

HSP1 Community Pharmacy Wales

Senedd Cymru | Welsh Parliament

Y Pwyllgor Iechyd a Gofal Cymdeithasol | Health and Social Care Committee

Bil Caffael y Gwasanaeth Iechyd (Cymru) | Health Service Procurement (Wales) Bill

Ymateb gan Fferylliaeth Gymunedol Cymru | Evidence from Community Pharmacy Wales



Community Pharmacy Wales response to the
Welsh Government consultation on the

**Health Service Procurement
(Wales) Bill**

Date: March 2023

Part 1: Introduction

Community Pharmacy Wales (CPW) represent community pharmacy on NHS matters and seeks to ensure that the best possible services, provided by pharmacy contractors in Wales, are available through NHS Wales. It is the body recognised by the Welsh Government in accordance with *Sections 83 and 85 National Health Service (Wales) Act 2006* as '*representative of persons providing pharmaceutical services*'.

Community Pharmacy Wales are the only organisation that represents every community pharmacy in Wales. It works with Government and its agencies, such as local Health Boards, to protect and develop high quality community pharmacy-based NHS services and to shape the community pharmacy contract and its associated regulations, to achieve the highest standards of public health and the best possible patient outcomes. CPW represent all 709 pharmacies in Wales. Pharmacies are located in high streets, town centres and villages across Wales as well as in the major metropolitan centres and edge of town retail parks.

CPW are pleased to have the opportunity to respond to this important consultation and to register our concern that **the Bill as proposed may, as an unintended consequence', affect the viability of the pharmacy network.**

Part 2: Concerns in relation to the proposed Bill

Each year across Wales the community pharmacy network procures over £600 million of medicines to supply to the people of Wales under a nationally agreed Community Pharmacy Contractual Framework.

To incentivise efficiencies in procurement, around one third of the community pharmacy total remuneration comes from a nationally agreed retained margin on purchases. Impacting this retained margin in any way will have a direct and significant impact on the funding of the network.

As a result of this retained margin element, Health Boards will always be able to procure medicines at a lower cost to themselves if they look to forgo

the payment of retained margin. In reality, as the Welsh Government must pay the agreed margin element of the contract at an 'All Wales' level, there still remains an incentive, for Health Boards under financial pressure, to look to avoid paying this margin.

Drug companies have been complicit in this action through the creation of 'branded generic medicines' specifically designed to exploit loopholes in the Community Pharmacy Contractual Framework. These branded generics seek to avoid the payment of margin and in some cases Health Boards have enjoyed some form of payback for instructing GPs to prescribe these medicines. In addition there are periodic examples of Health Boards looking at the possibility of central purchasing of medicines and appliances. Welsh Government have naturally condemned any attempts to undermine the nationally agreed framework and CPW has real concerns that the changes proposed in the Bill have the potential, if not legislated against, to completely undermine the foundation of the national contract.

There is an added but related concern that, if some Health Boards take advantage of a more flexible approach to commissioning and others do not, we may end up with geographical procurement arrangements that will destroy the level playing field funding approach that the pharmacy contract is founded on.

The explanatory memorandum confirms that the purpose of the Bill is to '*enable the introduction of a bespoke procurement regime which will apply to Welsh NHS health services*'. As a result this will '*give organisations such as NHS and local authorities in Wales the ability to implement more flexible working practices*'. It is clear therefore that the proposed changes will allow different Health Boards to adopt a different approach to the procurement of healthcare services.

The memorandum later identifies that this flexibility relates not just to services but also to goods and therefore potentially the procurement of medicines and appliances which are healthcare goods. While goods are not generally included in the new arrangements the memorandum states '*in relation to the procurement of goods, it is anticipated that the regulations will only apply if they are 'connected to' the health service being procured*'.

It is clear to CPW therefore that, as written, the dispensing of prescriptions comes under this category as the dispensing is the procured healthcare service and the goods (medicines and appliances) are 'connected to' the service that has been procured.

It is clear to CPW that this is a potential unintended consequence of a more flexible approach to procurement. This has the potential, if not recognised

and exempted in the Bill, to undermine the existing national community pharmacy contract. As Welsh Government has only recently negotiated and agreed a new community pharmacy national contract we are sure this is not something that Welsh Government would wish to see undermined.

Part 3: Conclusion

CPW is supportive of the principles within the proposed Bill and understand the need to reduce complexity and improve flexibility.

CPW would ask Welsh Government to make it clear in the legislation that **the procurement flexibility provided to Welsh Health Boards does not extend to the purchase of medicines and appliances where central contracting arrangements are in place.**

CPW agree that the content of this response can be made public.

CPW welcome communication in either English or Welsh.