

Background

The Purchase Price Index and Benchmark Tool (PPIB) collates and analyses spend data from NHS Trusts in England & Wales. The tool's objectives are to:

- Enable trusts to be better informed about their respective product purchase prices
- Provide a comparable benchmark for Trusts to help identify variation in pricing across suppliers, categories and products
- Improve the quality of purchasing data, in a nationally consistent fashion, to support initiatives that drive out cost through better sourcing, greater aggregation and increased collaboration, such as the Nationally Contracted Products programme.

Recommendations for the compelling and effective application of the PPIB tool

ABHI and its members support transparency.

Industry recognises that the PPIB tool can provide useful management information to aid decision making when utilised appropriately. However, members feedback that a Trust uses the tool to simply seek the lowest price in the market as shown by the benchmark index. This highlights the limitations of crude price comparison in a system as complex and complicated as NHS purchasing.

To ensure the PPIB tool is used effectively, delivers value to individual Trusts as well as industry, and improves the quality of commercial discussions between NHS Trusts and industry, ABHI recommends:

1) A collaborative and continual focus on improving data quality and accuracy

By providing, say, a “portal” in the PPIB tool for industry to view data held on their own portfolio by each customer, errors can be detected and corrected.

Early use of the PPIB tool highlighted data accuracy as a limiting factor to insightful dialogue. Good strides have been taken to address this. Creating an opportunity for suppliers to interrogate PPIB data (only on their own product range), and doing so in collaboration with NHS Trusts, means accuracy/quality will continually be improved thus supporting more informed discussions.

2) Jointly establishing best practice principles on the utilisation of the PPIB tool

We propose a joint NHS procurement – industry working group come together to establish key principles to underpin how the PPIB tool can be used constructively. This should be facilitated through NHS Improvement or the Department of Health's Commercial Division.

It will help address a constraint in how the PPIB tool is used, namely how to make meaningful comparisons of pricing. No one Trust operates consistently from a clinical or operational perspective. The infographic in Appendix A highlights how varying requirements on suppliers can impact a commercial offer.

Appendix A. Infographic showing the “path” of products from factory to the patient and factors affecting cost.

