ABHI welcomed the publication on Monday 5 December of this report from the NHS Chief Executive, developed by Sir Ian Carruthers who spoke to the ABHI UK Market Conference about the findings, last week (29 November).

The report follows a commitment in The Plan for Growth, published alongside the Budget in March 2011 and explicitly recognises that The NHS contributes to the UK economy in four important ways:

- Through the services it provides, a healthy population is more productive, and more economically active;
- By adopting innovation to improve its own productivity, the NHS can deliver more health benefit for a given public resource;
- By accelerating adoption and diffusion of innovation throughout the NHS, it supports growth in the life sciences industry
- By exporting innovation, ideas and expertise, working in partnership with UK industry, it provides new business opportunities abroad for UK-based companies.

This is a significant set of recognitions, as Sir Ian made clear. Industry representatives on the review’s External Advisory Group, including ABHI’s Chairman Johnny Lundgren, have had the opportunity to see the extent of this insight over the last few months during which the DH/NHS team has been taking evidence and ABHI’s Board met Sir Ian with his team in September. There is always a risk that such reports mean ‘business as usual’. In this case, with major changes in the NHS landscape and with real financial pressure bearing down, there appears to be a realisation that business as usual will not deliver and that partnerships are needed ‘that deliver mutual value, rather than simple transactional business’.

The review contains a number of recommendations that will be important for ABHI members. A summary of the themes as ABHI sees them is below. This is distilled from the longer document published by DH. The recommendations can be divided into three categories:

- Builds on existing work themes
- welcome new departure; or
- hard to understand: but we shall need to ensure that medtech is seen as a player

Key recommendations building on existing work themes:

**Incentives and Investment**

A key section in which there is welcome recognition of the results of silo budgeting. Several key points here, including development of tariff where there looks likely to be a major gap between the current arrangements and the future split of responsibilities between the NHS Commissioning Board and Monitor. There are big risks here for reimbursement of devices and ABHI’s Chief Executive Peter Ellingworth has registered our concerns with the NHS Chief Executive Sir David Nicholson. This section also covers responsibility for specialised service commissioning where there will be both opportunities and threats – more consistency but also more transparency in pricing of services across the country. ABHI will need to work across existing member groups to respond to these developments, in line with the call for interest in our most recent Primed.

**Procurement**

Procurement receives attention as always. ABHI’s Commercial Policy Group has been steering ABHI policy on the issues in the document. The main next actions will be to establish the industry’s strong wish to be involved as a key partner and joint leader, rather than as a passive recipient of a further central initiative, given the history of such initiatives over the last 5-6 years. We have already lodged this view. We will continue to work with MedilinkUK and other partners on the SME procurement policy and practice issues referred to in the report and elsewhere.

Key recommendations that are a welcome new departure:

**Reducing variation and strengthening compliance**

A new regime will be put in place for implementation of NICE Technology Assessments. By no means all medical device technology can benefit from this, though some members will be directly affected and there is strong potential. However, for a wider range of technologies, there is an intent to create a new collaborative arrangement to ensure uptake of “low cost high value interventions that could improve patient care, while at the same time stimulating growth in small and medium sized medical technology companies”. ABHI will work to be closely involved in the development of this collaborative, on behalf of members.

**Information – for patients, for the NHS**

The report contains a welcome recognition that patients are interested in the quality of the care they receive and understand the relevance of innovation, consistent with the ABHI response to the White Paper a year ago. ABHI will want to contribute to the consumer campaigns which are proposed. The role of web-based information about innovation for the NHS has attracted member interest recently and we will express strong interest in being involved in this also.

**Developing our People**

This is an area in which there has been good but informal exchange at a high level between the NHS and industry over recent years, but where there remains a high level of mutual
suspicion, much evidenced in the public response to announcements this week (though mainly directed at the pharmaceutical industry). A Joint NHS /industry training and education programme is envisaged. The ABHI Board will be consulted on these outline proposals at the forthcoming meeting.

A key recommendation that is hard to understand: ABHI will need to ensure that medtech is seen as a player:

Creating a system for delivery of innovation

This is potentially one of the more significant proposals but is unclear as it stands. The report proposes the creation of ‘academic health science networks’ to link up stakeholders and drive the diffusion of innovation. References to industry involvement are vague. ABHI will work to ensure that medtech can help shape this initiative, if it appears to be helpful, but we are concerned that it may simply perpetuate existing quango type arrangements slated for review elsewhere in the report.

Other key references

Finally, there is explicit reference to ITAPP (transfers to NICE), NTAC (‘consider the future hosting arrangements’) and the Innovation Pipeline Project in which ABHI is involved with the NHS Confederation, together with the ABPI. For all of these, ABHI will ensure it has accurate information and will communicate with members as the situation develops.

Chair of ABHI’s PAPG, Richard Phillips, Director, Public Policy & Advocacy NW Europe, BD, said this of the announcement:

“The NHS Chief Executive’s Innovation Review builds on the QIPP process and is an explicit acknowledgement that the single most important task for the NHS in the next few years is to improve productivity. The review is clear that medical technology presents significant opportunities to achieve this and also that as well as innovation there needs to be a focus on the adoption and diffusion of proven interventions.

Disappointing then, perhaps, that the impact of the review was somewhat diluted by being published simultaneously with the Life sciences Strategy. One could be forgiven for thinking that the entire Autumn package hinged on wooing big Pharma. That said there are plenty of opportunities here for us if we can rise to the challenge of demonstrating the whole systems benefits of our technologies.

The challenge for NHS leaders, and one we must hold them to account on, is to ensure that the levers and incentives for junior and middle managers in the procurement process do not prevent the diffusion and adoption of the technologies the service so badly needs. This remains, arguably, the biggest barrier to the spread of innovation throughout the NHS and both sides must now turn the fine words in the review into tangible outcomes.”

You can view the ABHI press release here.

Life Science Strategy

This document sets out the Government vision for turning the UK into the global hub for the life science industry. The Government intends to do this by providing an unrivalled ecosystem that brings together business, researchers, clinicians and patients to translate discovery into clinical use for medical innovation within the NHS.

The document can be viewed here.

ABHI would welcome member comments on the package, we will be responding to Ministers directly. If you have any comments please send them to Daniel Jones.

Sandra Lawrence, Chair of ABHI’s Commercial Policy Group commented:

“The recent publications are welcomed as a ‘step in the right direction’ for the Government and NHS, recognising the contributions our Industry can deliver to the wider economy and more importantly the delivery of care to patients.

The current reality however is very different, as suppliers are continually targeted on price alone with little note to long term value and innovation. Although the rhetoric in the Reports is to be applauded, the delivery of ambitions will be critical to the future of our Industry and improvements in patient outcomes. We await the Department of Health’s Procurement Strategy to ensure the long term vision is accounted for in practice.”

Whole System Demonstrator Programme

The Whole System Demonstrator (WSD) Programme, launched in 2008, was established by the Department of Health to display the benefits telehealth and telecare can bring to patient’s lives. It involved 3,030 people with one of three conditions (diabetes, heart failure and COPD), who were provided with assistive technologies.

Overall the results have been positive. It is estimated that at least three million people with long term conditions and social care needs could benefit from using telehealth and telecare.

Early findings show that the correct utilisation of telehealth can result in:

- 45% reduction in mortality rates
- 15% reduction in A&E visits
- 20% reduction in emergency admissions
- 14% reduction in elective admissions
• 14% reduction in bed days and
• 8% reduction in tariff costs

ABHI will now work towards promoting telehealth and telecare and change in the way services are delivered. We will be collaborating with the Department of Health, the NHS, social care and professional partners on the “Three Million Lives” campaign to help achieve this change.

Industry Continues to Grow

The UK medical technology sector is made up of 3,000 companies that collectively employed 64,000 people and produced an annual turnover of £15bn in 2011. Over 2009-2011, there has been a 4.6% decrease in companies, a vast majority being SMEs who employ less than 250 people. Of the 1,731 companies where data is available, trends show that total turnover has grown by 5% between 2010 and 2011 and by 6% over the 2009-2011.

The sector is predominantly made up of SMEs- 99% of UK companies employ less than 250 people. Figures have shown that 87.5% of all medical technology companies have a turnover in the range of £100,000 – £5,000,000.

In terms of turnover, the largest section of the industry is single use technology, followed by wound care and management, orthopaedic devices and professional services. These collectively achieved a third of the total UK sector turnover; sales of almost £5bn.

To view the Strength and Opportunity document in full click here.