Procurement in ITU – what are the secrets of running a cost efficient unit?

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The UK National Health Service (NHS) - a few facts

Around £20 billion of this will be spent on goods and services
Procurement in the NHS – a brief history

Traditionally this spending power was fragmented

Allowed suppliers to dominate
Between 1990 and 2000 the Department of Health introduced significant reforms to the procurement of goods and services in the NHS.
A decade of reforms 1990-2000

Regional Health Authorities

Each authority responsible for own procurement
Hospitals made small value orders
incurred high administrative costs in process
Suppliers dominated

1991
NHS Supplies Agency
A national agency to supply the NHS

Responsible for procurement across the NHS
Utilise massive spending power of the NHS
Ensure value for money
Eliminate duplication

2000
NHS Procurement and Supplies Agency
NHS PASA

Act as centre for expertise, knowledge
and excellence in purchasing and supply

Ensure savings
3 per cent
per year
A decade of reforms

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- Ensure savings 3 per cent per year
Another decade of reforms 2000-2010

2000
NHS Procurement and Supplies Agency

Responsibility for effective use of resources and best value for money

Achieved through National Contracts with suppliers
Encouraged to offer flexible and competitive marketing

Hospitals buy directly from suppliers who have a contract with NHS PASA

2006
NHS Supply Chain
To deliver yet more savings through a National Purchasing Infrastructure

Product Catalogue
NHS approved goods
High quality and cost-effective

Hospitals can buy goods directly from the catalogue
Confident that they will be getting a nationally negotiated price

2008
Significant part of procurement outsourced

2009
DoH Procurement Investment and Commercial Division
Commercial Support Units
Another decade of reforms

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Significant part of procurement outsourced

Online Catalogue
Order products online

NHS approved goods
High quality and cost-effective

DoH Procurement Investment and Commercial Division
Commercial Support Units
Another decade of reforms

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Product Catalogue
NHS approved goods
High quality and cost-effective

Achieved efficiencies of > £200 million

On target to save £1 billion by 2016

DoH Procurement Investment and Commercial Division
Commercial Support Units

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NHS Procurement and Supplies Agency

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To deliver yet more savings through a National Purchasing Infrastructure

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DoH Procurement Investment and Commercial Division

2007
Won national Government award for on-line pharmacy catalogue

Achieved efficiencies of £200 million
On target to save £1 billion by 2016

Another decade of reforms
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Commercial Support Units
Procurement at The National Hospital

Subsequent to the changes at a national level, what has changed at The National Hospital?
Procurement at The National Hospital

The Procurement Department

Ensures clinical areas have access to best possible equipment and products at best possible prices
The Procurement Department

High cost items requiring tender process

Direct buying from NHS Supplies Catalogue

UCLH supply chain

Plan

Request

Order

Receive

Invoice

Payment

Need

Catalogue

Direct buying

Direct buying

Invoice
Changes that have made our ITU more cost efficient follow directly from the national changes.
Procurement in ITU

- Pharmacy products
  Click here

- Medical
  Click here

- Material management / top up
  Click here
Procurement in intensive care

At The National Hospital the Pharmacy Department holds the budget for ITU and it monitors our spending.
Procurement in intensive care

National Pharmaceutical Supply Chain

Comprehensive, evidence-based guide to good clinical practice and cost-effective use of medicines
## Procurement in intensive care

### Pharmacy products

#### Regulate stock levels in ITU

### ANTIBIOTICS

<table>
<thead>
<tr>
<th>Drug</th>
<th>Stock</th>
<th>Order</th>
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</thead>
<tbody>
<tr>
<td>Gentamicin 80mg</td>
<td>2x5</td>
<td></td>
</tr>
<tr>
<td>Cefuroxime 750mg</td>
<td>1 box(20)</td>
<td></td>
</tr>
<tr>
<td>Erythromycin 1g</td>
<td>10 vials</td>
<td></td>
</tr>
<tr>
<td>Metronidazole 500mg</td>
<td>1 box</td>
<td></td>
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</tbody>
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### INJECTIONS

<table>
<thead>
<tr>
<th>Drug</th>
<th>Stock</th>
<th>Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adenosine 3mg/ml</td>
<td>1 box</td>
<td></td>
</tr>
<tr>
<td>Adrenaline 1:1000 1mg/ml</td>
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<td></td>
</tr>
<tr>
<td>Aminophylline 250mg/10ml</td>
<td>1 box(10)</td>
<td></td>
</tr>
<tr>
<td>Amiodarone 150mg/3ml</td>
<td>1 box(10)</td>
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</table>

### INJECTIONS (Cont)

<table>
<thead>
<tr>
<th>Drug</th>
<th>Stock</th>
<th>Order</th>
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<tbody>
<tr>
<td>Desmopressin (DDAVP) 4mcg/ml</td>
<td>1 box(5)</td>
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</tr>
<tr>
<td>Human Actrapid Insulin</td>
<td>2 vials</td>
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</tr>
<tr>
<td>Chloramphenicol eye drops</td>
<td>1 box</td>
<td></td>
</tr>
<tr>
<td>Chloramphenicol eye ointment</td>
<td>1 box</td>
<td></td>
</tr>
<tr>
<td>Desmopressin (DDAVP) 4mcg/ml</td>
<td>1 box(10)</td>
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### IV FLUIDS

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<thead>
<tr>
<th>Drug</th>
<th>Stock</th>
<th>Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glucose 4% NaCl 500ml</td>
<td>1 box</td>
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</table>

### FRIDGE

<table>
<thead>
<tr>
<th>Drug</th>
<th>Stock</th>
<th>Order</th>
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</thead>
<tbody>
<tr>
<td>Atracurium 250mg/25ml</td>
<td>3 box</td>
<td></td>
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### CONTROLLED DRUGS

<table>
<thead>
<tr>
<th>Drug</th>
<th>Stock</th>
<th>Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thiopentone 0.5g</td>
<td>1 box(25)</td>
<td></td>
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### Liquids

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<tr>
<th>Drug</th>
<th>Stock</th>
<th>Order</th>
</tr>
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<tbody>
<tr>
<td>Water for Injection 10ml</td>
<td>10 box(20)</td>
<td></td>
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</table>

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**PRINT NAME** _________________________

**SIGNATURE** _________________________
Procurement in intensive care

Additional benefits

- standardised equipment throughout hospital
- shared cost of training staff
- ability to ‘borrow’ in an emergency
- reduced risk to patient
Procurement in intensive care

Consumables

Medical and Surgical ITUs would order separately and stock different brands of same item
Procurement in intensive care

Now ....

In 1st year of new system made savings of £110,000
+ reduced staff time
+ reduced levels of stock and reduced waste
Thoughts for the future

NHS Procurement

Coherent structure
Mandatory for all hospitals

National
Major contracts
National supplier
Procurement of pharmaceuticals

Regional
Smaller projects

Local
Minor projects
Thoughts for the future

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- Regional
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Savings of £1 million per week through collaboration and joint commercial arrangements
Thoughts for the future

Surgeon James Allibone said: “I am very pleased we have been able to reduce costs without compromising the quality of implants.”

UCLH able to save £200,000 from £1 million yearly budget for spinal implants.
Thoughts for the future

- **NHS Procurement**
  - **Coherent structure**: Mandatory for all hospitals
  - **National**
    - Major contracts
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Importance of engaging clinicians at local level
Thank you!