Written evidence submitted by the Healthcare Distribution Association's (CLL0001)

About the Healthcare Distribution Association

The Healthcare Distribution Association (HDA UK) represents those businesses who supply medicines, medical devices and healthcare services to patients, pharmacies, hospitals, doctors and the pharmaceutical industry. HDA UK members operate across the four nations of the United Kingdom enabling a safe, efficient and high-quality supply chain for the healthcare sector. They are responsible for distributing over 90% of NHS medicines and provide wholesaling services including working capital, stock management and IT systems to their supply chain partners. The HDA and its members are at the forefront of the constantly evolving healthcare supply chain, which is seeing innovative practices and technologies make new services possible for manufacturers and to those who dispense medicines, reflecting the needs and choices of individual patients.

Reason for submitting evidence to the inquiry

The supply of medicines, medical devices and other healthcare products such as PPE was placed under immense strain during the first wave of the COVID-19 pandemic. This was particularly the case during March and April when the volume of medicines passing through the supply chain rose substantially. Thanks to the flexibility of the healthcare distribution sector and significant upfront investment by HDA member companies, the supply of medicines was maintained. Collaboration between supply chain stakeholders, including regulators and various Government actors increased immensely during the pandemic, however, there were a number of issues that inhibited the efficient operating of the supply chain, many of which are explained in our submission. Overall, there is a distinct need to build a cross-Government, joined up plan for the medicines supply chain that avoids inefficiencies, unnecessary increase in costs and duplication of effort.

Introduction

- The discursive and well-established relationships between medicines supply chain stakeholders has been key, enabling the HDA and its members to engage on a collaborative and constructive level with a far broader range of NHS and Government representatives than is usually the case from Day One.
- The success of the medicines supply chain in tackling the pandemic has partly been thanks to the vibrant and competitive free market for healthcare distribution that provides the NHS with unparalleled flexibility, incentives and efficiency.
- The ability of healthcare distributors to respond at speed is thanks to an in-depth understanding of what constitutes risk, allowing decisions to be quickly made in the best interest of patients, often before Government and regulators had the time and / or bandwidth to review the situation.
- The definition of pharmaceutical wholesalers as Key Workers was a huge boost to the sector's ability to keep operations going during the pandemic allowing for priority access to testing and schooling. Maintaining driver and warehouse labour is critical as a resource failure can lead to a critical disruption to the medicines supply chain.
- The availability and resilience of the medicines supply chain proved itself and compared very favourably with other supply chains.

Key recommendations

- The most pressing need is for a joined up, cross-Government plan that covers the supply of medicines during a pandemic, which is then clearly communicated by one point of contact in Government. The formulation of this plan must involve supply chain stakeholders from the beginning
- NHS/DHSC should now have confidence in the medicines wholesale chain to manage stocks of medicines equitably and appropriately without having the need to require more central controls.
- Establishment of a key decision-making contact and communications tree for all to buy-in to; to avoid duplication of effort.
- GDP flexibilities which were a significant boost to the supply chain's ability to respond to the pandemic should be made permanent wherever possible.

- The potential broader benefits of defining pharmaceutical wholesaling staff as key workers should be considered as part of future regulatory approaches. Including priority and rapid access to all healthcare services such as virus testing, flu vaccines and future vaccination programmes.
- The importance of stable and sustainable GP and Secondary Care prescribing habits must be more broadly recognised in NHS and supply chain planning.
- The supply chain's flexible and immediate response incurred substantial additional costs that should be recognised in the overall funding of the medicines supply chain.

NHS Procurement

NHS procurement of vital medicines and PPE, particularly in the first few months of the pandemic, presented substantial challenges to healthcare distributors as different parts of the NHS and Government operated in separate silos. Communication between different institutions appeared minimal, with both duplicative and contradictory processes being put in place, usually resulting in an increased burden on healthcare distributors. Consideration should therefore be paid to establishing more general contractual arrangements between wholesalers and the Government to allow for the timely distribution of Government owned stock.

An example of this was the approach adopted by NHS England and Improvement for the procurement of ICU medicines, which saw Letters of Intent (LOI) signed with pharmaceutical wholesalers that did not necessarily fully reflect the reality of medicine procurement. In fact, the secondary care medicines purchased by wholesalers as a result of the LOIs, were not purchased by NHS Trusts to the expected volumes as they preferred to order normal UK stocks. This led to significant overstocking and product expiring within wholesale.

The significant differences in the approaches adopted by the four nations of the UK resulted in a frequently chaotic response to the pandemic, by increasing the complexity and burden on healthcare distributors. One aspect that was particularly challenging was the parochial approach to purchasing medicines, with each nation attempting to purchase medicines to the detriment of the other nations.

In addition to the overlapping requests and asks, the decision-making process by some authorities was often slow and their individual responsibility allocation was uncertain at times. Sometimes, decision-making was left to HDA members, who always aimed to put patients first. It was unclear who the over-riding authority was at the time.

Supply Chain Regulators

The role of supply chain regulators during the pandemic was a crucial one. Leveraging the existing very strong working relationships that the HDA and its members have with the DHSC and MHRA in particular, being much needed tools in the supply chain's response to COVID-19. Notable achievements that stemmed from this collaborative relationship included a number of Good Distribution Practice flexibilities, that allowed the supply chain to respond to the unique challenges presented by the virus, such as reducing face to face interaction and moving very high volumes of medicines in a very short space of time. However, inter-regulator cooperation, principally between the MHRA and Home Office limited the impact of some of the early achievements in making the supply chain more responsive to the pandemic. For example, the Home Office's approach to Controlled Drugs in secondary care was at odds with the MHRA's willingness to accept greater flexibilities.

PPE

The issues surrounding PPE procurement are well documented, yet the lack of availability of Public Health England procured PPE for HDA wholesalers to supply to community pharmacy was perhaps overshadowed by the urgent issues faced by secondary care. This is to say, that the centralised PPE procurement for community pharmacy operated by Public Health England faced considerable challenges with low levels of stock availability and miscommunication by PHE that suggested that HDA members had dramatically more PPE stocks than was actually the case.

The management of PHE's PPE stockpile also produced a number of operational challenges for HDA members, as the sales events that were used to release stock onto the market were conducted with very short notice and often did not include the expected volumes.

Going forward, consideration should be paid to engaging healthcare distributors in the management of Government PPE stockpiles given their expertise in balancing supply and demand, and equitably distributing healthcare products. Equally, at the beginning of the pandemic when the Government signed high value contracts for PPE supply with companies that had little, if any, experience of procuring PPE, engaging healthcare distributors who have long-standing expertise in procuring products from around the world was seemingly not considered. Due to the lack of transparency over this early procurement of PPE, it was impossible for the HDA and members to offer their support in these efforts, as it was unclear what the Government's strategy was.

Upstream in the medicines supply chain

The upstream sections of the medicines supply chain, manufacturing and pre-wholesale largely operated very effectively during the pandemic. Medicines supplies into the wholesale sector were largely assured. However, it is important to note the role played by pharmaceutical wholesalers in ensuring that the stock that was in the system was supplied to the right place and at the right time. An example of this is the increased flexibility that was instigated in wholesale for receiving orders from manufacturers, including emergency deliveries, additonal emergency orders and prioritisation of certain medicines at the goods-in section of wholesale service centres which saw a huge uplift in volumes during the early stages of the pandemic.

Without detailed and measured stock management, medicines would undoubtedly not have reached some patients in both primary and secondary care, whether due to demand outstripping supply for a short period of time; medicines being in a lower demand location when needed in a higher demand region; or certain elements of the supply chain attempting to reduce supply in order to drive up prices.

Community Pharmacy

Downstream in the supply chain, the HDA's strong working relationships with community pharmacy ensured a constant two-way dialogue took place, identifying potential issues and allowing for their speedy resolution wherever possible.

The most significant challenge in the early stages of the pandemic was the dramatic shift in GP prescribing habits, which saw a lengthening in the average prescription length, contrary to NHS guidance. Such a change in behaviour was also exacerbated by an increased demand for Over the Counter (OTC) products and the early presentation of prescriptions at community pharmacy by patients. This substantial increase in demand in a very short space of time – a matter of days – placed the supply chain under immense strain. However, thanks to the efficiency of the supply chain and the injection of considerable time and capital expenditure by healthcare distributors, this surge in demand was largely able to be met.

Primary versus Secondary Care

Another substantial challenge was the relatively low levels of communication and cooperation between primary and secondary care on medicine usage and procurement, particularly around those critical care medicines that were experiencing a considerable uplift in demand in secondary care, but were also important treatments in primary care; for example: 'end-of-life' treatments. The HDA would suggest that there was an initial lack of 'joined-up thinking' in this area.

Data Collection

Understandably, the Government wanted to collect far more data from the medicines supply chain than during normal times in an effort to ensure the right medicines were in the right place at the right time. However, the various Government and NHS actors (from all four nations) submitting data requests appeared not to be coordinating these requests for the first few weeks, resulting in unnecessary burden and duplication for healthcare distributors. It is important to note though, that the COVID-19 data collection process did improve markedly as the pandemic played out, especially with the engagement of NHS England & Improvement.

Exporting Medicines

As part of the Government's efforts to avoid shortages in the run up to a potential hard Brexit, the DHSC implemented an export ban list, that prevented the exporting of critical medicines that were in short supply. This list has continued and was utilised to restrict the export of medicines deemed of importance to combatting COVID-19. The HDA supported this concept, but is concerned however, that the lack of an official mechanism to take medicines off the list hampered the optimal functioning of the medicines supply chain. For example, it prevented the legitimate export of products that had become plentiful in their supply to less developed countries that were experiencing medicine shortages.

Additional Costs

Pharmaceutical wholesalers incurred substantial costs as a result of their rapid and flexible response to the pandemic. A broad range of additional investment was required, from capital funding of additional stock build for both primary and secondary care; to increased wages for additional shifts and agency staff to backfill staff members who were self-isolating. The unprecedented uplift in the volume of medicines moving through the supply chain also increased transport and distribution costs, including fuel, totes and additonal vehicles.

Furthermore, given the nature of the healthcare distribution warehouse working environment, significant funds were put towards staff PPE, deep cleaning and additional safety measures. Finally, many wholesalers had to increase funding for higher community pharmacy credit provision, as the sector struggled with cash flow during the early stage of the pandemic.

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