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Brokering value in the NHS: 15 Healthcare

With a strong NHS heritage, 15 Healthcare not only brokers commercial rebate schemes between pharmaceutical companies and the NHS via its innovative Free Radical Network but acts as a buffer for an NHS still wary of a hidden agenda



Adam Knights Managing Director 15 Healthcare (right) and Adrian Giles, Executive Director for Government Relations

The NHS is facing the greatest financial challenge since its inception. The £20 billion QIPP target demanded by 2014 is daunting. Primary care trusts and emerging clinical commissioning groups are faced with two choices to bridge the financial gap: trim costs wherever possible or adopt a slash and burn strategy and restrict access to medicines and close major sections of healthcare services.

At this time of immense financial pressure the pharmaceutical industry is continuing its quest for the holy grail of joint working with an NHS that is narrowing traditional access routes. Amid this rapidly changing environment 15 Healthcare and its clients are finding a growing

number of opportunities to leverage value propositions around shared health outcomes while freeing up NHS resources by using commercial arrangements.

“A healthcare company that works with pharma, not a pharma company that works in healthcare,” is how managing director Adam Knights describes 15 Healthcare. “As a broker we are in the unique position to offer a service that meets the needs of both our pharma and NHS clients,” he adds. Since establishing the company in 2009, Knights and his two co-founding directors Adrian Giles and Thibaut de Cours have focused their work with pharma on ensuring dialogue between the industry and NHS is aligned around patient outcomes. “The challenge for pharma is not lack of skills or talent in

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> the industry, it is knowing how to deploy those capabilities intelligently,” Knights stresses. “The stark reality is that the traditional sales model is not working, the number of face-to-face calls with GPs is reducing and a new business model is needed,” he adds.

Fellow director Adrian Giles agrees: “The NHS is radically and rapidly changing its business model and the industry needs to do the same in order to meet the needs of its only customer.” Giles, who spends two days a week managing the organisational development and special clinical projects for South Worcestershire Clinical Commissioning Group, believes the industry can help the NHS bridge the financial gap by considering all elements of the marketing mix. “A cash-strapped NHS simply cannot afford all new medicines without providing headroom for this growth somewhere in the system,” Giles claims. “Well-hackneyed arguments that prescribing ‘product X’ will reduce hospital admissions are laudable yet this money is seldom released into the system for the NHS to invest in new medicines and technologies,” he stresses. “The industry needs to consider local commercial arrangements – which release guaranteed savings in the form of rebates – for its customers,” he adds.

For the past year 15 Healthcare has been working in collaboration with MORPh Consultancy to develop the Free Radical Network – a system that will allow the industry and NHS to take advantage of local price adjustments without disrupting the PPRS or placing any additional administrative burden on the NHS. The Free Radical Network provides a price adjustment and response system that will bring significant savings to the NHS. “The overarching principles that led us to develop the Free Radical Network were to promote access for patients to high quality medicines, offer greater value for money to the NHS and to provide commercial flexibility for pharma,” Knights explains. “These savings will help PCTs, and in time CCGs, to reach their QIPP targets,” says Dr Duncan Jenkins director of MORPh Consultancy. “The Free Radical Network also enables the NHS to reinvest these savings in new evidence-based medicines in primary care and will protect the

investment in high-cost, low-volume technologies in secondary care,” Jenkins adds.

One question to be answered is why does it need a broker to make this happen? Could individual pharma companies provide a commercial offering and the NHS administer these schemes themselves? “Of course they could,” agrees Giles, but “whether the NHS would want to, or have the capacity to administer the system and ensure all governance procedures are adhered to, is a different matter”. “The Free Radical Network will industrialise this process on behalf of the NHS and pharma,” adds Knights.

Jenkins – who like Giles, splits his time between his own company and the NHS – is head of medicines management in Dudley PCT and is clear on the reasons why the NHS should consider the Free Radical Network broker model. “There are distinct governance advantages as brokers are not in a position to offer, or be perceived to offer, any guarantees or quid pro quo. Furthermore, a broker is likely to have a greater breadth of reach into the industry where engagement with manufacturers takes place at a senior level and knowledge of relevant law and code of practice is at its highest,” he observes. “In addition, the broker can ensure a level playing field in terms of access for all manufacturers irrespective of size. This is particularly important where rebates may be considered alongside clinical

evidence in the formulary management process,” he adds.

The Free Radical Network saves the NHS considerable work and offers administrative efficiency. The system will handle the legal contracts between pharma and each NHS body along with the flow of information and financial transactions via a comprehensive and secure



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IT platform. “Most of my NHS colleagues are far too busy with numerous other competing priorities to immerse themselves in additional administration of such a system or allocate staff to these tasks,” states Giles. “As PCTs are implementing QIPP programmes to address productivity and reduce administrative costs it is unlikely they would want to add further to their administrative burden. “In addition, as a broker, we carry all of the investment risk, not the public sector. It has taken us a year to reach this point and replication would be time consuming, difficult and arguably not the best use of public money,” he adds

As the debate on rebate schemes gathers pace, the issue of their legality is often raised. “We have explored many legal facets with our lawyers including European competition law, the ABPI Code of Practice, the Bribery Act, European transparency laws and European Court of Justice ruling on incentive schemes,” states Knights. “Our in-depth assessment has provided no reason as to why these schemes should be illegal as long as certain governance principles are adhered to. All of these are contained in the Free Radical Network Governance Framework that each pharma company and PCT receives when they sign up to the scheme”, he adds. “Our model ensures the NHS should base decisions on clinical grounds and takes into account any local formulary policy,” adds Jenkins. “We do not plan to undertake tendering in primary care. Our model supports price adjustments by removing constraints imposed by list prices and provides an opportunity to all manufacturers of FP10 prescribed products. We will not block on grounds of clinical effectiveness or similar,” he observes.

“In the future we also have plans to explore more sophisticated commercial models, such as bundles of products and services, outcomes-based pricing and population-based models of care,” adds Giles.

“15 Healthcare is excited that the Free Radical Network provides a great opportunity to align the NHS and pharma on joint working initiatives,” says Knights. “We realise many companies are adopting key account management strategies in an attempt to harness both clinical and commercial opportunities. In a number of cases these strategies merely

rebrand traditional sales efforts without cutting loose talented individuals to find localised solutions for the excellent products pharma has to offer,” he adds. “The end result is NHS customers being unclear on what pharma is offering and believing there is a hidden agenda,” adds Giles. “Some companies have really started to embrace KAM by completely realigning their organisation to meet customer needs,” observes Knights. “We are currently working with Daiichi Sankyo on their Kaizen model, which is unique and forward thinking and is designed to align every aspect of the company offering to the needs of the NHS,” he adds.

Knights suggests that in addition to realigned KAM teams, the Free Radical Network provides pharma with an “additional and inventive tool” to help drive business. “It adds value by managing commercial offerings from the industry to the NHS and avoids valuable clinical calls being consumed by commercial discussions,” claims Knights. “Furthermore, we aim to broker joint working arrangements within the system via our NHS User Groups and do not envisage the Free Radical Network impacting on existing access and relationships,” he adds.

There is an optimistic mood within the 15 Healthcare and MORPh team behind the Free Radical Network. Knights and de Cours provide the pharma expertise following successful careers in the industry at a national and European level. Rachel Jeynes, a pharmacist provides a wealth of commercial and health service acumen and Giles and Jenkins have more than 40 years’ combined NHS experience in strategic and operational management, commissioning, medicines management, public health policy, procurement and governance.

“I am delighted the collaboration with MORPh has given us the right mix of competencies to ensure continued success,” says Knights. “We are excited by the prospect of being in the privileged position to offer pharma and the NHS a model that could really make a difference. I believe the Free Radical Network supports continued access to high quality medicines for patients at a time of immense financial constraints.” **PT**