February saw continued activity in relation to the Government's Health and Social Care Bill with the Public Bill committee reviewing both written and oral evidence. Scrutiny of the Bill and review of proposed amendments must be completed by March 31, and it is not yet clear how different the final Bill will be from that first presented to parliament. The Government is committed to seeing through the reforms but has faced some vocal criticism, particularly over the pace and scale of reforms, from representatives of political, patient and healthcare professional organisations. There has been considerable debate over the issue of competition based on price or quality and clarification will be required. The BMA is holding a special representatives meeting in March to debate the reforms and the organisation's position.

Key publications this month include:

• The PbR national tariff for 2011/2012

• The National Metrics report which showed wide variation across England in access to 47 NICE approved medicines, particularly at local level

• The DH best practice guidance on supply of medicines, a publication jointly produced by stakeholders across the supply chain to address shortages that effect delivery of medicines to patients.

In addition initiatives impacting research and innovation including an International Register for Health Research (PROSPERO), funding for the UK Centre for Medical Research and Innovation, and streamlining of the process to begin research studies, were announced.

In the devolved administrations, Scotland’s budget was approved and a revised Efficiency and Productivity Framework published with an NHS efficiency target of 3 per cent for this year. In Wales the AWMSG published a list of prescribing indicators for 2011/2012 and in Northern Ireland a draft report by McKinsey outlined proposals for the Health and Social Care Board on major changes to health and social care services to enable them to adapt to the financial climate.
NHS Reforms
Health and Social Care Public Bill Committee
The Health and Social Care Bill is in committee stage and meetings to scrutinise the bill and review amendments are timetabled through February and March. The Committee must complete its consideration no later than March 31. Written submissions are accepted until March 31 and oral evidence has been heard from organisations including DH, Monitor, NICE, Mind, Parkinson’s UK, and the Care Quality Commission. All related documents including proposed amendments are available here. Details of Public Bill committee members, meeting transcripts and written submissions are available here.

The BMA is holding a special representatives meeting in March to debate the reforms. The media has reported calls from members for a move away from ‘critical engagement’ to outright opposition. The BMA Council reaffirmed concerns that the potential benefits of clinically-led commissioning and greater public and patient involvement will be put at risk by enforced competition through Monitor’s new role as NHS economic regulator and the introduction of price competition. Details are in the BMA Second Reading briefing, other BMA briefings and documents relating to the Bill can be found on the BMA site.

NHS Alliance report into governance of the new NHS
The NHS Alliance’s Non-Executive Director Network published Establishing Governance: essentials for GP Commissioning Consortia, which claims that effective resource allocation and management of resources, informed by good governance, are crucial in ensuring the new NHS achieves aspirations. According to the report, GP consortia guidance also needs to:
• Involve patients and local citizens in a meaningful way
• Ensure GPCC have democratic legitimacy by having representation from Health Watch
• Learn from PCTs, in order to preserve corporate memories
• Tap into the skills and expertise of current non-executive directors in the NHS
• Adopt good practice in public service and private sector governance.

Configuration of PCTs and GP Consortia
The picture regarding GP Consortia is becoming clearer, more consortia have been established, Pathfinder consortia that will spearhead the process have been announced and groups are defining roles, responsibilities and governance.

PCT Clusters have continued to develop (DH published PCT Cluster implementation guidance in January) the likely number of clusters is currently 177.

DH letter to CEOs on updated transition arrangements
NHS Chief Executive and chief executive-elect of the NHS Commissioning Board, Sir David Nicholson sent a letter to NHS chief executives giving an update on transition arrangements focusing on the new commissioning system and some frequently raised issues relating to the Health and Social Care Bill, including reference (in Annex B) to services competing on quality but not price competition.

Nicholson’s letter confirmed the aim to have the new NHS Commissioning Board in place by 2011.

Will hospitals be able to compete on price?
David Nicholson’s letter stated that there is ‘no question of introducing price competition’ and the publication of the PbR tariff for 2011/2012 (see below) seeks to provide clarification. Nicholson’s letter appears to be at odds with the Health Bill which refers to the tariff being only ‘a maximum price for that service.’ Following this letter there were reports in the media that the Government had done a U-turn on the issue of. In response, DH claimed that the Government never intended to introduce price competition.
New chair of Monitor announced
Dr David Bennett has been appointed as the new Chair of Monitor to oversee its transition from the independent regulator of NHS Foundation Trusts, to independent economic regulator of all NHS services (though not thought to include the pricing of medicines, which will likely be via a different mechanism and currently is subject to a consultation) in England by 2013.

Comment:
Slowly but surely the picture of the shape of the reforms is becoming clearer but there is a long way to go. The emergence of PCT clusters will help companies in short- to medium-term planning of field activity, and the Pathfinder GP Consortia are maturing, albeit with wide variation in shape, size and management.

BMA leaders are having an uncomfortable time with differing opinions on the reforms emerging among the membership. Press coverage has speculated over senior level resignations and the March members meeting will be a key event.

In spite of the confusion, it appears that hospitals will not be able to compete on price, but this is one to watch over time.

Payment by Results tariff
The DH has published the PbR tariff for 2011/2012 (link), which now includes best practice tariffs. The announcement of the new tariff was accompanied by a letter from David Flory, NHS Deputy Chief Executive, emphasising the new policy of non-payment for most emergency readmissions to hospitals within 30 days and, commenting on the flexibility to agree reductions in the tariff price, states: “The Operating Framework for 2011-12 introduced a flexibility... which will create the opportunity for providers to offer services to commissioners at less than the published mandatory tariff price. I want to stress that this flexibility is not intended to signal a move to price competition.”

Comment:
Tariff prices are a major driver of NHS practice and changes and new policies create significant opportunities for the UK-specific value proposition of some products, eg, the policy on non-payment for emergency readmissions may have important implications for companies offering solutions which avoid common causes such as infection and the development of thrombi.
NHS Information Centre Metrics report on NICE approved medicines
The Metrics working group published Use of NICE-appraised medicines in the NHS in England - 2009, Experimental statistics a report showing widespread variation across England in access to NICE approved medicines. Data were collected at PCT, SHA and cancer network level. Data collection was agreed as part of the 2009 PPRS and enables PCTs to compare uptake of NICE-approved medicines across England more accurately measure observed against anticipated uptake. In total, 47 medicines in 18 groups, relating to 29 technology appraisals, were considered for this second report. Although of the 12 groups where a comparison could be made observed use by the NHS (England) was higher than predicted for eight and lower for three, the key information is in the analyses of variation at PCT level, indicating huge variations from one locality to another.

Comment:
This is useful information for companies with products in the areas examined in the report. It also shows that claims made by Government and national authorities for compliance with NICE guidance, based on a national picture, give a very partial view of the real situation and that the true picture emerges when the PCT picture is examined.

Health Select Committee inquiries
• NHS Complaints and litigation: inquiry continued with oral evidence sessions on February 1 involving patients, relatives and relevant organisations; and February 15 with the Health Service Ombudsman, DH and the Litigation Authority.

The second session coincided with the publication of Care and Compassion a report by the Health Ombudsman based on the findings of ten independent investigations into complaints about NHS care for people over 65. Click here for the Care Quality Commission response.
• NHS Commissioning: an oral evidence session was held involving the RCN, NHS Alliance and RCGP.
• Revalidation of doctors: report published into processes proposed by the GMC.

NICE and NHS Evidence – practical support for general practice
NICE launched a new website section to help GPs keep abreast of NICE guidance and developments (link). Resources have been developed to help improve patient outcomes by ensuring practice is up to date with current NICE recommendations. It includes a specific section for GP consortia; there are links to NICE quality standards; access to evidence to support commissioning; and support for patient care and professional education. (Press release)
DH Best practice for ensuring efficient supply and distribution of medicines to patients

This best practice guidance was produced jointly by organisations representing the supply chain, regulators and Government to address issues that can arise at various points in the supply chain: from obtaining raw materials for manufacture through to shortages arising from export of medicines. Key points include:

• Under normal circumstances, pharmacies should receive medicines within 24 hours
• the importance of regular communication between manufacturers and wholesalers to ensure all have good understanding of product supply and demand
• Manufacturers making arrangements to verify a medicine is for a genuine UK patient, considering workload implications for dispensers, and dispensers should not disclose patient/prescriber identifiable details
• All in the supply chain should have contingency arrangements to source supply when there are difficulties

Other measures: the MHRA is undertaking a series of targeted inspections; and a list of products in short supply is available on the PSNC website.

York Centre for Health Economics – Value-based Pricing

The York Centre for Health Economics published a paper examining the principles of value-based pricing (VBP). It describes a potential framework for VBP, and identifies key details of how the framework would be implemented. The researchers believe a robust framework is needed for medicines purchasing to ensure anticipated benefits are delivered for the NHS. (Full report).

Comment:
This is an important report authored by advisers who are being retained by the DH to guide them through the development of VBP. The DH consultation on VBP closes on March 17.

DH Vital Signs Monitoring

DH published its latest update on PCT and NHS Trust performance against selected health priorities relating to the NHS operating framework, including strokes, diabetes, maternity care and children’s mental health services.

Comment:
Vital Signs represent NHS key priorities. For companies with an interest in these areas, these data on local performance can be extremely useful to field-based teams, as an understanding of local performance issues can help industry align their value propositions with NHS priorities in a local health economy.

NICE QOF indicator consultation

NICE opened a consultation on 29 proposed new QOF indicators. Conditions include asthma, peripheral artery disease, smoking, atrial fibrillation, diabetes education, COPD, osteoporosis and obesity. Anyone with an interest can comment on these (closing date March 28).
Review into supply of homecare medicines
DH and the NHS Commercial Medicines Unit (NHS CMU) announced a review of homecare medicines (supply of hospital-prescribed medicines to patients at home). The announcement is at this link but further detail requires an NHS user account.

Office of Health Economics Commission on competition
OHE established this commission to investigate the circumstances and health services for which competition is likely to be beneficial/harmful. The Commission will collect evidence and make recommendations to UK policy makers and implementers on the characteristics that determine whether competition is likely to be beneficial; non-price and price competition, and how competition might be enabled promoted and regulated.

RESEARCH AND INNOVATION

Technology Innovation Centres (TICs)
The House of Commons Science and Technology Select Committee published its second report on Technology Innovation Centres, welcoming creation of the centres, as long as lessons from previous attempts are learnt and suggesting TICs build on the existing expertise. The Technology Strategy Board will identify existing centres in the UK that will become TICs (to be called Turing Centres, to acknowledge the debt the UK owes Alan Turing).

International Register for Health Research
Lord Howe launched an international register PROSPERO, aimed at promoting transparency, guarding against selective reporting and preventing duplication in health research. It is the first online facility to register systematic reviews for research about health and social care from around the world. The register is free and open to the public. It was started by the National Institute for Health Research (NIHR) Centre for Reviews and Dissemination (CRD) which is funded by DH.

Research collaboration streamlining
The DH launched a new model agreement to streamline the research contracting process between the pharmaceutical and biomedical industries, universities and the NHS. The model Industry Collaborative Research Agreement – mICRA – will enable research studies to start more quickly by shortening the negotiation and contracting process.

Government approves funding for UKCMRI
The Government approved £220m funding for the UK Centre for Medical Research and Innovation. The institute will foster collaboration with other centres of excellence and aims to help ensure that advances in biomedical sciences translate to benefits for patients and the economy. The Medical Research Council, Cancer Research UK, the Wellcome Trust and UCL (University College London) founded the institute.

Regenerative Medicine
The Government is reviewing developments in regenerative medicine. The aim is to assess the current state and potential of the science, identify barriers to commercialisation and clinical application, and assess what action the NHS should take.
DEVOLVED ADMINISTRATIONS

Scotland

NHS Scotland Efficiency and Productivity Framework for SR10
The Scottish Government published the revised framework (for 2011-2015), which sets out how NHS Boards will make efficiency savings in line with the Quality Strategy and Spending Review published in 2010. An efficiency target of 3 per cent has been set for this financial year. According to the news release Health Minister Nicola Sturgeon said that more than £300m would be ploughed back into frontline services through efficiency savings over the next year.

Note that Scotland's budget was passed in February and the NHS is protected from cuts but, due to inflationary pressures, NHS Boards will need to make a minimum of 3 per cent efficiency savings to break even. Scottish Parliamentary elections will be held on May 5.

Cancer Drugs Fund pressure in Scotland
During First Minister's Questions at the end of January the Conservative leader in the Scottish parliament Annabel Goldie called for consideration of a cancer drugs fund similar to that in England.

Northern Ireland

A draft report by McKinsey Reshaping the System: Implications for Northern Ireland’s Health and Social Care Services of the 2010 Spending Review outlines advice to the Health and Social Care Board on plans for major changes to health and social care services to enable them to adapt to the financial climate. The report highlights a potentially significant shortfall in funding by 2014/15. It sets out a range of proposals and stresses a need to improve productivity and quality.

Wales

The AWMSG published the list of prescribing indicators for 2011/2012. The indicators cover statins, ACE inhibitors, dosulepin, hypnotics and anxiolytics, NSAIDs, antibiotics and proton pump inhibitors. For details see this link (pdf).

During electioneering for the Welsh Assembly elections on May 5 there have been calls for a Welsh equivalent to the Cancer Drugs Fund.
**Budget representations online**
The Chancellor George Osborne launched a new online Budget portal, which enables anyone to send in ideas for the Budget (being held on March 23) to the Treasury’s Budget team. An online form and guidance are available and ideas from business were encouraged.

**Government measures for small and medium enterprises**
Francis Maude, Minister for the Cabinet Office, announced a package of reforms designed to open up the public sector marketplace to Small and Medium Enterprises (SMEs). The Parliament’s Outreach Service is holding a free training event in London on March 31 for SMEs.

**Changes to immigration rules**
The Government announced radical changes to the UK visa route (UK Border Agency). Employers will now have to apply for a Certificate of Sponsorship (COS) from the UK Border Agency for a specific post instead of being given an annual allocation for bringing people from overseas. There will be an annual limit of 20,700 COSs (as 12 monthly allocations). There are also changes to the intra-company transfer route so that only those paid over £40,000 per year will be allowed to stay for more than 12 months. Jobs will have to be on the graduate occupation list.

**European Parliament**
The European Parliament approved a Directive to prevent counterfeit medicines entering the supply chain and reaching patients. It covers internet sales and introduces new authentication and safety measures on product packaging plus sanctions against counterfeiters. Once signed into law, the final text will have to be incorporated into national legislation within two years. EFPIA welcomed the approval as an important move in achieving greater protection for patients.

The EU Parliament voted to approve a single European patent system using the enhanced cooperation process, which means that ratification is not required by all member states. All members except Italy and Spain signed up (objections on grounds of publication language) but they can join at any time in the future.

**EU Commission Green paper: common strategic framework for EU research and innovation funding**
The European Commission launched a consultation (closing May 20) on a Green Paper which proposes major changes to EU research and innovation funding. The stated aims are to make participation easier, increase scientific and economic impact and provide better value for money; changes would be introduced in the next EU budget after 2013.

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