

Change is irreversible — embrace it

The need for all stakeholders — manufacturers, wholesalers, pharmacists, representative bodies and NHS organisations alike — to respond to change in a positive way was an overarching theme at this year's UniChem convention. **Matthew Wright** reports

If the tide is flowing your way, why not swim with it? So said David Coles, director of business development at Alliance Healthcare and former UniChem managing director, at UniChem's annual convention, themed "Stronger with us", held in Barbados this week. He was speaking about the ongoing changes the pharmacy profession is undergoing, as well as changes within the pharmaceutical wholesaling sector driven by manufacturers, in his final address as managing director — Mr Coles is in the process of handing over to Terry Scicluna.

"The big drivers for change are irreversible and are intensifying," he claimed. "As the Government struggles with increasing health costs it is constantly seeking new, more efficient, models. Of course this creates challenges, but the most important point in the big picture is that pharmacy is not seen as part of the problem but as a major component of the solution."

He said that he was pleased to see that there is now real momentum for change to support the direction of the community pharmacy contracts. "Consulting rooms, medicines use reviews and wider health care provision are becoming the norm, not the exception," he told participants.

Mr Coles warned that "the NHS funding model is good at taking money away but not at giving it back. Category M is biting harder,



David Coles: "Leverage your strengths in order to meet your challenges"

whereas the offsetting funds for service provision are at best lagging or at worst, where local funding is required, often non-existent." Mr Coles said that an obvious competition comes in the form of deregulation on control of entry, with the 100-hour rule posing the greatest threat.

Mr Coles' message for pharmacists is to "leverage your strengths in order to meet your challenges" to respond to changes that are happening. He said pharmacy is in a great position because: it is operating in a growing, worthwhile, dynamic market; the profession is trusted and respected by customers; and the Government acknowledges the key impor-

tance of pharmacy's role and is seeking to enhance it. He added that if the profession draws attention to its strengths and embraces change, "you will add credibility and power to your demands for fair funding and regulation".

Reflecting on the UniChem business over the past year, Mr Coles pointed out that UniChem was the first wholesaler to be awarded national Investors in People accreditation for its internal commitment to staff development. "From our drivers, our warehouse operators, our support staff and our managers, we have sought to reinforce a customer service-oriented culture. Having positive, motivated, skilled people is key to providing a good service to customers," he commented.

He went on to discuss the changes taking place in medicines distribution over the past year: "UniChem's approach, unlike that of our competitors, has not been to ignore the changes, it's not been to criticise them, or to say we don't need to change. First we have sought to understand, then to engage."

He continued: "Our competitors took a different approach. They were aggressively negative and defensive to change — and this difference in approach led to us leaving not only the UK industry association, but also the European one." He said that UniChem would continue to seek to manage change in an "involving way" that is good for pharmacy.

Contractors warned not to neglect contract services

Primary care trusts will never have spare money, but where community pharmacy can step up to the plate there are great opportunities, Sue Sharpe, Pharmaceutical Services Negotiating Committee chief executive, told the convention.

Speaking on uptake of services under the community pharmacy contract for England and Wales, Mrs Sharpe said that commissioning of local enhanced services has developed but is still fragile and vulnerable to budget pressures. "We wanted to build PCTs recognition of what pharmacy could offer within the national contract framework. Many PCTs have done this well; most are using the public health campaigns, many are targeting medicines use reviews to specific patient types, and many have used the multidisciplinary audit, though with reports of little enthusiasm from GP colleagues," she said.

"PCT finances have been through a bad couple of years," she pointed out, "but generally indications are that they are beginning to be interested in commissioning local services from pharmacy."

But Mrs Sharpe warned that the contract would change, and that pharmacists would, almost inevitably, see greater freedom given to PCTs to commission services in the future. "We will find it impossible to protect nationally negotiated services if large numbers of contractors turn their back on them."

She said that too few pharmacies have made the shift from a dispensing-based service to providing health care-based services. "About half the pharmacies in England are still not providing advanced services," she pointed out. (See **News** p249.)

Mrs Sharpe said that the PSNC would continue to work to protect nationally set funding structures and that the Government has been quite explicit that it intends to continue to set fees nationally. "But in the longer term," she said, "the policy of devolving budgets and decision-making to local level

will bring pressure to give PCTs increasing control over how pharmacy funds are spent, with increasing freedom to spend it elsewhere if pharmacy does not deliver the services and quality they want."

Chris Martin, non-executive director at UniChem and chairman of Pembrokeshire Local Health Board, spoke about adoption of the contract in Wales. "The contact monitoring undertaken by the LHBs has shown that pharmacy has responded well to the new contract," he said. Mr Martin said that repeat dispensing had been slow to take off and was "patchy". He said that uptake of medicines use reviews was being led by pharmacy multiples, but described the picture as "mixed" across the country.

Community Pharmacy Wales has struggled to obtain fully funded national contracts for enhanced services, he explained. "However, they have negotiated national enhanced service indicative rates for pharmaceutical rota, care home support services, minor ailment services, supervised administration of medicines and needle exchange services."

The **UniChem Convention 2007** was held in Barbados from 1 to 7 September. Matthew Wright attended the convention courtesy of UniChem Ltd

Threat posed by direct-to-patient market explored

Supply of medicines by pharmaceutical companies direct to patients is a growing threat to pharmacy, Mike Smith, UniChem convention chairman told participants.

He said that moves towards direct-to-patient supply have the potential to remove the pharmacist and the wholesaler from the supply chain. "Recent changes have ensured that the pharmaceutical wholesaler remains in the supply chain," he said. "I remain resolutely opposed to the introduction of third-party carriers to the system. More importantly I believe that the pharmacist-patient relationship is sacrosanct. Safety, counselling, compliance, review — we must never sacrifice that relationship upon the altar of economy."

Ornella Barra, Alliance Boots's wholesale and commercial affairs director, confirmed that, from experience in Europe, direct-to-patient supply is a definite concern. She said that in the Netherlands over the past six or seven months wholesalers have lost some 10 per cent of market share to manufacturers de-



From left, Mark Stephenson, Ornella Barra, Mike Isles and Sue Sharpe talk supply

living direct to patients using logistics providers. Removing pharmacists from the supply chain was a danger. "The community pharmacist can provide an essential element that the logistics provider cannot — pharmaceutical care," she emphasised.

Mark Stephenson, supplier relations director, UniChem, said that biotechnology and

specialist drugs were those most likely to bypass pharmacy.

"This for all of us — especially the patients themselves — is extremely bad news. It would be lifting this issue very high up the agenda of pharmacy challenges and demonstrating strongly the benefits of pharmacy," he suggested.

Sanofi-Aventis supply proposals discussed

The new distribution model to be implemented by Sanofi-Aventis on 1 November was explained by Mike Isles, Sanofi-Aventis's supply chain director (pictured above). He said that most of the drivers for change had come from outside the pharmaceutical industry.

"As pharmacists you renegotiate your contract with the Department of Health every few years. It's the same for the pharmaceutical industry. We renegotiate our agreement with the department every few years too," he said. "At the end of negotiations in 1999, the department told industry that their next priority was to review distribution. Particularly they wanted to know what happens to the price, from factory gate to the point of dispensing."

He told participants that there is a new section in the current Pharmaceutical Price Regulation Scheme on distribution, which says manufacturers must be efficient in distribution in line with proper competitive commercial practice. "The agreement also states that each manufacturer must therefore consider distribution arrangements in line with their own specific needs and this is why we started reviewing the situation." Mr Isles explained that the wholesaler margin of 12.5 per cent was established in the mid 1980s, which represented close to the real cost of distribution at that time. It was the same typical cost of distribution that other industries had in the UK, he added. "But the cost of distribution has fallen over the years. In the rest of UK industry, it has almost halved. . . . I agree that it is not quite as simple as that as a large percentage gets passed directly on to pharmacists. But we must remember that the

12.5 per cent is not related to the actual costs of distribution — it is related to the price of the medicines being ordered," he said.

Mr Isles said that three features now form part of the DoH's basis for future regulation of the pharmaceutical industry: efficient and competitive supply; best practice in stock management; and the provision of data. "On top of that," Mr Isles said, "there is the growing problem of what we call 'integrity' of the supply chain." He said that this includes stock management, out-of-stock situations and the issue of counterfeit medicines.

On counterfeit medicines, Mr Isles said that "we must all work together to be extra vigilant especially as intelligence indicates this type of activity may be on the increase".

Sanofi-Aventis has now decided to use only three wholesalers in the future for the UK, he reiterated. "We have retained the wholesale model. . . . Wholesalers will continue to control their discounts and there will be no effect on the clawback mechanism."

The company was also aware that retained purchase profit was part of the new pharmacy contract, he said. However, he questioned how long the clawback mechanism would remain: "We don't know how long this will last. The current clawback seems to be an increasing problem for all of us. Actually, it is a bit of a 'money-go-round'. Industry has to give the discount to wholesalers, wholesalers have to pass it on to pharmacists, and the Government claws it back from pharmacists."

He said that Sanofi-Aventis chose a model that would not interfere with discounts or clawback because of the current importance of these mechanisms to the DoH and pharmacists.

Boots The Chemists to share ways of working

How UniChem's new relationship with Boots following the Alliance Boots merger can add value for UniChem's independent pharmacy customers was discussed.

Speaking of the merger, Graham Webster, regional stores director for Boots The Chemists, said: "Suddenly there were new customers in the group for us to think about, and new opportunities."

Colin Stuart, director of commercial finance for Boots' health businesses, claimed that Boots does not directly target independent pharmacy. "Instead," he explained, "we target the grocers, large chain multiples and big concentrations of business, such as health centres and care homes."

"Having said that," Mr Stuart admitted, "I know that there are things about the way Boots does business that the independents find frustrating." He cited the way the company runs its care homes dispensing business as one such example.

Mr Webster described how UniChem's recently launched "Your counter assistant" range of training leaflets was drawn from Boots' own "30 minute tutor" series. The programme consists of monthly briefings on different conditions, which provide education on symptoms, causes and treatments, as well as focused information about certain products.

He also revealed that Boots has stopped actively recruiting pharmacists from among UniChem's customers, "which places us at a disadvantage against Lloyds, but is something that we are prepared to do for the good of the wider Alliance Boots family".