

**NHS Clinical Commissioners response: Proposed changes to the statutory scheme to control the costs of branded health service medicines**

*18 September 2018*

**I. NHS Clinical Commissioners**

NHS Clinical Commissioners (NHSCC) is the membership body of Clinical Commissioning Groups (CCGs). Established in 2012, we have over 91% of CCGs in membership. We offer a strong national voice for our members on relevant policy issues and support them to be the best they can to commission effectively for their local populations. This includes working with our members to identify areas where maximising the value of the NHS pound nationally will yield savings that can be redirected into high priority areas locally. This includes improving value for money in medicines spending.

We welcome the opportunity to provide a response to the Department of Health Consultation on proposed changes to the statutory scheme to control the costs of branded health service medicines. To develop this response we gathered views from the CCG medicines community, including clinical leads, chief pharmacists and heads of medicines management.

**II. Comments on the statutory scheme**

Medicines spending in the NHS continues to rise. We support the overall principles of both the statutory scheme and the Pharmaceutical Price Regulation Scheme (PPRS) 2014 to limit the cost of branded health service medicines and thereby safeguard the financial position of the NHS. We are supportive of the amendments to the statutory scheme made in April this year that introduced a system of payments based on the percentage of the value of branded health service medicines sales in addition to price controls to reduce costs to the NHS. Our members are acutely aware of the increasing medicines spend and are supportive of measures that aim to ensure the delivery of maximum value for every NHS £ spent.

However, currently the rebates that are accrued to the NHS are returned to the overall NHS England budget. Our members would welcome clarity on the funding flows through the system, and specifically a ring-fence of the funding obtained from these schemes so that this is returned directly to local CCGs based on their individual branded medicine spend. Currently, our understanding is that an estimated adjustment is made to CCG allocations to reflect these rebates. Our members would value greater transparency of the funding pathway.

**III. Comments on the proposals**

The consultation outlines three proposals for changes to the current statutory scheme. We are supportive of these proposals.

*Setting a level of annual payment percentages*

Our members work to ensure the delivery of the best value healthcare system for their local populations and the UK taxpayer. Medicines optimisation teams within CCGs ensure that spend on

medicines delivers the best outcomes for patients and value for the local system. We therefore agree that the annual payment percentages should deliver the best value for the taxpayer and ensure the availability of medicines to the health service on reasonable terms.

The adoption of the 'do-nothing' scenario resulting in reduced level of savings for the NHS would not support the work of our members locally to maximise value for patients. With the NHS budget increasingly stretched and our members having to make difficult decisions about the prioritisation of service delivery, it is unreasonable for pharmaceutical companies to continue to profit excessively at the NHS and taxpayers expense. We would agree with comments from the Secretary of State that some pharmaceutical companies are trying to "rip-off taxpayers" and that big business needs to be more socially responsible.

We agree that there should be broad commercial equivalence between the statutory and the voluntary scheme to ensure clarity and equivalency.

*Amending the application of the payment percentage for sales of medicines*

We support the proposal for amending the application of the payment percentage for sales of medicines. The proposed changes would ensure that savings were delivered through the introductory phase, but not significantly increase the complexity of the statutory scheme as it currently operates.

*Including biological medicinal products (including biosimilars)*

Our members are actively involved in the introduction and commissioning of biosimilars in local areas to release savings that can be reinvested in service delivery. NHSCC have worked collaboratively with NHS England on the production of the commissioning framework for biological medicines (including biosimilar medicines) in recognition of the important contribution that these medicines can make in reducing the overall medicines spend. Six of the top ten medicines prescribed in hospitals are biological products that are used to treat a range of conditions; with a number coming off patent in the coming year there is the potential for the NHS to release savings of at least £200m-£300m by 2020/21.

We agree that to ensure the maximum cost savings derived from these medicines that they are included within the scope of the payment mechanism, price controls and corresponding information requirements. We hope that this will precipitate sharper price declines upon loss of exclusivity for biological medicines in the future, resulting in greater cost savings for the NHS.

For more information

If you would like any further detail on our response please do not hesitate to contact our Head of Policy and Delivery, Sara Bainbridge [s.bainbridge@nhsc.org](mailto:s.bainbridge@nhsc.org) or Member Network and Policy Manager, Thomas Marsh at [t.marsh@nhsc.org](mailto:t.marsh@nhsc.org).