POSITION PAPER 50

7 August 2014

Response to NHS Procurement Atlas of Variation

SDMA

SURGICAL DRESSING MANUFACTURERS ASSOCIATION

Background

NHS England has recently published an atlas of variation for procurement. This lists the approximate savings a trust could achieve by buying the same type and volume of products from NHS Supply Chain as last year - but at the average lower quartile price. The intention is to encourage the purchase of equivalent, but lower cost items. Trusts are also graded on the level of savings they could achieve by moving to cheaper products. Full details can be found using the following web link: http://ccgtools.england.nhs.uk/procurement/ProcAtlasJuly2014/Metadata.pdf

The cheapest product may not be the lowest cost solution

A key point is the comparison between total cost in use, including the cost of clinician and nursing time, and the individual cost of products and services. It is also a question of whether we place a value on quality of life

The knee-jerk approach of simply purchasing the cheapest products and services can so often lead to increased costs and reduced benefits for patients and clinicians. Clinicians tend to be better informed and often choose the products and services that are best adapted to the job in hand. For example, a whole handful of the cheapest wipes may be needed to clean a patient, when just one or two better quality ones would do the job – thus making the cheapest ones more expensive in practice. Other examples might be surgical sutures, where the cheapest ones may be thinner and could snap during stitching – thus distressing the patient and greatly increasing the time cost. More emotive examples include replacement hip joints chosen because they are the cheapest available, rather than because they are the best fit for a patient's needs.

Clinicians have always recognised the need for products to be cost effective and give the best value – but both of these are rarely provide by the cheapest available product or service. Industry has always agreed with this approach – providing quality in use, cost effectiveness and innovation.

The Atlas appears to 'name and shame' those who do not simply purchase the cheapest products and services – thus penalising those that recognise cost efficiency, patient benefit and innovation. By forcing purchasing of the cheapest items, costs could increase overall, patient benefit be reduced and innovation stifled.

Cheapest product may reduce consequent benefits

If the only measure is price, then this implies that products chosen will have been made at the lowest cost. Hence encouragement will be given to using only the cheapest materials, regardless of clinical suitability. It may thus encourage 'cutting corners' by disregarding ethical purchasing, minimising safety testing, minimising checks on regulatory compliance, reducing quality control and reducing the strength of materials. More worryingly, it may provide an incentive to avoid these (and it has to be noted that the PIP scandal had its roots in the use of a lower cost silicone gel).

Often there are training and educational elements which suppliers cannot afford if the only measure is price – again resulting in detrimental and potentially negligent care. In addition, if the supplier is not providing training and education for the products its supplies, then the NHS will incur additional costs providing it.

The UK already has an extremely competitive market environment as can easily be seen from the number of companies, a transparent pricing mechanism increasing overlaid with (hidden) rebates and discounts, and a clear tender mechanism for hospitals.

Simplistic, almost confrontational approach

Clinicians and nurses make choices based on experience and patient need – this choice is removed when price is the only determinant. Worse, the NHS and Governmental strategy recognises the benefits of clinicians and nursing being able to make intelligent choices that minimise to total cost of care without endangering patient benefits and safety. Enlightened statements made by Sir Bruce Keogh are a very good example. Suppliers need to be able to work with NHS clinicians and nurses on the basis that patient outcome and cost effectiveness can both be improved. Simply lauding those who buy the cheapest discards the concept of value and endangers patient outcomes. 'Naming and shaming' appears to take an extra step – actively criticising those who look to maximising cost efficiencies and patient outcomes, simply because they have moved on from a simplistic 'lowest unit cost' approach.

Who determines comparisons ?

Making cost comparisons only works if the items compared actually do the same job. Foam dressings are mentioned in the documentation. But there is no one 'foam dressing' – the SDMA Product categorisation lists seven different types of foam dressing – all with different designs and intended for use in different situations. If the lowest cost item is in one group, it can hardly be expected to work effectively as a replacement for the other six types. The result could so easily be that dressings have to be changed more often – and the nursing cost of a c hanging addressing far exceeds the cost of a dressing.

There appears to be a clear lack of engagement with suppliers – and surprisingly the Atlas was not introduced or discussed at the NHS Supply Chain Suppliers Board. It appears to have ignored the real partnership between the NHS and its suppliers that has achieved significant benefits for patient outcomes, coupled with cost efficiency.