulting from the use of low-cost manufacturers could easily lead to a reduction in clinical effectiveness – leading to increased product usage and demands on nursing time, with an accompanying increase in the overall cost of treatment.
2. The strategy for NHS SC is to supply 80% of total UK market (including Community) for dressings. A focus on price over quality for NHS SC hospital supply is unlikely to meet the quality requirement for Community where dressings will be required to last longer between changes, so a focus on price will by definition impact on this 80% goal and is therefore likely to be self-defeating
3. Innovation is a key component to reducing long term costs – and one that is recognised by the government. It is inevitable that industry's ability to innovate will be compromised by inadequate profitability and market access.
4. Support for SME's in line with stated government policies and British Industrial Strategy. It is not the intent of this strategy that this support be defined by the promotion of ephemeral companies relying on cheap imports with minimal infrastructure and questionable regulatory compliance.

As a monopsony buyer, the Government has an implied responsibility to ensure a competitive market place, the value of which is demonstrated by companies' ability to respond to intermittent market shocks, such as Brexit – and then maintain supply chain integrity, whatever the circumstances. A reduced and poorly-profitable supplier base will inevitably imply a much-reduced flexibility and ability to respond to challenging events, including ever-changing regulatory and legal requirements. Government are reminded that wound management has a strategic aspect, including military as well as civil contingencies⁵.

⁵ *Preparation and planning for emergencies: responsibilities of responder agencies and others*, as found on <https://www.gov.uk/guidance/preparation-and-planning-for-emergencies-responsibilities-of-responder-agencies-and-others>

Industry has always worked in partnership with the NHS to provide the innovative solutions and wound dressings available today. Currently, the UK market is recognised as a world leader and a centre of clinical excellence, with patients directly benefiting from the most appropriate dressing choice and assured innovation. This is now threatened, along with the consequent benefits to the UK economy.

The ultimate goal should be to deliver both best value for the NHS and better patient outcomes. This best value comes from ensuring the most appropriate management is delivered at the most appropriate time. That overall cost of care can only be reduced in the long term via value-based procurement, and not by a system which massively rewards short term unit cost savings, as opposed to reducing overall NHS costs and improving the patient experience. The current lack of clinical assessment or value-based procurement may also undermine the Government's commitment for the National Wound Care Strategy Programme.