

## **Best practice guidance for processing off-contract claims**

### **What is this guidance?**

This practical guidance has been developed in consultation with the British Generic Manufacturers Association for use by Health Boards/Trusts and generic suppliers to manage where potential generic medicines shortage incidents occur.

The guidance will make it easier for Health Boards/Trusts and suppliers to resolve potential medicines shortages, and where there are and will be shortages, to make it easier for off-contract claims to be made and processed in an efficient way.

### **Why should we follow this guidance?**

Following this guidance will save both Health Boards/Trusts and suppliers time and effort, and more importantly, will ensure that incidents of shortages are dealt with as efficiently as possible. Central to this is improving the way Health Boards/Trusts and suppliers communicate, whether this is confirming if the supplier has any stock not held by the wholesaler, or agreeing a common sense approach to meeting future shortages identified.

### **Why should we follow the off-contract claims decision tree?**

By going through the steps in the off-contract claims decision tree on page 2, Health Boards/Trusts and suppliers can follow a straightforward process whereby when a medicine has not been delivered to a Health Board/Trust within 14 days, all avenues of supply can be easily checked before making and paying a claim. Following the decision tree will also save money. For example, by aggregating low value claims received during a period of 90 days, this will save on the costs of processing these claims, which are often greater than the actual claims themselves.

### **Why should we use the template off-contract claims form?**

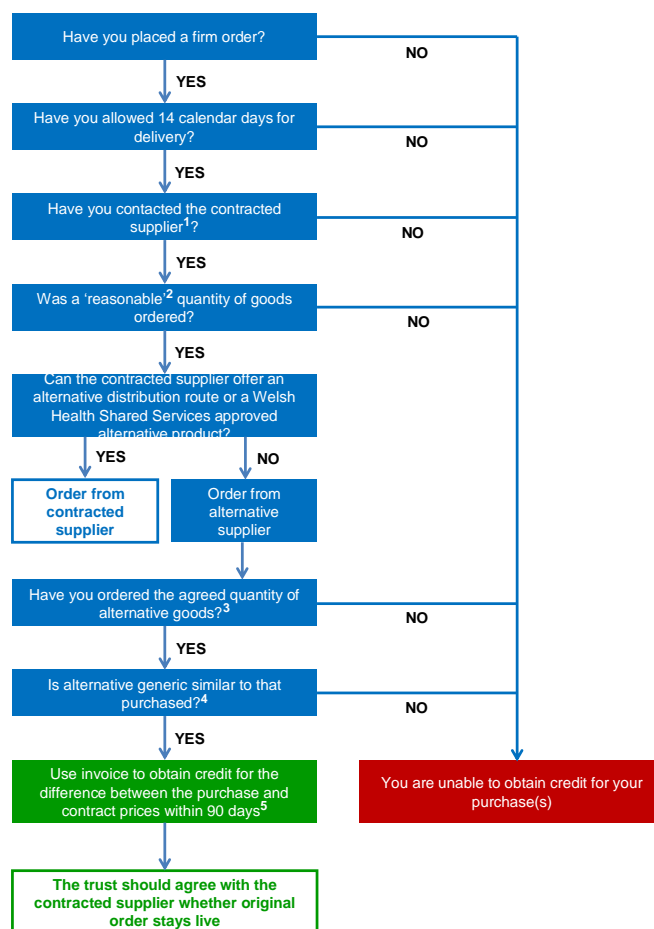
When a Health Board/Trust needs to make an off-contract claim to cover the extra cost of purchasing the least expensive alternative, a Health Board/Trust can use the template on pages 3 and 4. The suppliers represented by BGMA have supported the development of a template claims form which outlines the information that suppliers need to process a claim. This means that by using this template form, Health Boards/Trusts can be clear on the information they need to provide to successfully make an agreed claim first time. Suppliers can also be sure that the information they need to authorise a payment has been provided by the Health Board/Trust.

Suppliers will provide Health Boards/Trusts with a claim reference number when Health Boards/Trusts first contact a supplier due to non-delivery of a generic medicine. We believe that trusts asking for and receiving a reference number will promote good, early communication between Health Board/Trust and supplier and will make obtaining credit more straightforward where an off-contract claim is pursued. The number is to be referenced at the beginning of the template form.

### **Can I help in making this a uniform way of working?**

We expect that both Health Boards/Trusts and suppliers will follow the off-contract claims decision tree and use the template off-contract claims form. Please encourage your colleagues and those suppliers or trusts you trade with to do the same (if they are not already doing so). This will help to establish a uniform process that can improve the way we all work.

## Off-contract claim: decision tree



### Explanatory notes:

**1** Check directly with the contracted supplier of the purchased product when an order fails, even if you purchased your failed order directly through a wholesaler. The contracted supplier may have surplus product that the wholesaler is not holding.

**2** A reasonable quantity of goods is based on Health Board/Trusts' current usage and Health Board/Trusts' usual ordering patterns.

**3** The agreed order quantity may in some circumstances cover the whole shortage period. This is to be agreed by the Health Board/Trust and contracted supplier.

**4** The terms and conditions of supply require that Health Boards/Trusts must use all reasonable efforts to mitigate losses to a contracted supplier when purchasing a similar alternative. This guidance suggests as good practice that this requirement be applied to mean that Health Board/Trusts, as far as is possible, should seek to purchase the least expensive similar alternative. Health Boards/Trusts should also consider if the alternative product is similar (same molecule, same dosage, same strength, same pack size) to that originally specified. Unlicensed or different products in the same therapeutic category are not applicable. In exceptional circumstances, an alternative remedy to the shortage can be agreed by the Health Board/Trust and contracted supplier. Similarly, if the pack size of the alternative product is not available, the Health Board/Trust and contracted supplier can agree about the trust purchasing the closest available pack size.

**5** Health Boards/Trusts should submit off contract claims within 90 days. Contracted suppliers may choose to aggregate claims until the total value exceeds £50. However, contracted suppliers should not seek to aggregate claims that they have held beyond 90 days, rather all claims are to be paid within 90 days of receipt.

### Contracted supplier responsibilities not already covered by the terms and conditions of the framework contract:

- Contracted suppliers should make a record of off contract enquiries.
- Contracted suppliers should acknowledge off contract claims.
- Contracted suppliers have a responsibility to be aware of the off contract claims procedure.

## Off-contract claims form

**CLAIM REFERENCE number supplied by the contracted supplier:**

**Date claim reference number was supplied:**

**Name of hospital and Health Board/Trust:**

**Contracted supplier contact name:**

**To (if not to contracted supplier contact name above):**

**From:**

**Contact telephone number:**

**Contact email address:**

**Contact fax number:**

**Date of claim submission:**

**How is the original order to be treated (please circle one of the following)<sup>1</sup>: Left open / closed**

You were unable to supply product under the terms and conditions of the framework agreement / contract. We have therefore had to purchase the product from an alternative source at a higher price.

Under the terms of the contract, and subsequent to the correct following of the framework / contract and the off contract claims procedure, we are entitled to claim the price difference. Please find attached a copy of the off contract purchase invoice<sup>2</sup>.

The contracted supplier should acknowledge receipt of this form so that a Health Board/Trust knows that it has been received.

The details of this claim are as follows;

**Original order:**

<b>Original order number</b>	
<b>Date of order</b>	
<b>Product details</b>	
<b>Original order quantity</b>	
<b>Point of purchase</b>	

---

<sup>1</sup> If the original claim is left open, further claims may be applied for against this order subject to the agreement of the respective supplier. If the original claim is closed, a further claim will require a further order.

<sup>2</sup> The contracted supplier reserves the right to ask for a copy of the original failed order.

**Off-contract claim:**

<b>Date of alternative purchase</b>	
<b>Purchased from</b>	
<b>Order quantity</b>	
<b>Contract price per pack (excl. VAT)</b>	
<b>Off contract purchase price per pack (excl. VAT)</b>	
<b>Net difference per pack between original order and alternative purchase excl. VAT</b>	
<b>Total claim (order quantity x net difference per pack between original order and alternative purchase) excl. VAT</b>	
<b>VAT cost</b>	
<b>Total of claim including VAT</b>	
<b>Alternative supplier's invoice number</b>	
<b>Cheque to be made payable to</b>	
<b>Address of where to send the cheque</b>	

**Contracted supplier use only:**

<b>Date of claim receipt</b>	
<b>Internal claim reference number</b>	
<b>Acknowledgement sent to customer</b>	
<b>Method of acknowledgement</b>	
<b>Date of acknowledgement</b>	
<b>Customer account number</b>	
<b>Claim approved by</b>	
<b>Credit note / cheque reference number</b>	

<b>Any comments:</b>
----------------------