

Unhealthy Outlook: Part Three

Gaetana Mak, September 2019

In part three of a series assessing the effect of Brexit on the health-care sector, IBISWorld discusses at the impact of the UK's exit from the European Union on access to medicine from an immediate standpoint, focusing on logistical delays.

Logistical delays and access to medicines remain the key immediate concern for the health-care sector following the UK's exit from the European Union. Approximately 75% of medicines and over 50% of clinical consumables such as dressings currently come from or via the European Union, and the majority on supplies rely on strait crossings between Calais, Dunkirk and Coquelles, and Dover and Folkestone.

Should the United Kingdom leave the European Union without a deal, the absence of any trade agreements is expected to have an immediate and severe effect on supply chains. Disruption to the flow of medicines due to additional custom checks is likely to increase the administrative burden, resulting in delays and potentially putting patient safety at risk.

Contingency plans

The Department of Health and Social Care (DHSC) has formulated a multi-layer contingency system to manage issues arising following the exit day. This includes advising health-care entities to stockpile six weeks' worth of supplies, rerouting medical supplies from ports, acquiring extra warehousing space, regulatory flexibility and administrative customs support.

In July 2019, legislation allowing community pharmacists to dispense alternative drugs to the one

prescribed came into effect with the aim of easing any possible supply shortages. On 15 August 2019, the DHSC offered a £25 million 12-month express freight contract to deliver medicines into the country on a daily basis after the United Kingdom leaves the European Union. The contract is intended to move small parcels of medical products on a daily basis and larger pallets every two to four days.

Following stress-test scenarios since 29 March, the expected delays across the road and port crossings have marginally improved. However, Steve Oldfield, Chief Commercial Officer of the DHSC, stated in a June 2019 letter to the medical community that significant disruptions are still to be expected for six months following a no-deal exit, with the most severe period being the first three months.

Radioactive isotopes

Time- and temperature-sensitive pharmaceuticals are a key area of concern, particularly medical radioactive isotopes. Radioactive isotopes are used in widely in the diagnosis and treatment of cancer and other diseases, and are also an important component in biomedical research. In 2016-17 alone, the NHS performed over half a million scans using the radioactive material technetium-99, which is largely imported from

What is Euratom?

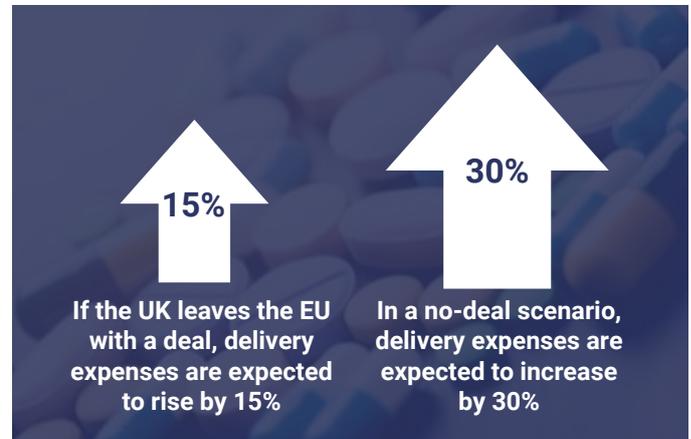
The European Atomic Energy Community regulates civilian nuclear activity and creates a single market for nuclear materials and energy across the European Union. It plays a key role in facilitating a secure and consistent supply of radioisotopes that are used across a range of sectors, including in the medical field.

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the Netherlands, France and Belgium. According to the Royal College of Radiologists, the United Kingdom does not produce any radioisotopes made in a nuclear reactor, and all radioactive medical materials come from abroad. The majority comes from the European Union, through the European Atomic Energy Community (Euratom).

When triggering Article 50, the Euratom Treaty was also invoked. As a result, when the United Kingdom leaves the European Union it will also leave Euratom and lose the guarantee of consistent and timely access to vital medicines. While radioactive material can be acquired from a small number of countries outside of Euratom, such as China, leaving the network will likely result in delayed access to treatment and rising costs. The Royal College of Radiologists expects that, in the event the United Kingdom leaves with a deal, delivery expenses will increase by 15% due to administrative expenses. Under a no-deal scenario, delivery expenses are expected to rise by 30%, with cost increases being footed by UK taxpayers.

Stockpiling supplies, which is suggested for some treatments, is not possible for nuclear materials given



their reactive nature, as nuclear materials quickly decay and become unusable. Medical isotopes are therefore more exposed to the fallout from the UK's exit from the European Union than other treatments. Although the DHSC has committed to six-month air freight contracts in the event of no-deal, both stockpiling and express freight contracts are short-term options and are not feasible in the long term.

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