



Guidance for NHS Trusts (including Chief Pharmacists) prepared by the Commercial Medicines Unit (CMU) on behalf of the National Pharmaceutical Supply Group (NPSG)

NHS contracting for the provision of third party pharmacy out-patient dispensing services and service provider access to CMU framework agreement prices

1. NHS Trusts are increasingly exploring opportunities to contract out for the provision of some aspects of pharmacy services via third party suppliers. In doing so they need to understand whether their service providers will be able to access CMU framework agreement prices that are confidential and protected by contractual arrangements.
2. This brief provides Chief Pharmacists with background information to apply nationally agreed standards so that associated rights and responsibilities of all parties involved are respected. These standards can be circulated to all stakeholders.

Scope

3. NHS Trusts contract with commercial providers for the provision of a variety of pharmaceutical services including preparation of products in dose bands, over-labelling, specials' manufacture, homecare medicines supply and out-patient dispensing.
4. CMU broadly bands these external service providers together as third party providers.

The issue

5. Problems arise when NHS Trusts award service contracts without taking into account, beforehand, whether or not the third party service provider will be able to access CMU framework agreement prices. These prices are protected by contractual arrangements and access to them must only follow permission from both the contracted suppliers and the Trust. The general assumption that access to CMU framework agreement prices automatically follows, cannot and should not be assumed.
6. It is therefore imperative that NHS Trusts inform contracted manufacturers/suppliers of its intention to appoint a third party pharmacy provider. Once a Trust appoints a third party pharmacy provider, the Trust must seek and receive written authorisation for

applicable CMU prices to be made available to the pharmacy provider (as the checklist of criteria reflects later on in this guidance)

7. NPSG recognises CMU's aim of preserving the integrity of its contracts and access to framework agreement prices, whilst supporting those in the NHS environment wishing to contract for third party pharmacy service provision to treat NHS patients.
8. The checklist of criteria found below must be used to determine the appropriateness for a third party service provider to have access to CMU framework agreements.
 - Third parties cannot be automatically granted access to CMU framework agreements and NHS Trusts cannot therefore mandate direct access without the permission of the manufacturers and suppliers.
 - Only NHS Trusts can request access to framework prices from manufacturers/suppliers. In order for a third party provider to access contract prices, the NHS trust must get written permission from the contracted manufacturer/supplier. (A standard letter from the Trust requesting permission from the supplier is included in Appendix 12).
 - If access is agreed by the manufacturer/supplier to the nominated third party provider, the contract between the trust and third party provider must state that CMU framework prices are confidential. These prices must not be disclosed by the third party provider under any circumstance to other parties outside of the contract agreement, without the written agreement of the manufacturer/supplier.
 - NHS Terms and Conditions do not apply to the relationships between the manufacturer/suppliers and third parties.
 - In awarding contracts to third parties, including wholly owned NHS subsidiaries, NHS Trusts must make sure that the third party is financially robust and has the necessary experience and business capability to undertake the service.
 - NHS Trusts must ensure the ability of service providers to separate and manage stock under third party arrangements.
 - Any third party provider with access to CMU framework prices must provide purchase data to CMU in the specified format on a monthly basis. The example format is found in Appendix 2. Any gap in data presented to CMU undermines the credibility of the current NHS sourcing model by compromising supplier/manufacturer forecasts. If this occurs, it introduces additional risk and it makes management of supply harder to deal with, especially when supply problems arise.
 - To ensure that appropriate usage and forecasting data are collected by the NHS Trust for the usual purposes, separate IT systems and associated data flows must be maintained and fully auditable by the third party. This data should be exclusively for the purpose as set out in the contract between the NHS trust and third party pharmacy service provider, It is good practice for the third party to use the NHS Trust's pharmacy system for all business conducted in the Trust.

9. It is recommended that the criteria outlined above be incorporated into the service specification used by NHS Trusts, with the aim of streamlining appropriate supplier /manufacturer permissions for third party service provider access. Existing contracts should be revised on this basis.
10. Meeting the above criteria are best addressed through the combined recognition of the following:
 - Access to pricing information by a third party provider for the purposes of either FP10 or FP10HP dispensing would be an abuse.
 - CMU awards its framework agreements on behalf of the NHS by purchasing group, with security of supply in mind. As a result, framework agreement prices may vary by Trust and manufacturer/supplier. Third party service providers must therefore only access the agreed framework agreement supplier and price applicable to the particular Trust that they serve, and not access any other price which may be available to other Trusts or purchasing regions.
 - In the relationships between the manufacturers/suppliers and third party service providers, NHS Terms and Conditions do not apply.
 - Off contract claims. In light of above, where a medicine has not been delivered to the third party provider within 14 calendar days of placing an order, there is no obligation for the contracted supplier to pay an off contract claim, as the NHS Terms and Conditions do not apply.

Appendix 1

Please note: Trusts should seek confirmation from suppliers about whether the supplier is happy to give an in principle authorisation for all products, or whether the supplier wants to be able to grant access on a product by product basis, and on that basis, for the trust to send a letter to the supplier seeking blanket authorisation or seeking permission for the list of products supplied by that supplier.

Generic template followed by a worked example for access by Third Party out-patient dispensing service providers to CMU framework prices

[NHS Hospital name and address]

[Manufacturer name and address]

[Date]

Dear *[Manufacturer contact name]*

Re: Third party access to CMU framework agreement prices

[NHS Hospital name] is currently seeking to outsource its pharmacy outpatients dispensing service to *[Third party service provider name]* as its preferred third party outpatients pharmacy service provider. In doing so, *[NHS Hospital name]* is seeking your written approval on behalf of *[Third party service provider name]* to access stock of your products at CMU framework agreement prices subject to the following assurances.

These services will be delivered *[either]* through a dedicated on-site pharmacy at *[NHS Hospital name]* which will be set up by *[Third party service provider name]* or through an off-site pharmacy at *[Off site address]*. *[Delete as appropriate]* For the purposes of clarity and audit, *[whether this be]* the proposed dedicated onsite pharmacy *[or where]* the proposed third party site has an NHS dispensing contract to dispense FP10 prescriptions *[Delete as appropriate]*, measures will be put in place by *[Third party service provider*

name] to ensure that there is both use of a separate IT system and a physical separation of stock between that used for the hospital service and that used for dispensing of FP10 prescriptions. This ensures that appropriate usage and forecasting data is collected by the NHS for the usual purposes. **To re-iterate, under no circumstances will the dedicated on or off-site pharmacy for outsourced services dispense medicines off FP10 prescriptions or be purchased for the purpose of onward selling.**

If you are content to approve access on this basis please confirm by written reply that you are happy for us to make available to *[Third party service provider name]* the CMU framework agreement prices for the following products that are currently awarded to *[Manufacturer/ Supplier Contact name]*.

[Product A]

[Product B]

[Product C]

It is understood that suppliers reserve the right to refuse access to CMU framework agreement pricing on one or more lines. It is also understood that any substantive changes to the *[NHS Hospital name]* contract with *[Third party service provider name]*, such as a contract renewal or appointing a new third party service provider, will require *[NHS Hospital name]* to seek further permission for it to make CMU framework agreement pricing available under these new arrangements.

This request is also made on the basis that pricing information will remain confidential and is reflected in the contract signed between *[NHS Hospital name]* and *[Third party service provider name]*.

I would like to thank you for your anticipated help in this matter. Please do not hesitate to contact me if you require any further information.

Yours sincerely

Worked example:

[NHS Hospital name and address]

[Manufacturer name and address]

[Date]

Dear *[Manufacturer contact name]*

Re: Third party access to CMU framework agreement prices

XYZ NHS Foundation Trust (XYZ) is currently seeking to outsource its pharmacy outpatients dispensing service to *ABC* as its preferred third party outpatients pharmacy service provider. In doing so, *XYZ* is seeking your written approval on behalf of *ABC* to access stock of your products at CMU framework agreement prices subject to the following assurances.

These services will be delivered through an off-site pharmacy at *ABC, Fleet Street*. For the purposes of clarity and audit, the proposed third party site has an NHS dispensing contract to dispense FP10 prescriptions. Measures will therefore be put in place by *ABC* to ensure that there is both use of a separate IT system and a physical separation of stock between that used for the hospital service and that used for dispensing of FP10 prescriptions. This ensures that appropriate usage and forecasting data is collected by the NHS for the usual purposes. **To re-iterate, under no circumstances will the dedicated on or off-site pharmacy for outsourced services dispense medicines off FP10 prescriptions or be purchased for the purpose of onward selling.**

If you are content to approve access on this basis please confirm by written reply that you are happy for us to make available to *ABC* the CMU framework agreement prices for the following products that are currently awarded to *[Manufacturer/ Supplier Contact name]*.

[Product A]

[Product B]

[Product C]

It is understood that suppliers reserve the right to refuse access to CMU framework agreement pricing on one or more lines. It is also understood that any substantive changes to the XYZ contract with ABC, such as a contract renewal or appointing a new third party service provider, will require XYZ to seek further permission for it to make CMU framework agreement pricing available under these new arrangements.

This request is also made on the basis that pricing information will remain confidential and is reflected in the contract signed between XYZ and ABC.

I would like to thank you for your anticipated help in this matter. Please do not hesitate to contact me if you require any further information.

Yours sincerely



Appendix 2

Hospital site code	Order Number	Purchase date	Product description (1,2)	Product pack size	Supplier name (3)	Purchase quantity	Purchase value ex VAT	Purchase Value Incl VAT	GTIN (4)	AMPPID code (5)	Invoiced and complete
Trust internal site code.	numerical	numerical	text	text	text	numerical	numerical	numerical	numerical	numerical	Yes or No

- 1) For products provided as Homecare products the description should include the text (HOME)
- 2) The product description (Name, strength, form) should be derived from the Dictionary of Medicines and Devices see www.dmd.nhs.uk
- 3) For products provided as Homecare products the name of the supplier should include the text (HOME)
- 4) The Global Trader Item Number this is the number seen below the linear barcode on a product. See www.gs1uk.org
- 5) The AMPPID code is the Actual Medicinal Product Pack code from the Dictionary of Medicines and Devices. See www.dmd.nhs.uk

This report is for Goods Received within the period with their corresponding order numbers. This report would ideally be in a .xls or .xlsx format, however we can also accept .csv files

File type: delimited – Note delimiter choice needs to avoid confusion with contents of fields (eg comma separated fields and numbers with commas cause parsing issues).

File Name convention : ODS Code + mmyy e.g. RA2000113.xls

ODS: **Organisation Data Service (HSCIC)**

[Please refer to the definition of the ODS on the HSCIC web site](http://www.hscic.gov.uk/ods) follow the hyperlink or use: <http://systems.hscic.gov.uk/data/ods>

JF July 2013