

From Factory



via Distributor

to Pharmacy

Issues

There are many factors which can have an impact on the availability of drugs. These can occur at different points in the supply chain as follows:

DURING MANUFACTURE

- Active Pharmaceutical Ingredient (API) shortages**
Medicines availability can be affected by sudden increases in demand or quality and raw material (API) problems prior to manufacturing
- Unforecasted demand**
The UK (and non-UK) demand for a specific drug can increase beyond expectation or production capacity – for example if production of a medicine from one manufacturer fails and another has to suddenly pick up the unforeseen demand
- Good Manufacturing Practice (GMP) licences**
Businesses must hold a licence to manufacture pharmaceutical drugs – this licence can be revoked or suspended by the regulator
- Batch release failures**
If a batch of drugs fails to be released against their approved product specification, this can lead to an unexpected and sudden reduction in the supply of that product

FROM FACTORY TO DISTRIBUTOR

- Competitor products out of stock**
If a product suddenly goes out of stock this can place additional pressure on the demand for substitutes
- Manufacturer return on investment**
If the price achieved for a medicine falls too low, a manufacturer may decide to pull out of the UK market
- Import / Export problems**
Strikes, or delays at entry points into the UK, can disrupt deliveries to the distributor
- Exchange rate changes**
Medicines may be exported for sale abroad to take advantage of exchange rates, reducing UK available stock
- Global consolidation**
Medicines manufacture has consolidated into fewer global production sites. If one of these sites had a supply issue, it is difficult to switch supply
- Imported medicines can become more expensive, causing cost pressures which can affect availability**

AT THE DISPENSING POINT

- Licensing changes**
If a drug is reclassified as a controlled drug, the increased regulations that accompany the reclassification could cause availability issues in the short term
- Tendering**
Tenders for the supply of medicines can cause issues in some cases, as competitors are locked out of that particular market for the period of the tender
- Stock management**
Irregular ordering, last-minute surges in demand, or prescribing, can lead to availability issues
- Change in patient population**
A sudden change in patient demographic can cause an availability issue for particular medicines

OVERARCHING ISSUES

- Stockpiling / speculation**
Medicines stockpiling or hoarding, at any point in the medicines supply chain, can contribute to availability pressures
- Diverting stock to other countries**
Some supply chain players may consider diverting medicines to other markets which offer an increased margin compared to the UK
- Disease pandemics**
If there is an unexpected pandemic, the demand for medications to treat this, and related symptoms, will increase exponentially
- Weather**
Bad weather can impact the most efficient of supply chains, often on a localised basis
- IT failures**
Everything is digitalised, IT failures can cause huge disruption in stock ordering, monitoring and controls at all points in the supply chain
- Regulatory issues**
Alterations to supply chain regulations or delays in approving drug licenses can reduce the availability of medicines
- Act of Nature**
Floods and fire can affect supply chain facilities, temporarily reducing the number of medicines available in the supply chain

Initiatives

The HDA and its members work closely with supply chain partners to mitigate supply challenges and reduce the number of drug availability incidents:

- Working with regulators**
The HDA works with regulators to reduce risks arising from regulatory issues and by ensuring the most efficient and cost-effective supply chain system is in place
- Collaborating in extreme cases**
In the event of cases where a medicine is in extreme shortage, HDA members can work together, with Governments and the NHS, to manage stock
- Multi-sourcing**
Sourcing medicines from multiple suppliers, or other countries in extreme cases, helps maintain continuity of supply
- 24/7 service**
All HDA members offer an 'out-of-hours' service for all their customers
- Emergencies**
If a medicine is in critical demand, distributors can 'blue-light' (police escort) the treatment to ensure its speedy delivery; emergency supply can also be organised in collaboration with a manufacturer, when a medicine is in short supply
- 2x day delivery**
For products in high demand, a more frequent delivery system assists with availability issues at the dispensing point and reduces the need to stockpile at the dispensing level, smoothing demand and helping cashflow
- Cascading**
If clinically appropriate, replacing a medicine in short supply with a series of alternatives
- Managing stock**
Managing the supply of stock helps to ensure that medicines can be equitably supplied across the customer base
- Prescription validation**
In isolated instances, a distributor will validate a prescription from a dispenser in order to release a medicine in very short supply
- Seasonal stock-build**
Anticipating an increase in demand over the Christmas seasonal period, distributors will increase their supply in advance
- Investing in stock**
Distributors will invest in additional stock based on the forecasting of future demand and move it around the country to the areas where it is in most demand
- Generous returns regime**
Making the returns system easy and fast enables the efficient turnaround of products that have been ordered in error or excess
- Fast-tracking**
Medicines in danger of going short will be fast-tracked through the distribution supply chain system
- Forecasting & monitoring sales**
Creating weekly and monthly demand forecasts which help analyse the need to obtain more (or less) of specific medicines
- Building buffer stocks**
Based on market intelligence, distributors may order more of an 'at-risk' medicine than the forecasted demand
- Supply chain communications**
Working with manufacturers to share information about drugs availability issues early and move stock around
Distributors provide weekly bulletins on the availability of medicines
Distributors are working with IT service providers to provide improved 'out of stock' codings