Email Exchange 1

From: Orr, Jim
Sent: Monday, 23 October 2017 16:30
To: McLaughlin C (Christine)
Cc: Ryan, Margaret; Hobson, James; 'Katy Lewis'; **[REDACTED -PERSONAL INFORMATION]**
Subject: GP Prescribing - Short Supply

Christine

Margaret Ryan informed me that you would like a regular update on the national short supply position.

The detailed calculations are quite complex involving massive files so I would normally send the information to the other Boards for sense checking first before passing on any figures and the actual impact to the bottom line will be dependent on a number of factors which are explained below.

However, subject to this sense checking, below is an analysis (by Board) of the potential costs (worst/best case scenarios in £m) in 2017/18 of drugs going on short supply. I have also included an estimate of 'Savings' due to either drugs coming off patent or having tariffs reduced which is also worth providing an update on.

	Short Supply Costs		
	Worst	Best	Savings
AA	3.2	2.4	-2.9
Bord	0.9	0.7	-0.9
DG	1.5	1.1	-0.7
Fife	3.0	2.2	-2.7
FV	2.2	1.7	-2.1
Gram	3.2	2.4	-2.9
GGC	10.6	7.8	-9.0
High	2.4	1.8	-1.8
Lan	6.3	4.7	-5.2
Loth	6.6	4.8	-5.3
Ork	0.1	0.1	-0.1
Shet	0.1	0.1	-0.1
Tay	4.0	3.0	-3.1
WI	0.2	0.2	-0.2
	44.3	**33.0**	**-37.0**

Short Supply (worst case £44.3m, best case £33.0m)

There are an unprecedented number of drugs either on or going on short supply in 2017/18. The worst case scenario assumes no change to the current prices for the remainder of this financial year. This also assumes that no more drugs go on short supply this in 2017/18. The best case scenario assumes that all drugs come off short supply at 1 January 2018 and revert to double their pre-short supply cost per item (drugs on short supply never go back to their pre short supply cost per item!). The analysis attached only includes the 10 drugs with the highest financial impact in each Board and we have assumed these are due to short supply.

Savings

These figures comprise of:

Off Patent Savings

A few drugs were coming off patent in 2017/18, the most significant being Pregabalin. The assumption here is that there is no change to the current prices for the remainder of 2017/18 although we are hopeful that Pregabalin will see a further decrease.

Tariff Reduction Savings

A few drugs had their tariffs reduced on 1 January 2017 and we should see the full year benefit of this in 2017/18. There was also the £20m (national) tariff reduction agreed with Community Pharmacy Scotland which ended up being £17m as it wasn't implemented until June.

Previous Year's Short Supply Savings

These are drugs that were on short supply last year but are not on short supply this year so these would need to be netted against the short supply pressure to determine the net short supply impact.

The three savings areas above only include the 10 drugs with the highest decrease in each Board (there is also an 'Other' category within the £37m Savings figure which is the net impact of all the other drugs not included in the top 10 for short supply/off patents/tariff reductions.

The anticipated savings from Off Patent Savings, Tariff Reductions and 'Short Supply costs not in the top 10' are £37m.

<u>Net Financial Impact</u>

Budgets - Short Supply

The net financial impact for each Board will be determined by how much of the above they have included in their budgets. From an earlier exercise I undertook, most Boards do not budget for Short Supply costs the rationale being that savings made from drugs coming off short supply in the previous year will probably match the additional costs of those drugs going on short supply in the current year. Due to the unprecedented number of drugs going on short supply in 2017/18, this doesn't apply this year. **<u>Therefore, all Short Supply costs will have a significant impact on Board out-turns.</u>**

GG&C budgeted for £2.8m net short supply costs which comprised of £4.1m for new drugs on short supply and £1.3m of savings from drugs that were previously on short supply in 2016/17. For those that made the top 10 in the attached analysis, £3m (of the £4.1m) was budgeted for but the worst case scenario (attached) is £10.6m, a potential cost pressure of £7.6m. We have some non-recurring discounts and rebates that we traditionally use to off-set GP Prescribing over-spends but we have nowhere near this level.

Budgets - Off Patent/Tariff Reductions

All Boards should have budgeted for these, therefore, **<u>the bulk of the £37m savings referred to above should have no significant impact on Board out-turns.</u>** In fact, many

Boards will have budgeted for greater savings on Pregabalin than those now forecast as the market intelligence at the time was to expect a 70% reduction from August. GG&C budgeted a prudent 40% from August, however, the actual 30% reduction from September will produce an £0.8m cost pressure if the price is not further decreased. Other Boards will be in the same position if they budgeted for more than 30%.

FHS Reporting

Last week I contacted Boards to establish what they are reporting in the monthly FHS monitoring returns as I'm not sure if these are consolidated and reviewed by someone at the SG. GG&C have been reporting a cost neutral position but with the latest batch of drugs going on short supply, we'll be reporting an anticipated over-spend from month 7.

Summary

Hopefully, the above makes sense but please give me a call if you would like to discuss (alternatively we could meet at the Golden Jubilee later this week).

Many thanks

Jim

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[REDACTED -PERSONAL INFORMATION]
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Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.
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Email Exchange 2

From: Orr, Jim [mailto [redacted]
Sent: 15 March 2018 08:23
To: McLaughlin C (Christine)
Cc: Hobson, James
Subject: FW: Short Supply Impact 17/18 & 18/19 based on March 2018 Tariff

Christine

The table below is the updated summary I sent to the Boards yesterday showing the forecasted impact of drugs on short supply based on the March tariffs, it also shows the previous forecasts that were based on the January and February tariffs.

£38.2m is the latest forecast of the impact of Short Supply in 18/19 which, although very high, is significantly better than it was a couple of months ago.

It also shows the ten drugs on short supply with the most significant impact, the totals will not be the same as the Board's totals as these are only the top ten drugs in that month's forecast. If a drug appears in the January forecast for 18/19 but not in a subsequent monthly forecast it simply means that it didn't make the top ten for that month not that the short supply costs have disappeared. For example, in the January forecast Amlodipine is £9.4m and in February it doesn't appear which was due to the tariff reducing significantly in February that the impact was less than £1.8m (the 10th highest in that month). For 18/19, I have highlighted significant favourable movements in the monthly forecasts in green and significant unfavourable movements in pink.

Short Supply Impact - 17/18 & 18/19

	Jan Tariff			Feb Tariff			Mar Tariff		
Board	17/18	18/19	Movt	17/18	18/19	Movt	17/18	18/19	Movt
AA	3.4	4.7	1.3	3.2	3.5	0.3	3.1	2.6	-0.5
BORD	0.8	1.1	0.3	0.8	0.8		0.7	0.6	-0.1
DG	1.6	2.0	0.4	1.5	1.6	0.1	1.5	1.3	-0.2
FIFE	3.2	4.8	1.6	2.9	3.2	0.3	2.8	2.4	-0.4
FV	2.4	3.8	1.4	2.3	2.8	0.5	2.2	2.1	-0.1
GRAM	3.3	4.5	1.2	3.2	3.6	0.4	3.1	2.7	-0.4
GGC	11.2	15.4	4.2	10.6	12.1	1.5	10.4	9.5	-0.9
HIGH	2.7	3.8	1.1	2.5	2.9	0.4	2.5	2.3	-0.2
LAN	6.8	9.4	2.6	6.4	7.4	1.0	6.3	5.9	-0.4
LOTH	6.3	8.7	2.4	5.9	6.5	0.6	5.8	5.3	-0.5
ORK	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.1	
SHET	0.1	0.2	0.1	0.1	0.1		0.1	0.1	
TAY	3.9	5.2	1.3	3.7	4.0	0.3	3.7	3.1	-0.6
WI	0.2	0.3	0.1	0.2	0.2		0.2	0.2	
Scotland	**46.0**	**64.1**	**18.1**	**43.4**	**48.9**	**5.5**	**42.5**	**38.2**	**-4.3**

	Jan Tariff			Feb Tariff			Mar Tariff		
Top Ten Drugs	17/18	18/19	Movt	17/18	18/19	Movt	17/18	18/19	Movt
Quetiapine	10.3	9.7	-0.6	10.3	9.7	-0.6	10.3	9.7	-0.6
Olanzapine	10.1	9.6	-0.5	10.1	9.6	-0.5	10.1	9.6	-0.5
Levetiracetam	5.3	8.0	2.7	5.3	8.0	2.7	5.1	4.5	-0.6
Amlodipine	4.6	9.4	4.8	3.3		-3.3	3.2		-3.2
Sumatriptan	4.3	3.3	-1.0	4.3	3.3	-1.0	4.3	3.3	-1.0
Gabapentin	4.1	8.1	4.0	2.8		-2.8	2.8		-2.8
Chlorpromazine Hydro	3.1	6.7	3.6	2.8	4.9	2.1	2.8	5.1	2.3
Perindopril	2.1	5.0	2.9	1.9	3.6	1.7	1.8	3.1	1.3
Mefenamic Acid	1.8		-1.8	1.8	1.8		1.6		-1.6
Terbinafine	1.3	2.0	0.7	1.3	2.0	0.7	1.2	1.0	-0.2
Citalopram		2.6	2.6		2.6	2.6			
Duloxetine					2.6	2.6		2.6	2.6
Irbesartan								1.6	1.6
Topiramate								1.1	1.1
Total	**47.0**	**64.4**	**17.4**	**43.9**	**48.1**	**4.2**	**43.2**	**41.6**	**-1.6**

Many thanks

Jim

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From: Orr, Jim
Sent: 14 March 2018 10:19
To: **[REDACTED -PERSONAL INFORMATION];** 'Alan Sharp (Gramp)'; 'Alasdair Pinkerton'; 'Bozkurt Debbie (NHS WESTERN ISLES)'; 'Carol Gillie'; 'Carol Potter'; 'Cathy Sumner (SG)'; 'Colin Marsland'; 'David Garden'; 'Julie McKinney @SG'; 'Katy Lewis'; 'Lindsay Bedford (Tayside)'; 'Peter Lodge (PhDen)'; 'Robert Whiteford (A&A)'; Lavers, Sarah (REN); Wearing, Sharon (GCC);
Cc: Ryan, Margaret; **[REDACTED -PERSONAL INFORMATION]**; Ryan, Margaret (NHSmail)
Subject: Short Supply Impact 17/18 & 18/19 based on March 2018 Tariff

Colleagues

The smaller file attached is a summary by Board of the forecasted impact of drugs on short supply based on the March tariffs, it also shows the previous forecasts that were based on the January and February tariffs.

Each Board's March figures can be found in the larger file, e.g. the short supply impact in 18/19 is in column 'O' in the Summary worksheet and the detail behind this is in column 'DP' in each Board's worksheet (see GG&C as an example).

The smaller file also shows the ten drugs on short supply with the most significant impact, the totals will not be the same as the Board's totals in row 20 as these are only the top ten drugs in that month. If a drug appears in the January estimate for 18/19 but not in a subsequent monthly estimate it simply means that it didn't make the top ten not that the short supply costs have disappeared. For example, in the January forecast Amlodipine is £9.4m and in February it doesn't appear which was because the tariff reduced to such an extent that the impact was less than £1.8m (the 10th highest in that month). For 18/19, I have highlighted significant favourable movements in green and significant unfavourable movements in pink.

Many thanks

Jim

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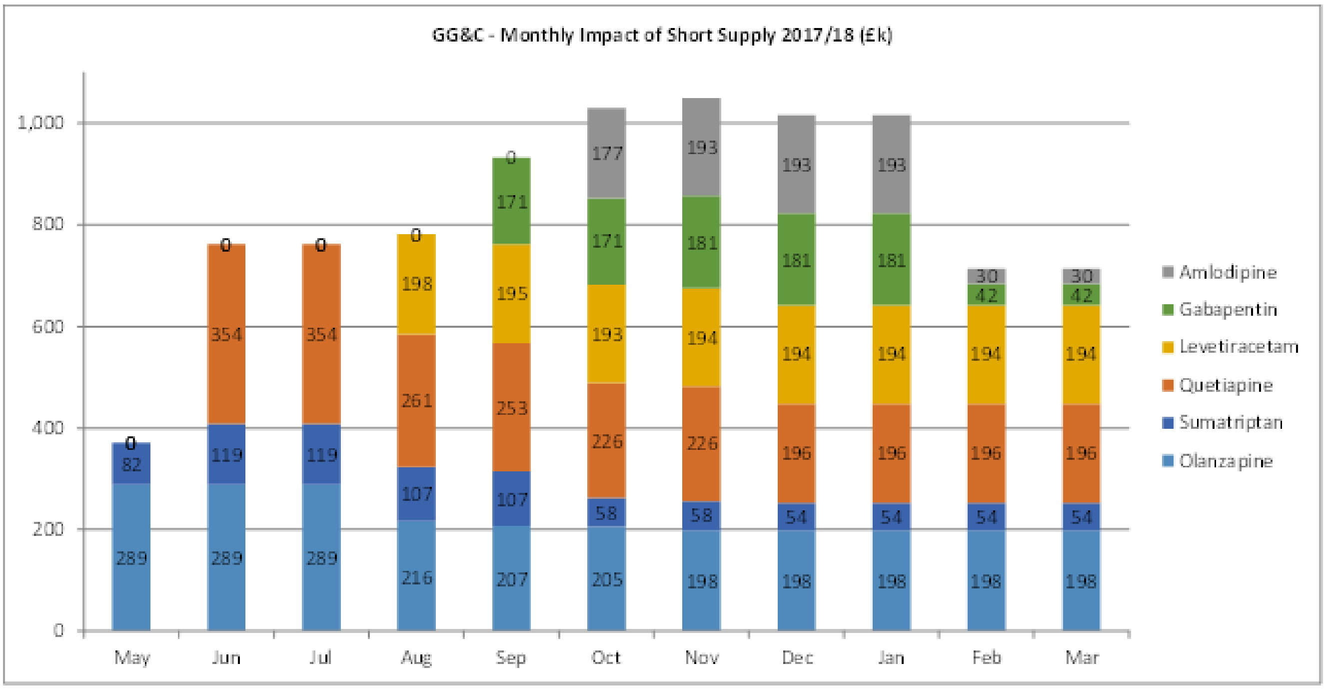
From: Orr, Jim
Sent: 13 February 2018 07:56
To: **[REDACTED -PERSONAL INFORMATION];** 'Alan Sharp (Gramp)'; 'Alasdair Pinkerton'; 'Bozkurt Debbie (NHS WESTERN ISLES)'; 'Carol Gillie'; 'Carol Potter'; 'Cathy Sumner (SG)'; 'Colin Marsland'; 'David

Garden'; 'Julie McKinney @SG'; 'Katy Lewis'; 'Lindsay Bedford (Tayside)'; 'Peter Lodge (PhDen)'; 'Robert Whiteford (A&A)'; Lavers, Sarah (REN); Wearing, Sharon (GCC)
Cc: Ryan, Margaret; **[REDACTED -PERSONAL INFORMATION]**
Subject: RE: Monthly Drug Tariff Report - February 2018

Colleagues

The 3.4% decrease in the average tariff price in February (referred to in my previous e-mail) was mainly due to a significant decrease in Gabapentin and Amlodopine. In GG&C, this should save us c £300k for each of the last two months of 17/18 compared to the £1m monthly hit that we had been predicting (see chart).



I don't have the above chart for each Board but the attached file contains the potential impact of the top ten drugs on short supply for your Board in 17/18 and 18/19 based on current information.

Usual caveat applies, make sure you check your own figures!

Many thanks

Jim

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From: Orr, Jim
Sent: 07 February 2018 13:08
To: [REDACTED -PERSONAL INFORMATION]; 'Alan Sharp (Gramp)'; 'Alasdair Pinkerton'; 'Bozkurt Debbie (NHS WESTERN ISLES)'; 'Carol Gillie'; 'Carol Potter'; 'Cathy Sumner (SG)'; 'Colin Marsland'; 'David Garden'; 'Julie McKinney @SG'; 'Katy Lewis'; 'Lindsay Bedford (Tayside)'; 'Peter Lodge (PhDen)'; 'Robert Whiteford (A&A)'; Lavers, Sarah (REN); Wearing, Sharon (GCC)

Cc: Ryan, Margaret; **[REDACTED -PERSONAL INFORMATION]**
Subject: Monthly Drug Tariff Report - February 2018

Colleagues

The attached file shows the monthly drug tariffs for the 17/18 financial year.

The first worksheet is in descending order of the change in the value of the tariff from January to February (column AP), i.e. largest monthly increase first.

The second worksheet shows the highest percentage increases in the tariff from January to February in descending order (column J). The third worksheet is the same but for the highest percentage decreases.

We estimate that the total monthly movement in the tariffs over the last few months (based on applying the difference in the following month's tariff prices from the current month's and multiplying that by the average monthly volumes over the last year) is:

November to December - 0.7% decrease
December to January - 1.2% decrease
January to February - 3.4% decrease

We need significantly higher decreases but at least they're going in the right direction compared to prior months!

Many thanks

Jim

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INVESTOR IN PEOPLE