SPECIAL REPORT

SURVEY

DISPENSING WISDOM

A survey by *HSJ* and The Co-operative Pharmacy explores why trusts are – or are not – outsourcing outpatient dispensing. By Daloni Carlisle

The sight of high street shops inside NHS hospitals is becoming ever more common – including high street pharmacies that are providing outpatient dispensaries.

The business model is fairly straightforward. As a third party provider, the pharmacy can reclaim VAT on the medicines it dispenses which it can pass on to the trust as a payment, less a fee for the outsourced service.

The wins include shorter waiting times for patients; a complementary retail offering for patients, visitors and staff; release of hospital pharmacists to work on the wards and develop their clinical specialisms; and an income stream for the trust.

Over the summer, *HSJ* and The Co-operative Pharmacy – which runs five pharmacies in three NHS trusts – ran a reader survey to explore what role such ventures can play in delivering the QIPP agenda.

Of the 130 people who responded, just over half were senior NHS managers, including chief executives, finance directors, directors of procurement and outpatient services managers. Seven in ten worked for an NHS provider, with just over a third for an acute provider.

The first question was whether their organisation already outsourced outpatient dispensing – to which 15 per cent answered yes. "I think this is in line generally with the NHS as a whole," says Dr Mandeep Mudhar, NHS business director for The Co-operative Pharmacy and a doctoral level pharmacist. "We think that about one in ten NHS hospitals is already outsourcing outpatient dispensing but we are seeing more and more tenders."

Responsive service

Of those that had outsourced dispensing, three quarters said it had realised the expected benefits. "Rapid, responsive service for outpatients and improved inpatient service as it frees up staff," said one.

Others commented on the longer opening hours compared to the in-house dispensary, the financial benefits and highly professional service delivery.

Dr Mudhar comments: "The financial savings are obviously important but what is clearly an absolute priority for trusts is that the service is of the highest standard." But, he adds: "The biggest and consistently proven benefit is the shorter waiting times for patients." At one of The Co-operative Pharmacy's sites, waiting times for outpatient medicines had fallen from an average of 45 minutes with the in-house dispensary to just nine minutes with The Co-operative Pharmacy.

A few respondents offered warnings about potential pitfalls. "It only works if the workload has the right critical mass," said one respondent. "You need to be aware of areas where dispensing is not so clear cut, for example antiretrovirals." Another said there had been some dispensing errors.

Dr Mudhar agrees there does need to be a critical volume of work for the model to work.

The survey then went on to explore future decisions about outsourcing outpatient dispensing. Of the 130 in this survey, three quarters said they were not considering it.

"That does surprise me," says Dr Mudhar. "It is not consistent with our experience or the feedback we have from the NHS. This is something that is very much in the front of the [typical trust] chief pharmacist's mind at the moment as it is a proven model that delivers real benefits."

And perhaps that's the point: this is a message that has reached pharmacists but not the wider senior NHS management community. Of those that were not considering outsourcing, over a third said it was because they lacked information about potential benefits and pitfalls and a fifth said there was a lack of engagement at board level.

Of those that were considering outsourcing outpatient dispensing, there was a clear understanding of the potential benefits.

Eight in ten said it would deliver better value for money; two thirds said it would make better use of a hospital pharmacy staff; six in ten said it would improve patient experience; and two thirds said it would reduce the time patients wait for medicines. One commented on the convenience for staff of having a high street pharmacy on site.

In The Co-operative Pharmacy's experience, this issue of making better use of hospital pharmacy staff is an important non-financial benefit.

"Most pharmacy staff in hospitals are specialists in a clinical area," says Dr Mudhar. "They want to use their specialism and spend more time on the wards with patients. They don't want to be tied to dispensing. If you talk to chief pharmacists they are highly supportive of this and argue ... there will be better outcomes for patients if their staff can spend more time on the wards."

The high street pharmacist, on the other hand, is a specialist in dispensing. "Our skill set is dispensing and giving advice and giving patients a good experience," he says.

Clinical concerns

On the risk side, comments fell into two broad groups. The first was concerns around clinical issues such as lack of knowledge about specialist drugs, patient confidentiality, consistency of supply and lack of capacity. The other group was technical issues of performance management, TUPE (employee transfer)

regulations, hidden costs and a trust's ability to negotiate a commercial lease in a PFI building.

Taking the technical risks first. Dr Mudhar acknowledges that the PFI issue can be a challenge but says: "It is not insurmountable." Hidden costs are, he suggests, a red herring. "We put a transparent pricing structure into the contract so any hidden costs would be absorbed by the provider not the trust," he says. Performance management is through key performance indicators written into the contract.

TUPE has come up in the past and increasingly tenders ask providers for TUPE staff transfers. "But in practice very few staff are involved wholly in outpatient dispensing and we have found that trusts are able to absorb all their staff back into the NHS," says Dr Mudhar.

Clinical risks tend to be tackled through a partnership approach. "The success of any outsourcing venture like this is highly dependent on a good working relationship and partnership," says Dr Mudhar.

"The investment starts long before the dispensary opens," he adds. "We recruit the staff and they spend time shadowing the hospital team so that they can understand the nuances. The hospital will also have a dedicated project manager."

The survey also asked respondents who were the key players in deciding to outsource dispensing. The answers were clearly the finance director, chief pharmacist and the board, and, to a lesser extent, clinical leads and foundation trust members. Again, this is as Dr Mudhar expected but he adds: "It is good to have someone from estates and from the legal department on board early too."

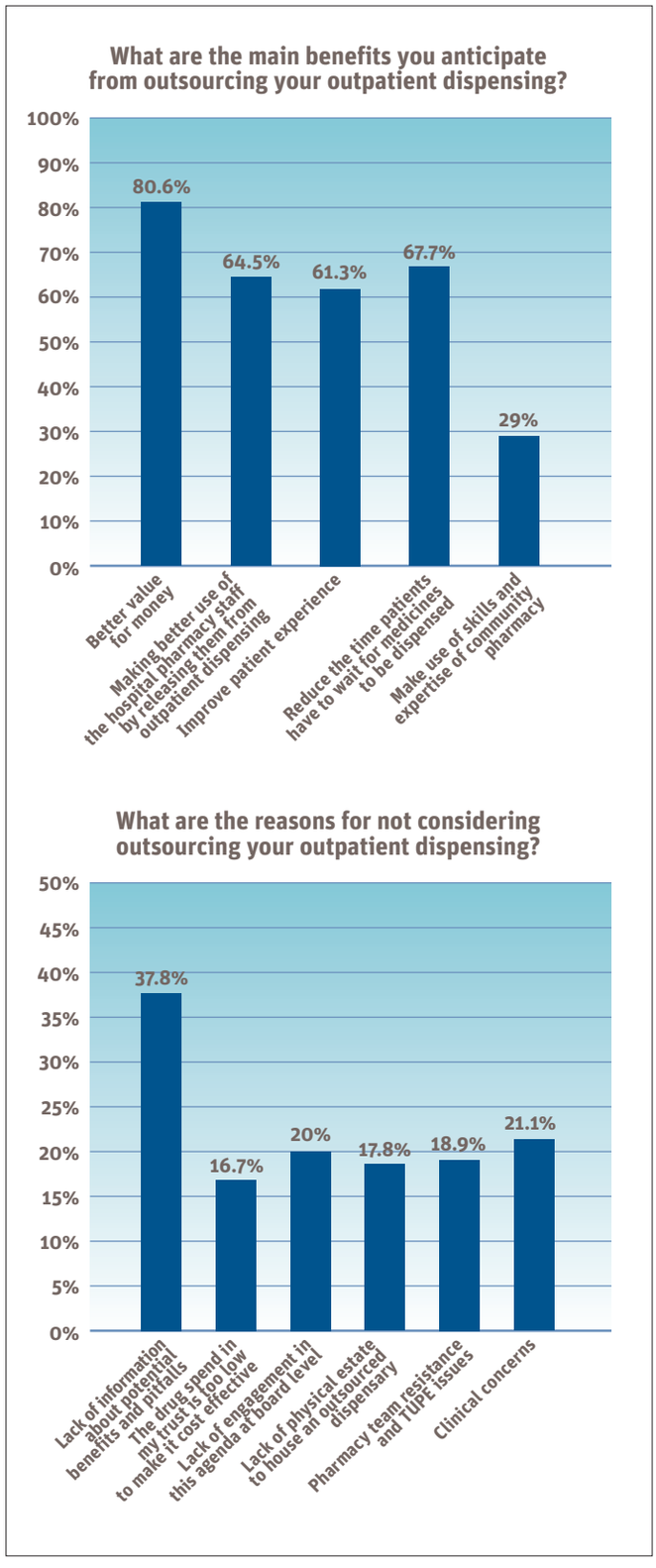
In terms of choosing a partner, respondents placed the greatest emphasis on clinical skills. Around half felt that it was important for the partner to have an ownership model consistent with their own organisation's. The track record and sustainability of the business partner, their presence in the local neighbourhood and their local infrastructure was also important, as was the ability to offer other clinical services such as home healthcare.

Again, this chimes with Dr Mudhar's experience. "Tenders are becoming ever more complex with trusts asking for more frequent data submissions and more complex services than just outpatient dispensing," he says. And this again emphasises the need for a true partnership between the trust and the outsourcing partner – and for this to develop at an early stage.

Dr Mudhar advocates pre-tender dialogue meetings with potential partners to "flush out detail" before the final tender is drawn up. "Ideally, these would include representatives from finance, IT, legal, property and the pharmacy team on each side," he says. "It allows the provider to flush out all the questions that the tender documentation does not cover and give the detail to provide a tender response. It also helps the trust make the right decision."

But for all the legals and financials, the KPIs and data feeds, there is still something intangible about choosing the right partner for outsourced outpatient dispensing, says Dr Mudhar. "The clinical skills and standards and clinical partnerships are so important to success," he says. "Some of this can be quantified – for example we can provide sample CVs of the staff we employ and detail the investment we make in developing our staff.

"But, in the end, it does come down to whether the chief pharmacist likes what he or she sees and whether your organisational values fit those of the hospital trust." ●



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