



Department  
of Health

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**To: Directors of Finance, Transfusion Laboratory Managers and Consultant Haematologists with responsibility for Transfusion in Trusts served by NHS Blood and Transplant**

**cc: Chair of Programmes of Care, relevant Clinical Reference Groups**

Dear Colleague

## **PRICES FOR BLOOD COMPONENTS AND SPECIALIST SERVICES FROM NHS BLOOD AND TRANSPLANT (NHSBT) FOR 2018/19**

The National Commissioning Group for Blood (NCG) has now completed its consideration of NHSBT's pricing and service proposals for the financial years 2017/18 and 2018/19. The NCG is chaired by the Department of Health and includes representatives from NHSBT, NHS England, NHS Improvement and colleagues from NHS Clinical, Laboratory and Finance. This communication summarises the NCG's discussions and the adjustments to NHSBT's prices from 1 April 2018. It should be shared with financial accountants and planning teams supporting hospital directorates or divisions which use NHSBT's services as well as hospital transfusion teams.

The **headline figures for 2018/19** are:

- The **price of red blood cells** will increase on 1 April 2018 from £124.46 to £128.99 per unit.
- Despite this, the **overall cost of blood products** provided to the NHS will remain flat.
- **Demand for red blood cells** continues to fall and is expected to be 1.398m units in 2018/19 (-5.8% vs 2017/18).
- The aggregate reduction in demand for blood components in 2017/18 is broadly equivalent to the **red cell demand reserve** and consequently no rebate will be provided to hospitals during the 2017/18 financial year.
- NHSBT continues to be one of the **lowest cost blood services** in the world. Prices in 2018/19 will be lower than they were 13 years ago in 2005/6 despite inflation and 28% lower demand.

### **Summary**

This letter outlines the pricing proposals for NHSBT's products and services for 2018-19 agreed by the NCG in November 2017.

## **1. Red blood cell pricing**

For 2017/18, the NCG agreed a red cell unit price of £124.46, which included the cost of universal hepatitis E virus testing at £2.11 per unit. At this stage of the year, red cell demand is lower than agreed at last year's NCG (1.434m vs 1.461m units), although higher for platelets (259k vs 256k). This reduces the overall value of the red cell demand reduction reserve and results in a small over-recovery of fixed costs of c£0.1m. A rebate will therefore not be issued to hospitals for 2017/18.

The pricing proposals for 2018/19 are designed to ensure that the NHS's expenditure on blood does not increase, despite the significant reduction in income that NHSBT is facing and the consequent cost challenges. The NCG approved an increase in unit red cell price of 3.6%, i.e. from £124.46 to £128.99, which, when linked with the current decline in red cell demand, results in flat expenditure overall. The plan includes the delivery of a cost improvement plan of £5m, representing efficiency savings of 1.9% from the blood supply chain.

## **2. Demand trends for blood**

The demand for red blood cells continues to decline rapidly. Since the end of 2011/12, NHSBT has seen a 22% reduction in the demand for blood. In the same period, the NHS's expenditure on blood (and hence NHSBT's income) has reduced from £300m in 2011/12 to £261m in 2017/18. This was driven by across the board reductions in capacity and significant improvements in productivity that have been implemented by NHSBT. NHSBT has also invested significantly in its Patient Blood Management programme, which encourages the safe and appropriate use of blood. In the longer-term, the demand forecast for red cells implies that the decline will continue into 2019/20 and beyond, rather than flattening as was previously assumed due to changing demographics.

Managing demand at these reducing levels is creating significant supply challenges due to the unequal decline in individual blood groups. There is also a need to markedly increase Ro donor numbers to support increasing demand from patients with sickle cell disease, which will substantially increase marketing costs. Although NHSBT is able to keep the overall cost of blood to the NHS flat in 2018/19, removing cost and capacity to keep pace with reducing red cell demand is becoming significantly more challenging.

NHSBT continues to focus on reducing costs by rationalising manufacturing, reducing blood collection capacity and making more efficient use of its estate. NHSBT has saved £90m over the last 5 years and has a cost improvement plan of a further £5m in 2018/19.

## **3. Diagnostic and Therapeutic Services pricing**

Diagnostic and Therapeutic Services (DTS) continues to see service growth, with increased sales of £2.5m (4.3%) versus 2017/18. Significant cost pressures are emerging, however, linked largely to hospital demand for a 24/7 service. Taking DTS into account, the total change in cost of NHSBT's services to the NHS will be 0.8% for next year, mainly driven by an increase in the volume of services provided to hospitals.

The impact of these cost pressures at a business unit level will result in Red Cell Immunohaematology (RCI), Reagents and Stem Cells each increasing prices by

1.5%, and Tissue and Eye Services by 1.1% next year. Prices in the other business units will remain unchanged, although specific product prices will be realigned.

#### **4. Core Systems Modernisation**

NHSBT's business plan continues to focus on the need to fund significant investment to replace an ageing IT infrastructure and desktop, migrate to cloud-based services and replace the 20-year old application underpinning the blood supply chain. The ongoing provision of critical products and services is highly dependent on their successful replacement. The overall cost of change will be substantial and is estimated to be around £40m over 5 years. Change on this scale is inevitably disrupting the organisation's capacity to resource further cost reduction and efficiency programmes, and progress updates will be provided to the NCG on a regular basis.

#### **5. Transport arrangements**

There will be no changes to NHSBT's transport arrangements in 2018/19.

#### **6. Impact statements**

NHSBT has produced a set of statements capturing the impact of pricing changes. These will be available electronically alongside the updated price lists to all Trusts. They will be issued in December to assist with financial planning for 2018/19.

#### **7. NHS contract for the supply of blood and specialist services**

The existing contract for the provision of blood and specialist services to the NHS expires in March 2018. Consultation has been undertaken with a range of stakeholders and a revised contract will be issued to hospitals for 2018/21.

#### **8. Late payment of invoices**

There is an increasing trend of late payment of invoices by hospitals. NHSBT relies upon income from hospitals to maintain the blood supply chain. NHS colleagues are requested to ensure that invoices are paid promptly.

If you have any queries regarding the information contained within this letter, please do not hesitate to contact:

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Yours faithfully



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**Global and Public Health Group**

## Appendix 1 – National Prices: Blood Components for the Financial Year 2018/19

Blood Components	Baseline National Price 2017/18	National Price 2018/19	Price Movement Post Inflation
<b>Red Cell Components</b>			
Standard Red Cells Other Groups	124.46	128.99	4.53
Standard Red Cell O Rh D negative	124.46	128.99	4.53
Neonatal Red Cells	52.33	53.09	0.76
Frozen Red Cells, Thawed & Washed	806.49	811.02	4.53
Red Cells for Exchange Transfusion	200.64	205.17	4.53
Large Volume Neonates & Infants	159.60	164.13	4.53
Red Cells for Intra-Uterine Transfusion	183.56	188.09	4.53
<b>Red Cell Added Value Services</b>			
Premium for CMV -ve Red Cells	8.98	8.98	0.00
Premium for Irradiated Red Cells	8.96	8.96	0.00
Premium for Cell Washing	124.28	124.28	0.00
Premium HLA selected red cells	129.61	129.61	0.00
Premium HPA selected red cells	129.61	129.61	0.00
<b>Platelet Components</b>			
Platelets (1.0 ATD) Pooled	178.19	185.86	7.67
Platelets (1.0 ATD) CD	219.30	231.50	12.20
Platelets (1.0 ATD) A Rh D negative Pooled	178.19	185.86	7.67
Platelets (1.0 ATD) A Rh D negative CD	219.30	231.50	12.20
Neonatal Platelets	91.04	91.04	0.00
Platelets for Intra-Uterine Transfusion	320.52	320.52	0.00
<b>Platelet Added Value Services</b>			
Premium for CMV -ve Platelets	8.98	8.98	0.00
Premium for Irradiated Platelets	8.96	8.96	0.00
Premium for Cell Washing	34.06	34.06	0.00
Premium for HLA Selected Platelets	244.88	244.88	0.00
Premium for HPA Selected Platelets	244.88	244.88	0.00
<b>Plasma Components</b>			
Clinical FFP (UK sourced)	28.46	28.46	0.00
Paediatric MBFFP (non-UK Sourced)	183.53	183.53	0.00
Neonatal MBFFP (non-UK Sourced)	51.40	51.40	0.00
<b>Cryoprecipitate</b>			
Cryoprecipitate (UK Sourced)	31.63	31.63	0.00
Pooled cryoprecipitate (UK Sourced)	177.55	177.55	0.00
MB Cryoprecipitate-Neonatal (non-UK Sourced)	192.99	192.99	0.00
MB Cryoprecipitate-Pooled (non-UK Sourced)	1113.45	1113.45	0.00
<b>Other Components and Services</b>			
Optimised Pooled Granulocyte	1127.58	1127.58	0.00
Buffy Coats	83.75	83.75	0.00
<b>Total (£m's) [price x volume issued]</b>	<b>260.6</b>	<b>260.6</b>	<b>0.0</b>

## Appendix 2: National Prices for DTS 2018/19

Service	NCG Baseline 2017/18 (£m's)	Cost Pressures	Cost Reduction Prog.	Price adj Fixed Cost >recovery for Growth	Pre-Inflation Sub-Total	Inflation Funding Increase	Post Inflation Sub Total Income	Percentage Price Increase / (decrease)	Growth post NCG 2017- 18	Price Adj	Volume Movement	Total Income 2018/19
TAS	6.8	0.36	0.00	-0.44	6.7	0.07	6.8	0.00%	0.81		0.72	8.3
RCI Reagents	1.6	0.07	-0.02	-0.05	1.6	0.02	1.6	1.50%	0.00		0.15	1.7
RCI Reference	13.2	0.4	0.0	-0.23	13.3	0.10	13.4	1.50%	0.12		0.17	13.7
H&I	13.8	0.08	-0.15	-0.05	13.7	0.12	13.8	0.00%	-0.15		0.16	13.8
SCI - CMT (excl CBC and ACT)	8.8	0.1	0.0	-0.1	8.9	0.08	9.0	1.50%	0.15		0.09	9.2
TES	14.0	0.1	0.0	-0.1	14.0	0.1	14.1	1.10%	-0.36		0.16	13.9
<b>Total</b>	<b>58.1</b>	<b>1.10</b>	<b>-0.20</b>	<b>-0.90</b>	<b>58.1</b>	<b>0.51</b>	<b>58.6</b>	<b>0.87%</b>	<b>0.57</b>	<b>0.0</b>	<b>1.46</b>	<b>60.7</b>