Maximising profit through smarter purchasing

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Purchasing for Profit

Dispensing for Profit
What is this?

Once signed and dispensed it becomes a request for payment.

How much is each prescription worth to your surgery?
How You Are Paid by NHS BSA

Drug Tariff/NHS List Price [MIMs C+D]

Minus Clawback [usually 11.18%]

Plus Dispensing Fee [about £2]

Therefore if total discount is less than 11.18% you lose out [excluding dispensing fee]
When do you lose money?

Items with no discount and NHS cost is greater than £17
Items You May Lose Money on...

Insulins
Cold chain items
Some dressings
Expensive items with discount less than clawback
Solutions - Formulary

• Ensure your Formulary is agreed by all prescribers
• Ensure your Formulary is understood by all prescribers
• Ensure your Formulary is enforced wherever possible
Solutions - Monitoring

- Track your actual drug spend vs income monthly

- Your total drug spend MUST be less than basic price of drugs from NHS BSA [PPA]

- Don’t get confused by VAT [all calculations should be ex-VAT]

- This is becoming more and more important
Solutions – Stock Control

- Annual stock takes ESSENTIAL
- Keep stock value monitored
- Keep stock levels as low as possible [less than 4 weeks wherever possible]
- All stock on the shelves eats into cash flow
- Check for short dated items and alert your GPs!
Negotiation

Speak to the reps

Smaller pharma may be looking to discount/support dispensing practice
• Wholesaler terms and statements

• Do you know what discount you get?

• Do you know what purchases qualify for discount?
• Manufacturer Discount Schemes
  – Reduced Wholesaler model
  – DTP Scheme
  – Large MDS with small “wholesaler” discount
  – Combined discount is the key
  – DON’T assume you are being paid all you are due
  – Chase your wholesalers to show you actual monies paid, from which company and on which products
  – MONITOR, not so much notice when a scheme ends
Purchasing for Profit - Generics

Make sure you are buying “new” generics which are on the market and more importantly buying them at competitive prices.

Target patent expired generics to maximise your income.

Beware pre-ordering patent expiry items – discount on the day is often higher.

Since pack size endorsing is no longer relevant purchase price PER tablet/capsule is more important than pack cost.

Consider Bulk pots for Monitored Dosage Systems.

Consider bulk purchasing of your top lines.
Purchasing for Profit – Generics

• Are you still getting the best deal?

• What about non-discounted generics?
# Top 10 Generics

<table>
<thead>
<tr>
<th>Description</th>
<th>Dose</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>GLIBENCLAMIDE tablets [28]</td>
<td>2.5mg</td>
<td>98.19%</td>
</tr>
<tr>
<td>METRONIDAZOLE tablets [21]</td>
<td>200mg</td>
<td>96.40%</td>
</tr>
<tr>
<td>GLIMEPIRIDE tablets [30]</td>
<td>3mg</td>
<td>95.72%</td>
</tr>
<tr>
<td>ONDANSETRON tablets [10]</td>
<td>8mg</td>
<td>94.86%</td>
</tr>
<tr>
<td>VENLAFAXINE modified-release capsules [28]</td>
<td>150mg</td>
<td>94.70%</td>
</tr>
<tr>
<td>TRANDOLAPRIL capsules [28]</td>
<td>1mg</td>
<td>94.61%</td>
</tr>
<tr>
<td>VENLAFAXINE modified-release capsules [28]</td>
<td>75mg</td>
<td>93.70%</td>
</tr>
<tr>
<td>ISOSORBIDE MONONITRATE modified release tablets [28]</td>
<td>60mg</td>
<td>93.43%</td>
</tr>
<tr>
<td>PRAMIPEXOLE tablets [30]</td>
<td>350ug</td>
<td>92.93%</td>
</tr>
<tr>
<td>QUINAPRIL tablets [28]</td>
<td>5mg</td>
<td>91.85%</td>
</tr>
</tbody>
</table>
## 10 Popular Generics

<table>
<thead>
<tr>
<th>Description</th>
<th>Dose</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspirin dispersible x 100</td>
<td>75mg</td>
<td>91%</td>
</tr>
<tr>
<td>Paracetamol x 100</td>
<td>500mg</td>
<td>82%</td>
</tr>
<tr>
<td>Fluconazole x 7</td>
<td>200mg</td>
<td>85%</td>
</tr>
<tr>
<td>Aspirin dispersible x 100</td>
<td>300mg</td>
<td>85%</td>
</tr>
<tr>
<td>Atenolol x 28</td>
<td>50mg</td>
<td>81%</td>
</tr>
<tr>
<td>Aqueous Cream</td>
<td>500g</td>
<td>81%</td>
</tr>
<tr>
<td>Amoxycillin x 21</td>
<td>250mg</td>
<td>80%</td>
</tr>
<tr>
<td>Amolidipine x28</td>
<td>10mg</td>
<td>79%</td>
</tr>
<tr>
<td>Aspirin Gastro-Resistant x 28</td>
<td>75mg</td>
<td>77%</td>
</tr>
<tr>
<td>Simvastatin x 28</td>
<td>20mg</td>
<td>76%</td>
</tr>
</tbody>
</table>
Parallel Imports – becoming MORE important

- Where there is no UK deal
- Where there is a DTP or RWM LESS THAN UK discount
• Difficulties Practices face when using a PI

• Cant be certain that PIs have a greater discount than UK brands?
• Uncertainty about presentation or quality?
Purchasing for Profit – Parallel Imports
Fluticasone Propionate Aqueous 50 microgram Nasal Spray

Each metered spray contains 50 micrograms of fluticasone propionate.

Other ingredients include glucose anhydrous, microcrystalline cellulose, carmellose sodium, phenylethyl alcohol, benzalkonium chloride, polyethylene 80 and purified water.
Purchasing for Profit – Parallel Imports
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<table>
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<tr>
<th>Description</th>
<th>Size</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Teoptic 2% Eye Drops (PI)</td>
<td>5ml</td>
<td>72%</td>
</tr>
<tr>
<td>Teoptic 1% Eye Drops (PI)</td>
<td>5ml</td>
<td>71%</td>
</tr>
<tr>
<td>Trosyl Nail Solution (PI)</td>
<td>12ml</td>
<td>67%</td>
</tr>
<tr>
<td>Plavix 75mg Tabs F/C (PI)</td>
<td>28</td>
<td>64%</td>
</tr>
<tr>
<td>Arava 20mg Tabs (PI)</td>
<td>30</td>
<td>60%</td>
</tr>
<tr>
<td>Arava 10mg Tabs (PI)</td>
<td>30</td>
<td>60%</td>
</tr>
<tr>
<td>Lyrica 25mg Caps (PI)</td>
<td>56</td>
<td>58%</td>
</tr>
<tr>
<td>Nexium 40mg Tabs (PI)</td>
<td>28</td>
<td>57%</td>
</tr>
<tr>
<td>Nexium 20mg Tabs (PI)</td>
<td>28</td>
<td>57%</td>
</tr>
<tr>
<td>Levonelle 1500mcg One Step Tablet P (PI)</td>
<td>1</td>
<td>56%</td>
</tr>
</tbody>
</table>
• How do you cope?
• Do you have systems in place
• One GP Partner interested in the dispensary
• Dedicated dispensary manager
• Time to manage
Purchasing for Profit – Summary

- Discounts
- Ordering
Solutions - Purchasing

- Strict dispensary guidelines on ordering
- Online/automated ordering
- Smart purchasing is now ESSENTIAL
- Dispex Buyer in development
Thank you

Have a safe journey home