Off-Contract Claims Best Practice Guidance

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The first stop for professional medicines advice

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Problems to Address

- Visibility of number and value of claims being made by Trusts
- Perceived lack of claims being made by Trusts in comparison to value of off-contract purchases coded as claimable through Exend+
- Variation in approach and criteria to approve off-contract purchases by suppliers (as reported by Trusts)
- Understanding of MPSC terms and conditions to clarify conditions of off-contract claims
- Amount of resource required in Trusts to maintain a successful off-contract claims process
- No clear guidance or best practice on how to run a successful off-contract claims process in Trusts

What do we want to achieve?

- Consistent approach to off-contract claims by both suppliers and Trusts
- Remove any unnecessary steps to make the process as streamlined as possible
- Regular off-contract claims process standard practice in every Trust
- Full visibility of number and value of claims being made by every Trust
- Trust validated supplier performance data

Progress so far

- National audit to quantify off-contract claims being processed
- Launch of Exend+ Trust validation of contract variance
- Feedback and development on Exend+ embedded electronic off-contract claims form
- Trust interviews to determine what good looks like
- Meeting with MPSC for clarity on “terms and conditions” of the contracts and what this means for off-contract claims
- Meetings with industry trade body to discuss the process from their perspective
- Outline of “best practice” guidance and development of a supporting training video (to be launched after the webinar).

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What is an Off-contract Claim?

An off-contract claim is a request for reimbursement submitted by NHS organisations to contracted suppliers on a MPSC framework to recover the additional costs incurred in sourcing alternative medicines due to a supply issue with the contracted medicine.

When can you claim?

- When the supply issue involves a product on a generic framework
- If you have an outstanding order with the contracted supplier for 14 days or more
- When you notify the contracted supplier that you intend to buy off-contract and submit a claim
- On demonstration of reasonable efforts to mitigate losses and source most cost-effective alternative

Claim Clarification

The 14-day period – what does this mean?

- The Trust enters a contract with the supplier when they place an order. This is day 1.
- In the NHS T&Cs, a reasonable period must be allowed to deliver the order. For the purposes of the contract this is 14 days.
- At day 14, the supplier has failed to deliver this original order in a reasonable time and the Trust is entitled to buy an alternative product in the same quantity as the original order. You must notify the supplier of your intent to do this.
- The Trust must also work in a 'reasonable' way. The original order must be in line with normal ordering patterns (usually around 2 weeks of stock) unless otherwise agreed with supplier e.g. long term out of stock period.
- The claim cannot be refused/reduced because stock is due imminently, as the claim is against the original order and to cover the preceding 14 days.

How often can you claim?

You can claim more frequently than every 14 days if this fits with normal order patterns.

Day	Order Placed	Claim
1	✅	
7	✅	
14	✅	Claim for Day 1 order
21		Claim for Day 7 order
28		Claim for Day 14 order

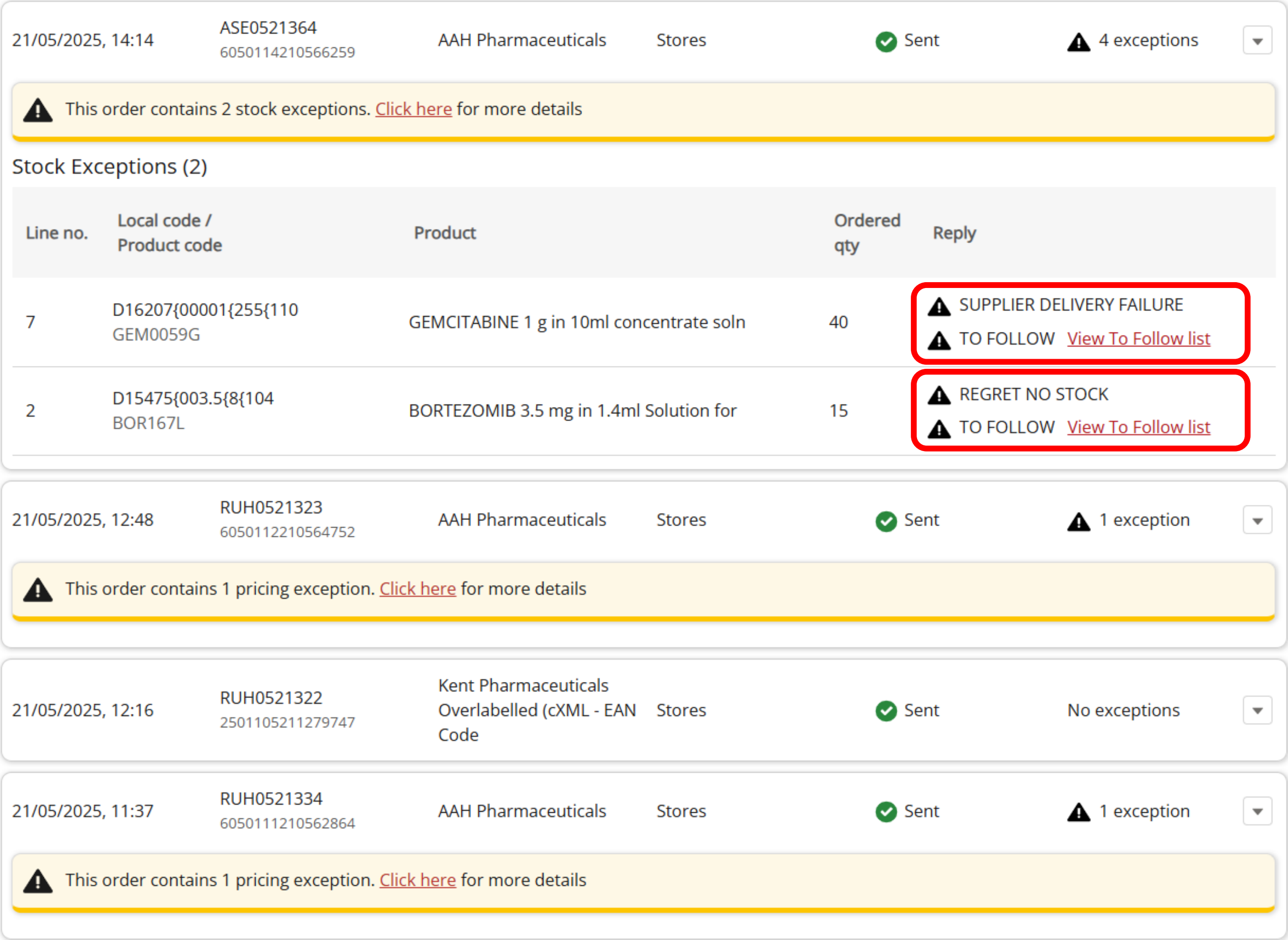
What is best practice?

Robust Ordering Process

Send orders through eCommerce platforms (Powergate or Medecator)

- Review order replies from full EDI suppliers.
- Ensure back orders are activated with your wholesalers or that you have a process for manually putting contract lines on back order.
- Review distribution routes available for MPSC contracted line e.g. is it available from another wholesaler or direct from supplier.

Medecator Order Replies



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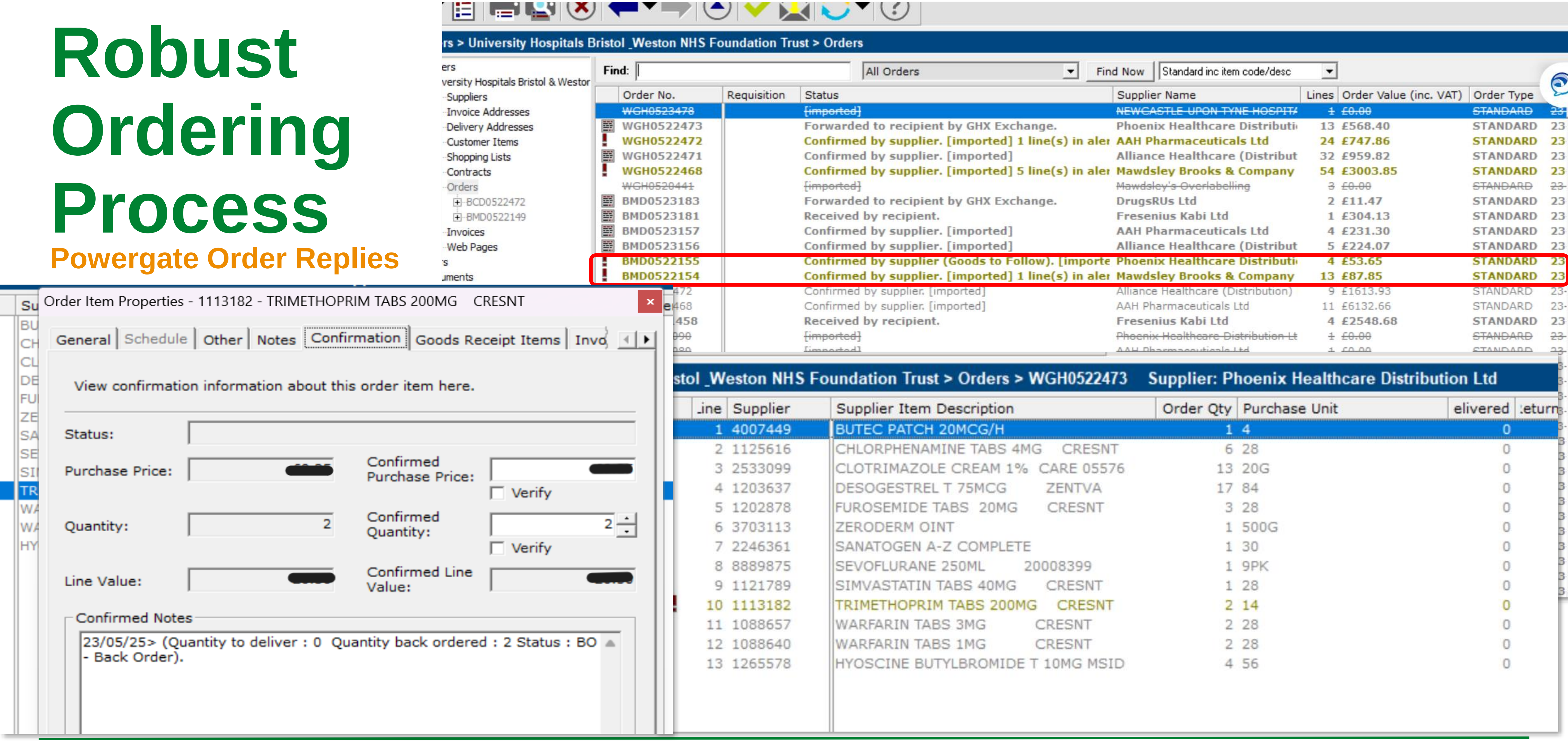
Robust Ordering Process

Powergate Order Replies



Is there a supply issue?

When you find an issue with a contracted line it's important to establish the scale and duration of the issue

- Refer to MPSC supplier issues spreadsheet (distributed fortnightly)
- Review SPS Medicines Shortages Tool
- Contact the MPSC contracted supplier for further information. They may be able to direct you to stock or ask for wholesaler branch transfers. **Ongoing communication with your contracted suppliers is essential for a successful off-contract claims process.**
- Further information on managing a potential supply issue can be found here: Navigating a potential supply issue Procurement Guidance – SPS - Specialist Pharmacy Service – The first stop for professional medicines advice

Managing back orders and available stock in your Trust

- Your order must remain on back order (this is your contract with the supplier)
- Your back orders must be in line with normal order patterns and quantities
- Review all locations the medicine is kept in to determine if further back orders need to be placed

Don't run out of stock!

You may need to order small quantities of an alternative product to reach the 14-day point.

You will not be able to make a claim for any stock purchased in this window.

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Outstanding Order Management

Trusts need a robust outstanding order management process to identify when orders have been outstanding for 14 days or more and manage stock levels up until this point. **This is crucial to a successful off-contract claims process.**

- None of the pharmacy systems used in England seem to have one report that fully covers this need.
- There is huge variation in how Trusts manage this and the solutions that have been developed, dependent on available IT support and access to systems.
- Work with your A/RPPS to investigate how other Trusts are managing this process and the custom reports/systems they are using to find the best solution for your Trust.

Initiating an Off-contract Claim

- On day 14 (or later), check wholesalers and any other suppliers for a direct alternative product. Identify the most cost-effective alternative to purchase. Record product details including the price.
- Contact the contracted supplier by email or telephone (details can be found on Exend+ in the contract details for that product) to request a claims reference number (CRN).
- We are asking suppliers to respond to a request within 24 hours.
- It is best practice to have a template email written that can be quickly amended with the details of the product you wish to claim for
- Whilst you are in contact with the contracted supplier, request further information on stock availability.

You must inform the supplier of your intention to terminate your contract (order) with them and purchase off-contract (even if they don't respond to your request for a claims reference number).

The Importance of using Exend+

- We know many Trusts already have an excellent system for managing off-contract claims. But we have no visibility of the number or value being made, or how many are paid successfully.
- Using Exend+ gives us visibility to see how much is being claimed back and issues with certain suppliers in either approving a claim or making payment.
- MPSC are moving to value-based procurement where quality measures can be included in framework awards. Compliance with off-contract claims can be included but only if we have visibility through Exend+

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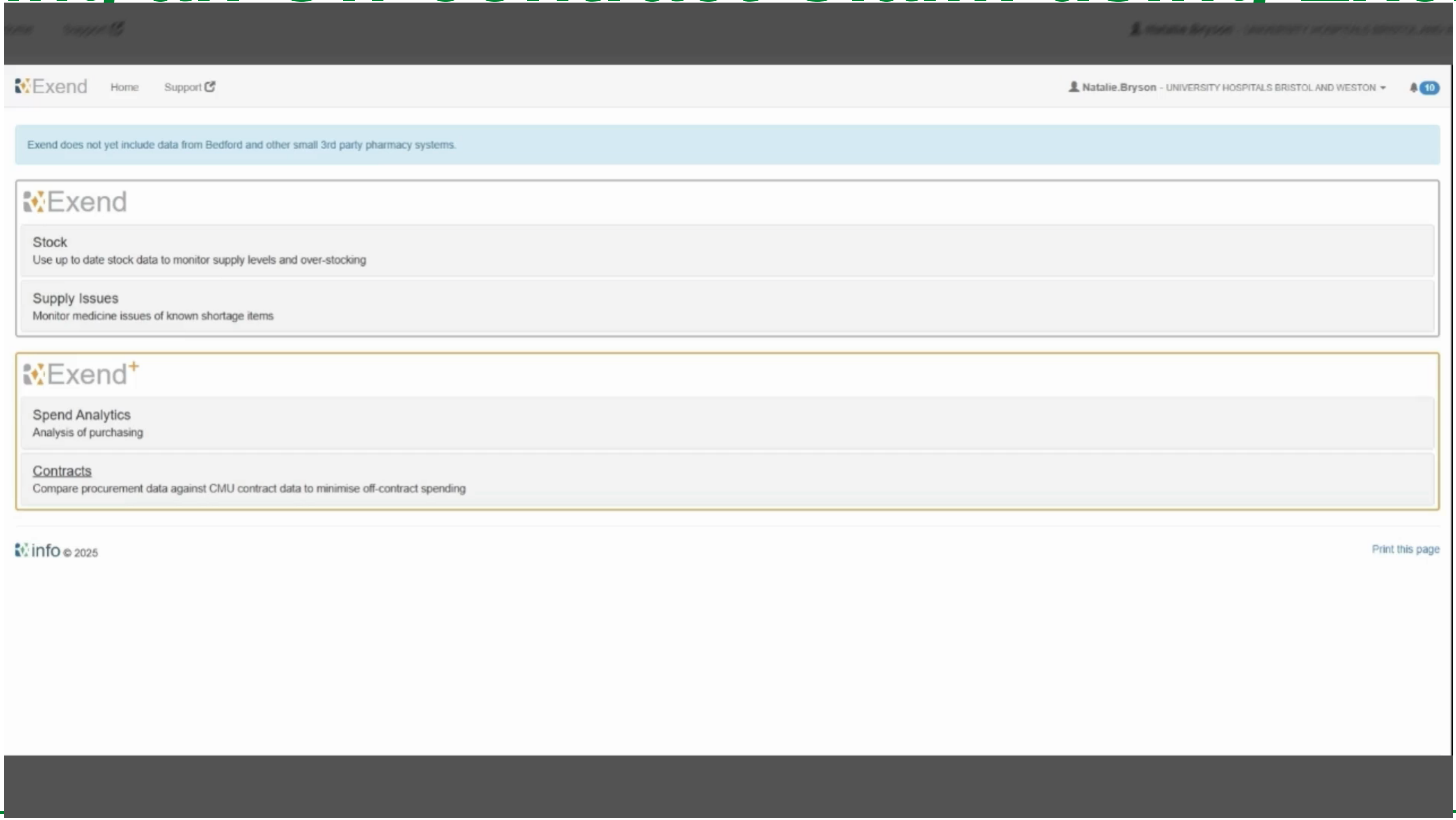
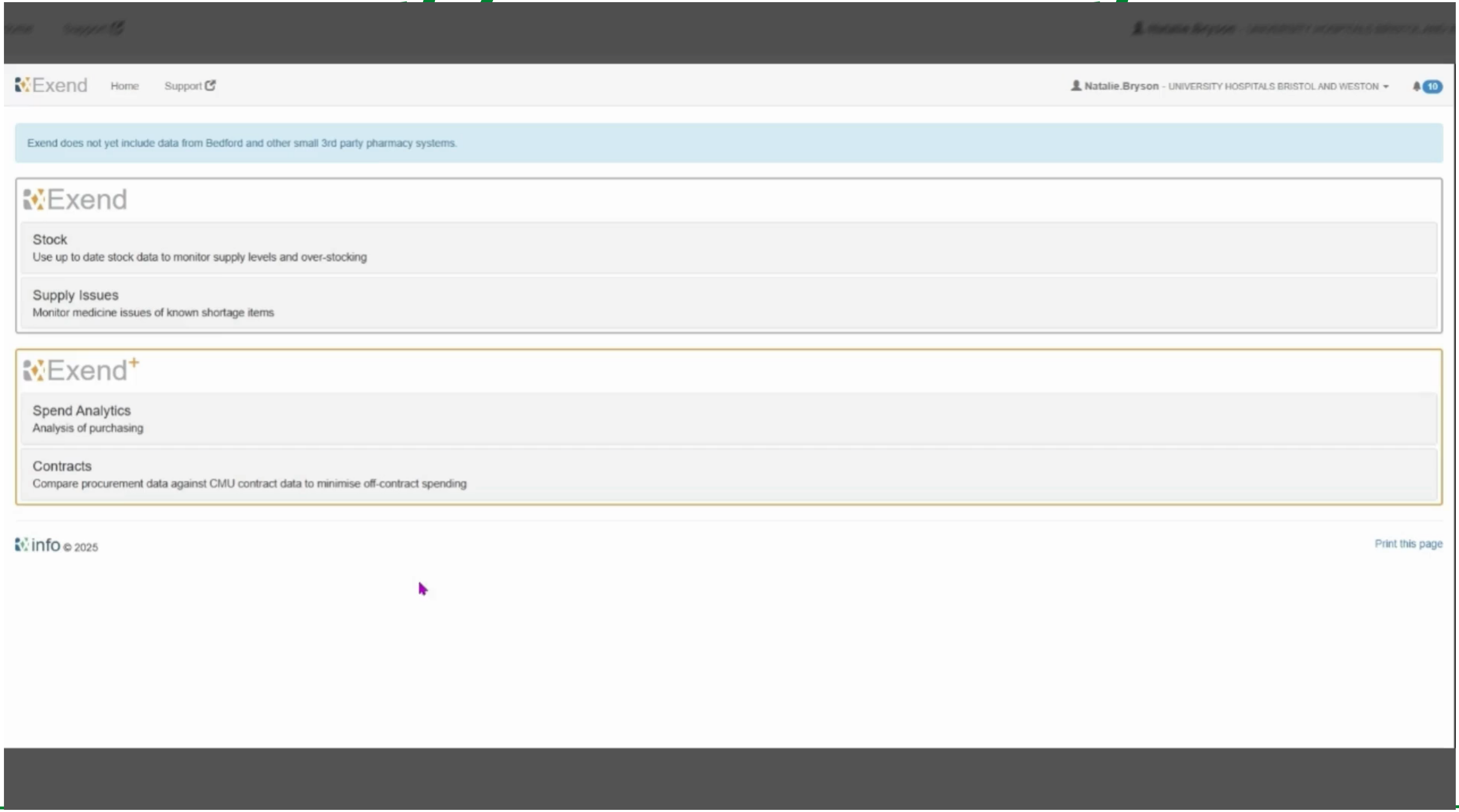
Logging an Off-contract Claim using Exend+



Ordering alternative stock

- Order the alternative product as a single line order. This makes submitting the invoice as part of your off-contract claim documentation much easier.
- Once ordered, remember to change your product mapping on Powergate or Medecator back to the contracted line.

Submitting your claim using Exend+



Off-contract claim documentation

- Gather the required documents to be able to submit the claim. This will be a copy of the original order, invoice for the alternative stock and completed Exend+ form (Or BGMA form if your Trust does not have access to Exend+). Both types of form must be accepted by the supplier.

- Claims must be submitted within 90 days of obtaining the CRN. It is best practice to submit them as they are completed but you may wish to collate those with a lower value for each supplier so that one invoice can be raised to cover a number of claims.

- It is suggested that a minimum value of £50 is raised on an invoice due to the admin time involved through the process.

Managing Pharmacy IT Systems

- Once you receive the claim reference number, **cancel** the original back order to ensure your pharmacy system does not become clogged up with old orders.

- If the supply issue with the contracted product is likely to continue, consider whether you need to place a new back order that you can claim against in another 14-days.

Raising a Trust invoice for Off-contract claims

Advantages of raising an invoice for an off-contract claim:

- Allows the payment to be received into the correct Trust budget code.
- Provides an audit trail to be able to track and follow up on outstanding payments.
- It is easier for the supplier to track through their processes so makes them more likely to pay in a timely manner.
- Aligns with Anti-Bribery & Corruption audit requirements
- It's likely this will become the main form of payment so develop a process now.

Work together with your Trust finance team to agree a system. This could be pharmacy staff members with access to raise invoices and check payment or assigned finance colleagues to support with this.

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Finance Support for Off-contract Claims

We are also reaching out to finance teams to ask for support...

1. Place order for contracted stock with supplier and monitor stock levels until order arrives.
2. If it does not arrive after 14 days, contact supplier to request claims reference number as authorisation to purchase alternative stock
3. Order alternative stock in the same quantity as original order
4. Gather required documents to process the off-contract claim. These will be proof of original order, invoice for alternative product and completed claims form.
5. Submit documents to contracted supplier who will advise how they will make payment.
6. If an invoice is required, pharmacy team to arrange for invoice to be generated and sent to supplier WITH required documents
7. Follow up to ensure payment has been received and allocated to the correct budget.

Pharmacy require support for these steps from Trust Finance teams to make the process more efficient and therefore make it easier for them to process claims and track the benefit

What are we asking of finance teams?

1

Access to Trust finance systems to raise invoices and track payments.

2

Develop working relationship between finance and pharmacy teams

3

Agree which budget payments will go to and tracking recovered funds.

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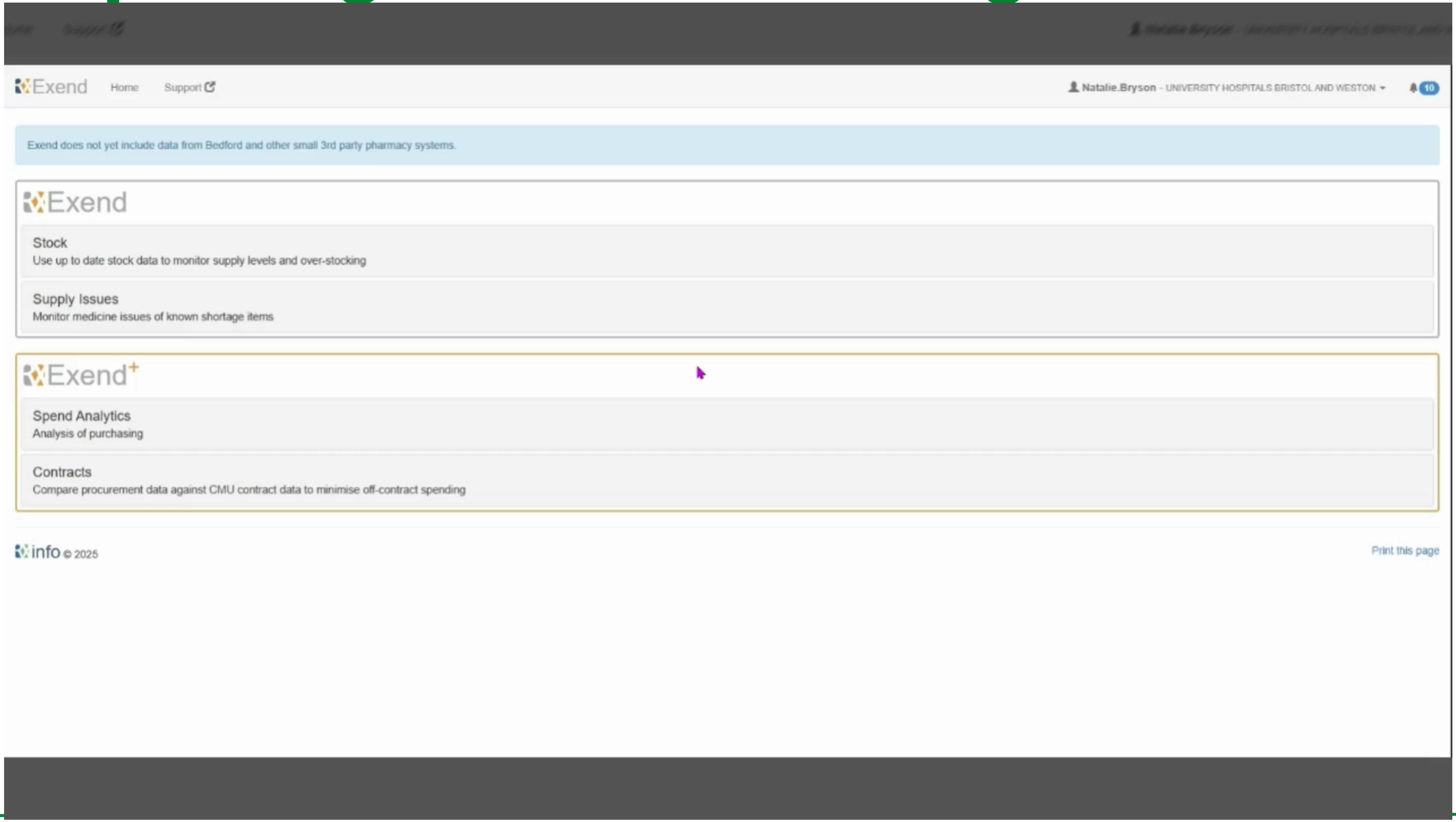
Completing the Exend+ log



Our Next Steps...

- Feedback from today will be used to help finalise the best practice guidance information to be published on the SPS website.
- Continue to work with MPSC to review contract framework terms and conditions
- Under the new Procurement Act, moving towards value-based procurement
- Supporting Trusts in moving to using Exend+ to record all off-contract claims to give national visibility.