



IS IT TIME FOR A NEW HOMECARE MODEL?

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THE NEW REPORT

The Public Services Committee has published its new report '**Homecare Medicines Services: an Opportunity Lost**'. The Committee concludes that the services and service providers, which deliver medicines to patients in their home, could improve care for patients and reduce pressure on the NHS, but that this significant potential is not being met.

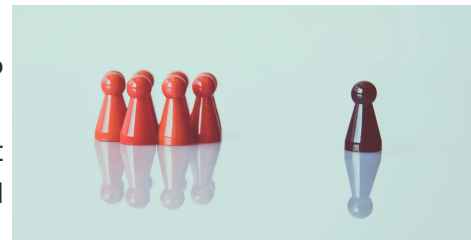
The Report has a number of recommendations which could result in better patient care and improved support for the NHS.

This article explores how pharmaceutical companies may choose to react to the report and its clear misgivings about the quality of homecare services. The article looks beyond the performance of individual companies who are involved in the homecare provision. There are some excellent companies providing services in this market – therefore, why the problem?

THE DANGERS OF COMMODITISATION

Commoditisation can often be seen as the kiss of death for an industry and can be characterised by the following:

- Services from suppliers are very much the same and are relatively easy to substitute.
- Increasing price competition, with suppliers cutting prices to attract customers. This drives a price reduction throughout the market and squeezes margins.
- Suppliers focused on reducing costs and looking for efficiencies, some of which may impact on the quality of the service.
- Existing suppliers struggling to keep market share as new suppliers entering the market 'offering the holy grail' grow quickly, but in the end, become subject to the same competitive pressures as current existing suppliers.



PHARMA'S PROCUREMENT OF HOMECARE SERVICES

Some current procurement processes within the pharmaceutical industry encourage commoditisation and are typified by:

- A standard Homecare Service Template is established.
- The pharmaceutical company seeks to select multiple homecare suppliers offering the same, or at least, very similar services.
- The company undertakes a procurement exercise part of which will involve driving down the cost of the service.

Does this process work in the interests of the pharmaceutical company? In some cases maybe, in others definitely not.

It is clear from the Public Services Committee that there is a general level of dissatisfaction from patients and the NHS regarding the services provided, which cannot reflect well on the sponsoring pharmaceutical company.

Additionally, in our experience, pharmaceutical companies are critical of their own homecare service quoting:

- Complaints from the NHS
- Complaints from patients
- Compliance issues
- Delivery and logistic issues



A NEW MODEL

A small number of pharmaceutical companies are now looking beyond this commoditised model and revolutionising their homecare offering by prioritising the following:

- The interests of patients and the provision of services more consistent with their mission.
- The interests of the NHS.
- Their own interests through the provision of meaningful differentiation in the marketplace that drives patient access to their medicines.

These sources of differentiation are typified by:

- Care provision through dedicated, specialist nurses.
- Homecare supplemented by other channels of care that meet the NHS and patient requirements (virtual care for example).
- Patient support throughout the whole care pathway rather than just the homecare visit.

Will the service cost more than the commoditised service? – probably, but in reality any increase is marginal when compared with the overall cost of production.

IS IT TIME?

Many pharmaceutical companies are experienced in the procurement of homecare services. They know what they are going to get through their existing processes and where this is unsatisfactory they should consider approaching the market in a different way.

SAME MODEL = SAME PROCESSES = SAME RESULTS

For those companies that are new entrants to the homecare market, they can read the Public Services Committee Report which will give them a good indicator of what they are likely to experience if they pursue 'commodity' practices.

It may be time for some companies to join others that have chosen a different path characterised by differentiation and premium services to Patients and the NHS.

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