



British Association of  
Pharmaceutical Wholesalers

## Market Failure?

Is the medicines supply chain in danger of being slowly strangled and choking the NHS's ability to get patients some of the branded medicines when they want them? This worry has been top of the BAPW's agenda for over 12 months now....and it still is.

Since the creation of the NHS, the community pharmacist, the dispensing doctor, the hospital pharmacist and, by extension, the patient, have all been able to depend on a flexible, responsive and reliable system to ensure that the branded medicines prescribed, dispensed and needed, turn up without fail. Currently, we are hearing hundreds of stories each week where patients have to wait longer to receive their medicines than they *used to*. Patients have been *used to* a reliable process that they can depend on in their hour of need. The last thing a sick person should be doing is worrying whether or not their own personal medicine is going to be at the pharmacist or not. This is the point is it not?

Patients are beginning to speak up as they realise that something is amiss. They are right to do so.

BAPW full-line wholesalers find themselves caught in the middle on this issue. Our 11 members are managing and restricting sales, on behalf of the pharmaceutical manufacturers, of some 800-plus branded medicines to ensure, if possible, that their pharmacy and dispensing customers receive a regular supply spread evenly over the course of a particular month. BAPW full-line wholesalers will deliver 'out-of-hours' and are mandated by EU Law to 'maintain a continuous supply of medicines' in the UK. These businesses have achieved impressive levels of automation and are able to move huge quantities accurately and sensitively. Our members achieve the MHRA-endorsed industry Gold Standard of Good Distribution Practice and can guarantee that they are not exporting sensitive branded medicines that are in short supply, as mandated by the current MHRA and EU regulations and laws.

But hasn't the market failed, now that full-line wholesalers are being forced to refuse possible sales to customers? What other sector would operate such a restraint on trade? And these sales could be intended for purchase by the NHS, but instead, full-line wholesalers cannot get hold of enough medicines.

It is always worth noting that BAPW members hold only 11 of the more than 1,800 Wholesaler Dealer's Licences (WLs) that have been issued by the MHRA across the UK. It is all these businesses who hold these licences, *who would not necessarily be classed as wholesalers per se*, who are empowered to trade in medicines, within the EU, by virtue of possessing such a licence. This group can include medicine manufacturers, pharmacies, doctors, traders and brokers – and this last category may never physically handle any medicines at all.

Legal parallel trade has played a big part in delivering benefits to medicines supply, both in pricing competitiveness, but also in making sure medicines demand can be met in full. The NHS, at the last official estimate calculated that parallel imports saved the NHS £60million per year in price terms; but the hidden benefit is the ability of full-line wholesalers to respond to sudden and unpredicted need, by turning to supplies that are not covered by some mechanistic



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'quota'. Making medicines available is not an accounting science, but a comprehensive requirement for the NHS.

You might not believe it, but, in spite of weaker sterling and all the fuss being made over exports, the UK is still currently, by value, a net *importer* of medicines. Moreover, it is estimated that parallel trade throughout the EU in 2009 only marginally increased. So, if the UK is running out of some important branded medicines – where are they, and where is the surplus if they are being exported?

The ability of the full-line wholesale sector to move medicines quickly to areas of greatest need – (bugs do not behave always rationally!) has been a great success in the past, but the delivery systems for some prescription medicines have now become sclerotic.

Maybe some who are involved in supplying branded medicines are trying to change behaviour? To change what patients are *used to*. Some ordering systems are now in place to run direct accounts with individual pharmacies. Why is this? Does the pharmacist welcome this change? Does it make for better NHS public health services, as pharmacy is being encouraged to deliver through the Pharmacy White Paper? How much time can a pharmacist afford to spend trying to source medicines that he or she has trouble obtaining through their usual routes?

Where is the consultation on these business changes to a key delivery system of any government's public health policy? Often brought about unilaterally, pharmacists, doctors, hospitals and full-line wholesalers have to now deal with a myriad of different approaches to medicines logistics. For sure, the market has delivered terrific value for the taxpayer over the years, harnessed by the negotiating power of the Department of Health. The taxpayer should be very grateful.....but is the patient? Has the one player who is acutely dependent on the medicines supply chain even been consulted?

The mantra of regulators and governments is to intervene where the market fails – we have been warned.

Written by Martin Sawer, BAPW

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