

CELESIO / SAINSBURY'S PHARMACY BUSINESS MERGER INQUIRY

Summary of hearing with University Hospitals Coventry and Warwickshire NHS Trust on Thursday 11 February 2016

Background

1. University Hospitals Coventry and Warwickshire NHS Trust (UHCW) explained that its decision to outsource its outpatient dispensing service was led by the high demand its service faced. It said it did a significant amount of outpatient dispensing, at its pharmacy, because of its contract with its Local Commissioner. It added that its service was extremely busy and it had sought support from its inpatient pharmacy service, on occasions, to ensure the demand was met.
2. In response to this demand, UHCW said it reviewed ways that it could improve the situation. It said it discussed the issue with its national counterparts, as well as Heart of England NHS Foundation Trust which had previously outsourced its outpatient dispensing service.
3. UHCW said it had two options, namely, it could have its services insourced to its own subsidiary or it could have its services outsourced to an external provider; it decided on the latter.
4. UHCW said when outsourced it was concerned whether a community pharmacy provider would have coped with its pressures, as it wanted to make certain that its error rate would not have increased. It was also concerned about business continuity. However, UHCW said having its patient waiting times lowered without detrimentally affecting patient safety was its key concern.
5. UCHW added that an outsourced service granted it VAT savings which it saw as a significant opportunity.

Outpatient dispensing

6. UHCW stated that it piloted outsourced outpatient dispensing with Lloyds Pharmacy prior to its formal tendering process in 2015. It said it undertook a pilot beforehand so potential pitfalls could be assessed and resolved.

7. UHCW said it contacted a number of third parties when it reviewed insourced and outsourced options.
8. UHCW said it decided on an outsourced service because this resolved the operational issues it faced. However, it still set the clinical standards and turnaround times.
9. UHCW said it set a number of criteria when it assessed the success of the pilot. It measured the criteria and discussed the findings with the provider on a monthly basis. It said during the early days of the pilot it supported the project, but it was able to handover entirely later on, as the pilot was carried out over one year. UHCW illustrated perceived advantages of the outsourced service and said that when it ran its own service the average patient waiting time was around 25 to 30 minutes, this was reduced to under 15 minutes in the latter stages of the pilot with Lloyds Pharmacy.
10. Once UHCW decided upon an outsourced service permanently, it said it evaluated bidders based upon on quality, cost, resilience, governance and value.
11. UHCW said there were three bidders, Sainsbury's, Lloyds and Boots. [✂].
12. UHCW said that if Sainsbury's and Lloyds merged it felt this would not have made any difference to its outcome.
13. UHCW said that outpatient dispensing services procured medication through commercial medicines unit contracts. It said these contracts were confidential contracts for medicines that gave hospitals a preferential price. As these contracts were confidential, external providers that ran the service within hospitals were not permitted to disclose the prices any further.
14. UHCW stated that its main wholesale provider was AAH, however it also used Alliance. It said that its relationships with these wholesale providers did not impact its decision when it chose a bidder for its outpatient dispensing service.
15. UHCW highlighted that the Lord Carter Report supported an outsourced outpatient pharmacy service.
16. UHCW said that it believed that other NHS trusts considered moving to an outsourced or insourced outpatient pharmacy, but stressed that opportunities varied, according to the circumstance of the individual trust.