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## NATIONAL PRODUCT CATALOGUE

### Frequently Asked Questions

April 2008

**Unprecedented in the Australian health care industry, Australia's Federal, State and Territory health departments have signed up to access their public health supply product and pricing information through a unique source - the National Product Catalogue (NPC). This FAQ answers some common questions regarding the NPC.**

#### What is NEHTA?

NEHTA is a not-for-profit company established in 1995 by the Australian, State and Territory governments. Its purpose is to develop better ways of electronically collecting and securely exchanging information.

#### Why was NEHTA Established?

The unrelenting pressure to meet current and future Australian health care costs has compelled Australian governments to act. The collective response has been to empower NEHTA to embark on an agenda of reform. NEHTA is working with major stakeholders in the public health supply chain to achieve this. The National Product Catalogue (NPC) forms part of this agenda.

Australia is not alone in the public sector health care challenge it faces. NEHTA is also leveraging its international networks to address this problem and has developed a solution to match.

For more information, please refer to [www.nehta.gov.au](http://www.nehta.gov.au).

#### What is the NPC?

For the first time, Australian public health institutions and suppliers have adopted a single source of data to support the industry's purchases. It is a data synchronisation solution that fully automates product identification, capturing product and pricing data for all medicines and medical devices.

#### Who has NPC Access?

To access the NPC you are required to be a member of GS1 Australia and registered with GS1 for the NPC.

#### The NPC is Not...

The NPC:

- Does not provide general access to sensitive data, for example, pricing. Such access is within the control of the data owner, who is the supplier of the information. Only the data owner can grant this special access;
- Does not replace the need for suppliers and public health entities to conduct

'business as usual' via their existing trading partner relationships;

- Does not contain information relating to suppliers' stock control levels; and
- Does not provide a mechanism for direct purchases to be made.

#### The NPC's Origins

NEHTA has worked with GS1 Australia to extend GS1net's data synchronisation service to include the requirements of the Australian health care industry. This includes the addition of the data previously collected by the Australian Catalogue of Medicines (ACOM). The NPC uniquely identifies each medicine and contains important information such as its Therapeutic Goods Administration (TGA) risk classification and Pharmaceutical Benefits Scheme (PBS) notification.

#### A 'Win-Win' for All Stakeholders

The benefits of data synchronisation have been demonstrated in multiple industries around the world, including Grocery, Hardware and Telecommunications. Similar benefits are expected from the NPC, becoming more evident as an increasing number of suppliers and their public health trading partners adopt the NPC. Nation-wide, the medium to long term flow-on effects across the entire Australian health care supply chain will yield improved outcomes and greater efficiencies – a 'win-win' for all stakeholders.

The data in the NPC will also provide the clean, reliable and consistent data required for purchasers and suppliers to undertake e-procurement. An e-procurement hub model to facilitate relevant data transfer between public health buying agencies and suppliers has been developed by NEHTA.

High level benefits of the NPC include:

- Improved medications management (for example, standardised, unique product identification allows for quicker product recalls and updates of information that may affect patient safety, such as that included in adverse reaction bulletins);
- Unique and more purposeful product authentication;

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- Greater ability to track and trace products;
- Automatic integration with the Australian Medicines Terminology (AMT)<sup>1</sup>; and
- Efficiency gains across the entire health care supply chain, indicative in the following figures from a prominent study on data synchronisation<sup>2</sup>:

- ✓ **80% reduction in invoice claims**
- ✓ **3%-5% reduction in out of stocks**
- ✓ **50% reduction in time to market for new items**
- ✓ **0.5% reduction in inventory**

## Who is GS1?

GS1 International has nearly one million members worldwide, spanning 145 countries and 24 industry sectors. All GS1 organisations are not-for-profit. GS1 Australia is the Australian member of the global network, locally hosting and administering the NPC.

## What is GS1net?

The NPC is part of GS1net, a system of identification and communication for products, services, assets and locations. GS1net has become the global language of business. Having a universal global standard with the same coding rules means that GS1 numbers and bar codes are recognised by trading partners all over the world.

All GS1 member countries operate their national numbering systems within the GS1 System Guidelines. Consequently, any items identified in the System in any one country are uniquely identified in all other countries and scannable on the same type of equipment. System users then benefit from this mutual compatibility.

## What is the Deadline for NPC Population?

Suppliers were originally required to populate the NPC by 30th June 2007. However, in recognising that some companies would not reach that date, NEHTA has since requested that this occur as soon as companies are able to. To realise the great benefits previously identified across the entire Australian health care sector, a critical mass is needed.

A number of measures are being undertaken to encourage and support suppliers to populate the NPC. For example, GS1 assigns a Client Services Advisor (CSA) to each company that registers for GS1net. Also, jurisdictions have incorporated clauses in their tender documentation to enforce NPC compliance. Jurisdictions are relying on NPC data to progress to e-Procurement. They already access and use data from the NPC. NEHTA is also meeting with major suppliers both

individually and as part of an Industry Work Group to provide greater NPC support.

## Will this Affect Pricing Agreements?

No. All pricing agreements between supplier and purchaser remain confidential between the two parties concerned. Flexibility exists for suppliers to load pricing data relating to different pricing arrangements, such as the standard list price or a specifically-negotiated price with a certain trading partner.

## When will Public Procurement Bodies be Ready to Access the NPC?

The procurement divisions of State, Territory and Federal health departments are able to connect to the NPC now. Departmental representatives meet regularly with NEHTA and GS1 to discuss progress and to share information on developments. Each health jurisdiction is investing a considerable amount of time, money and resources into supporting the NPC, and is committed to using it to gain efficient procurement practices.

## Will Products Need to be Renumbered or Relabelled? What is a GTIN?

No. There is currently no requirement for the relabelling or over-labelling of those products labelled using a different standard to the one used by the NPC (the Global Trade Identification Number (GTIN) standard).

The GTIN is the unique and primary product identifier for every NPC record. A GTIN must be assigned to all products (at all levels of packaging) supplied to the public health sector via the NPC. This does not, however, require the physical labelling of the product with a bar code containing the GTIN.

Every GTIN will have supply chain data associated with it, and some GTINs will also have associated medicines data. This is part of the medicines component of the NPC (previously ACOM).

The NPC has fields for more than one identifier and, therefore, the capacity to cross reference secondary product identifiers to integrate with existing systems. For example, companies who are currently using the HIBCC product identifier can also load this into the NPC as an additional product identifier.

## What is a Global Location Number (GLN)?

A Global Location Number (GLN) is a unique number used to identify companies participating in the supply chain process.

For the purposes of the NPC, the GLN is used to relate vendors to trading partners to control access to commercially sensitive data such as pricing. Public health bodies have allocated a GLN to all entities within its jurisdiction to which a price may apply. GLNs can also be used in conjunction with GTINs to identify data

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<sup>1</sup> The AMT is also being developed by NEHTA. It provides a consistent approach to the identification and naming of medicines used to support medicines management and related activities.

<sup>2</sup> Source : GMA/FMI Data Synchronisation (AT Kearney, January 2003)

ownership and/or may be used for identifying locations, for purposes such as deliveries.

### **Why is it Important for Suppliers to Cleanse Data Prior to Uploading it to the NPC?**

Clean, reliable and consistent data will ensure the success of the NPC. Substantial savings in time and efficiency will be made because of access to consistent data. For example, savings will be made due to the reduced incorrect ordering of products, illegible purchase orders and delivery errors. This will not eliminate these problems totally but will significantly alleviate the situation. The overall result is improved cost effectiveness and the delivery of significant benefits to governments and suppliers alike.

### **How will the NPC be Updated?**

As product information changes, suppliers will update the NPC, thereby ensuring a single source of truth. When these updates are made, electronic messages will be automatically sent to each of their trading partners advising them of changes. This will replace the lengthy, error-prone process of manually sending mailouts and emails of changes to products, prices, etc.

### **What is NEHTA Doing to Help?**

NEHTA has developed an aggressive short-term NPC adoption strategy to encourage greater participation. It is carrying out activities targeted at major NPC stakeholders and will invest considerable resources particularly within the next six month period.

Part of these activities include NEHTA's continued role as a member of the GS1 Global Healthcare User Group (HUG). This Group is principally focused on the use of automatic product identification to improve patient safety. NEHTA's role in the HUG ensures that the Australian health care industry's interests are represented at an international level and also allows the local industry to contribute to the development and direction of global standards in health care.

### **How do Suppliers Become 'NPC Ready'? Need More Information?**

There are a number of useful documents available to assist companies in becoming 'NPC Ready'. A useful start is to review the 'NPC Ready Checklist'. This step-by-step guide for suppliers is obtained via the following link: [http://www.gs1au.org/assets/documents/services/g1net/npc/g1net\\_npc\\_supplier\\_ug.pdf](http://www.gs1au.org/assets/documents/services/g1net/npc/g1net_npc_supplier_ug.pdf).

Other helpful documents can be found on the GS1 Australia website at the following location: [www.gs1au.org/services/g1net/npc/](http://www.gs1au.org/services/g1net/npc/)

For further information, go to [www.nehta.gov.au](http://www.nehta.gov.au) or contact:

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Alternatively, for technical information on the NPC and support services available, please contact GS1 Australia on Tel. 1300 366 033.