

Chapter 21: NHS Purchasing & Supply Agency - equipment supplied for RRT in England

Information supplied from NHS Supply Agency by Karen Guth

This information relates to England alone, as this agency of the NHS works only in England. There are separate organisations for each of Northern Ireland, Scotland, and Wales.

An overview of the Agency

The management and strategic development of purchasing and supply for the NHS in England is the responsibility of the NHS Purchasing and Supply Agency – an executive agency of the Department of Health, funded by the Department of Health, and formed as a result of recommendations in the Cabinet Office *NHS procurement review*. The Agency comprises several specialist teams that focus on supply issues in different markets. These teams offer a variety of services to the NHS, including negotiation of national call-off contracts, provision of purchasing advice and guidance, and management of the supplier base to ensure the market remains competitive.

The Renal expertise of the Agency

There are medical and surgical purchasing teams, which concentrate on a number of high-expenditure cores, market areas, including renal replacement therapy, cardiology, pressure area care, continence care and orthopaedic implants. For Renal services the team have one senior buyer and two buyers who concentrate specifically on purchasing renal replacement therapy machines, haemodialysis and peritoneal dialysis consumables. This renal market in England alone is estimated to be worth around £107 million per annum, inclusive of money spent through the commercially run satellite dialysis units (Scotland, Wales and Northern Ireland manage their own procurement).

A primary aim of the renal purchasing team is to enable renal units to obtain the best value for money when purchasing renal equipment and supplies. This will be only achieved by collaborative working between the Department of Health, NHS trusts, suppliers and the Agency. Success in this will free resources to help facilitate the desired increase in acceptance rates for Renal Replacement Therapy and to better achieve the national treatment standards for renal replacement therapy.

The purchasing team's four key objectives are:

- to become the centre of expertise and knowledge relating to the supply of equipment and consumables renal replacement therapy (RRT)
- to enable the NHS to obtain the maximum possible benefit from its supply expenditure relating to RRT
- to obtain the commitment of NHS trusts and suppliers to co-ordination of the market strategy for supply matters relating to RRT
- to provide purchasing & supply guidance to the Department of Health, the NHS Executive, tertiary, secondary and primary care organisations.

Current market situation

There are currently only a few discrete suppliers in the renal market, and it is important for the NHS Purchasing and Supply Agency to maintain and manage this market to ensure healthy commercial competition is promoted. There are obvious positive benefits to this approach in order that price competition and, potentially, research and development are not stifled.

The cost of a low flux dialyser in England is currently one of the lowest in the world at £6.50 - £7.00 + VAT. All UK consumption is currently imported, largely from Europe or Japan, as there is no UK production. With the move to larger surface areas and medium to high flux dialysers the renal purchasing team is keen to see the continuation of low UK prices, allowing for a maximum number of suppliers in the market place to exist.

Through its ongoing work with trusts, the team has identified huge cost variations in, for example, therapy costing for Peritoneal Dialysis which ranges from as low as £6,000 per patient per year (for a consortium deal) to £19,000 per patient per year. The lower prices have been achieved through recent market testing exercises, and a clinical consensus to rationalise and standardise on consumables used. Enabling Trusts to obtain prices towards the lower end of this range is an important part of the agency's work.

Current Market Shares

Figure 21.1 shows the current market shares for haemodialysers. This information was compiled primarily by one of the main dialyser companies as a result of annual audit, and includes information relating to renal units, NHS run satellites, and privately run satellites where companies often use their own dialysers.

Dialysers supplied to the UK Market during 1999

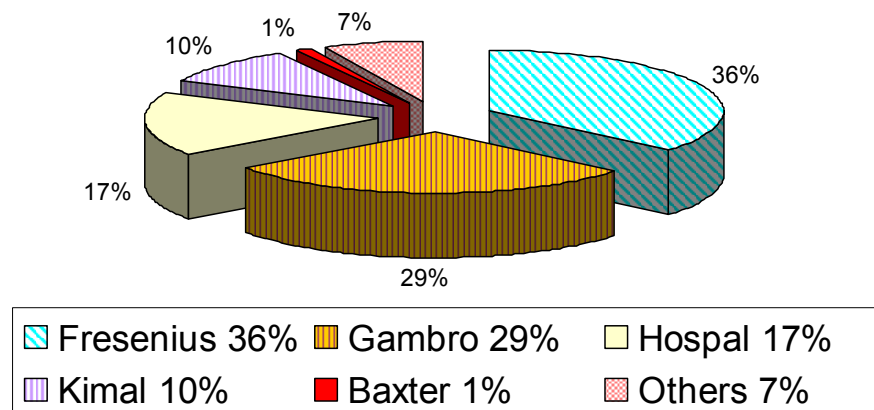
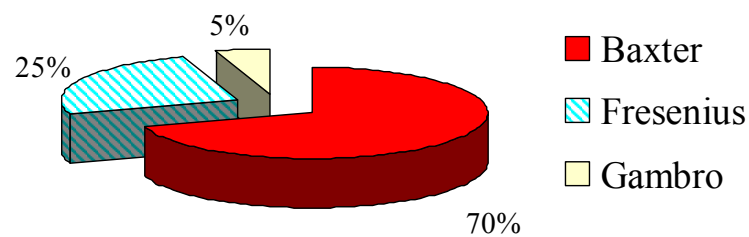


Figure 21.1 UK dialyser market share

Figures 21.2 and 21.3 were compiled by the NHS Purchasing and Supply Agency. The percentages are derived from the 54% of the current market of which the agency has detailed

Market share for peritoneal dialysis



knowledge. The companies concerned broadly agreed the provisional figures. The figures relate to England only.

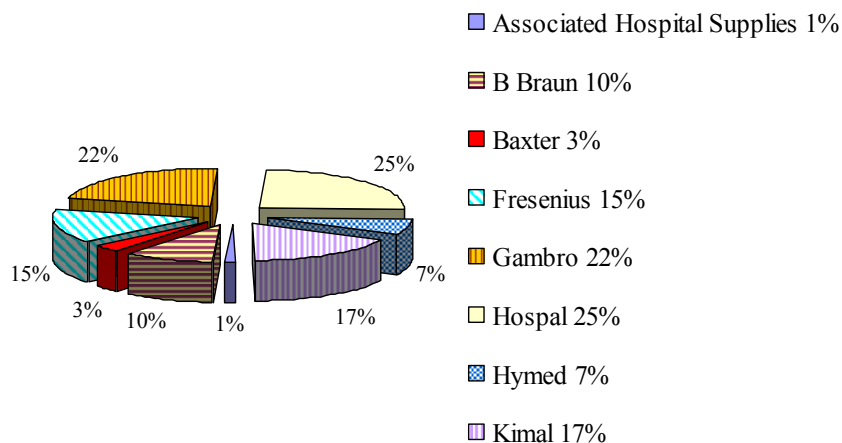
Figure 21.2 Market shares of haemodialysis equipment, inclusive of machines, but excluding dialysers.

Figure 21.3 Market shares of PD supplies, inclusive of all CAPD, APD and IPD.

Help available for trusts

The renal purchasing team can provide support and assistance to any renal unit in England

Market share for haemodialysis equipment and consumables



seeking to tender capital, revenue or special allocation funding on a variety of services or equipment including:

- haemodialysis equipment and consumables
- Peritoneal Dialysis therapy costing
- distribution contracts
- home or in-centre units
- home conversions for patients transferring out of the unit
- water softening plants
- new satellite units.

The team can help trusts in their individual procurement exercises, which usually includes placing an advertisement in the Official Journal of European Communities (OJEC) - this is a

requirement under EU procurement law when an individual contract is worth more than £93,000. The team can also help trusts with benchmarking and commercial information, contract terms and conditions and advice on detailed specifications.

This support is provided to help clinicians and renal service managers in their decision-making, against the background of a national overview, and in consideration of best practice options.

Further information

For further information on how the renal purchasing team can help your trust, contact Karen Guth, senior buyer, on telephone 01452 414506 or email karen.guth@doh.gsi.gov.uk