

# vision

Developing the New Community Pharmacy Contract

**SPGC** scottish  
pharmaceutical  
general council

## Dear Colleague

**W**elcome to Vision 6, keeping you up to date with all the latest news on New Contract developments. In this edition we have taken the opportunity both to provide you a summary of activity over what proved an exceptionally busy 2005 and also to talk to the tasks that lie ahead in delivering, successfully, the new pharmaceutical care services.

Progress continues both in meeting routine operational challenges and in negotiating financial and infrastructure support for the New Contract.

I recognise the substantial commitment shown by individual community pharmacy contractors. It is heartening to see so many investing in and upgrading their premises in preparation for the New Contract. But it's not just in bricks and mortar that contractors are investing. This last year NES has distributed 1500 training packs for the asthma/ epilepsy model scheme. And with around three hundred community pharmacists either trained or in training as supplementary prescribers, it is clear that there is significant support for our direction of travel. To those already participating either in the model schemes or in the supplementary prescribing initiative, Well Done! To those still considering the initiatives, I wholeheartedly commend them to you.



*Frank*  
Frank Owens  
Chair

**For pharmacy contractors across Scotland, 2006 is going to be a big year. With the first core services under the new contract due to start during the second quarter of 2006, the countdown has really begun. And that is just the beginning. Phased implementation means that preparation for the other core services will keep everyone busy over the next couple of years. This Vision newsletter sets out what SPGC has done over the past year in establishing strong foundations for the new contract. It also explains how the contract will be implemented and what the next steps are for SPGC.**

## Gearing up for the minor ailment service

**D**ecember 2005 brought significant progress towards the implementation of the new contract as the first of the core service specifications was finalised.

Details of exactly how the minor ailment service (MAS) will work were agreed in the form of the MAS service specification. MAS, along with the public health service (PHS), is due to begin during the second quarter of 2006. The aim of the service is well known; to enable patients who are exempt from prescription charges to receive treatment for minor ailments free of charge from a pharmacist, without the need to see a doctor first. It has already been piloted at 177 pharmacies and over 100,000 patients have used the service.

### How MAS works

In order to access the service, patients have to register with a pharmacy using the electronic central patient registration system. Consultations are similar to any other over-the-counter

consultation. The only differences are that the outcome is recorded on an electronically generated community pharmacy (CP2) prescription form and that any treatment given must be from the national formulary.

In common with other new contract services, MAS will be supported through use of an eMAS software application so now is the time for you to ensure that your pharmacy software supplier is able to provide the appropriate software module. Remuneration is still being negotiated between SPGC and the Scottish Executive Health Department, but you have already been advised that this will be on the basis of a capitation fee, banded according to the number of patients registered to use the service at your pharmacy.

Negotiations on remuneration continue as does the work on the PHS specification which we anticipate will be agreed shortly.

representing  
NHS Community Pharmacy

# Establishing strong foundations for the new contract

**M**uch of SPGC's work this year has been about establishing a strong foundation from which contractors can then move on to provide the new contract services. This work began back in December 2004 with the introduction of transitional remuneration arrangements covering the period between then and March 2006.

These arrangements were described in detail in the last Vision newsletter. To summarise, the bulk of contractors have been receiving a payment calculated from the sum of all the fees and allowances paid during 2003/04 uplifted by 5.34% from December 2004 and by a further 3.9% from April 2005.

## Overcoming difficulties

Events beyond SPGC's control meant that reimbursement arrangements during 2005 required adjustment. Despite these difficulties – the implications of the introduction of category M in England, price changes resulting from the revised Pharmaceutical Price Regulation Scheme (PPRS), and the decisions of both GSK and Ivax to implement alterations to their trading terms – SPGC has successfully negotiated arrangements that ensure contractors are not financially disadvantaged by any of these challenges.



## Tackling category M

Specifically, the introduction of the new Drug Tariff category M in England in April 2005 created new challenges for contractors in Scotland – Scottish remuneration had already been agreed through to March 2006. Category M prices bring about a new transparency between acquisition and reimbursement. Under the new contract arrangements for England, £300m has been moved from purchase profit into remuneration for pharmaceutical services.

As remuneration in Scotland had already been agreed, a similar change was not possible. The solution negotiated between SPGC and SEHD in April 2005 was to continue to reimburse contractors at pre-category M tariff prices but to apply a higher level of 'claw back' to reimbursement of Part 7 drug costs. In addition, contractors received a new payment, the 'Transitional Balancing Reimbursement Payment' (TBRP), resulting in the overall effect on income being cost neutral.

Under the new protocol, discount recovery on generic reimbursement increased from 13.25% to 27.75% and the TBRP was added, calculated as 14.5% of the total paid for discountable drugs listed in part 7 of the Drug Tariff. These actions served to demonstrate progress towards the target reduction of £30m in generic drug reimbursement over a 12

month period. SPGC has continued to monitor prices throughout the year with a view to identifying and agreeing with SEHD action to address shifts in the marketplace.

## Solutions to proprietary drug price changes

The impact of the reduction in proprietary prices that followed the PPRS review, together with the changes in GSK and Ivax trading terms, was tackled during September 2005. In recognition of these problems, and in order to repay to contractors the discounts over-deducted between April 2000 and June 2004, SPGC successfully negotiated a cut in discount claw back on proprietary drug reimbursement. The target rate was reduced from 9.935% to 9.117% with effect from September 2005 for the period through to September 2006.

## Changes in activity

When the transitional remuneration arrangements were set out last year, it was agreed that those contractors who had experienced a material change in activity would have their remuneration adjusted at the end of the period in order to reflect this change. Statisticians at National Services Scotland will calculate each contractor's change in activity over the transitional period compared with their baseline. Those contractors whose dispensing activity has grown by more than 9.95% or fallen by more than 2% will have their remuneration adjusted in due course. You should have received a letter informing you of the change in activity level to date and what this might mean for you.

# Progress on the new contract

## 2005 – A Busy Year!

**R**ight at the beginning of the new contract negotiations, it was decided that taking a step-wise approach to implementation was the most sensible way forward. A phased implementation allows contractors time to adapt to delivering each new service rather than struggle with too much change all at once.

### **ePharmacy Programme**

The decision to go for a phased implementation was strengthened in August 2005 by the outcome of negotiations on the ePharmacy programme. This programme underpins delivery of the new contract core services. So introduction of the following new services: the minor ailment service (MAS), the acute medication service (AMS) and the chronic medication service (CMS), will only happen as and when the supporting e-application is available.

The first service for which an e-application will be available is MAS, and it is this service that is due to begin during the 2nd quarter of 2006. In addition, as PHS initially will require little by way of IM&T support, it too is scheduled to rollout during the same period.

The e-applications for the remaining two services (AMS and CMS) are at an earlier stage of development and it is hoped that they will be phased in by April 2008. The development of both these e-applications requires coordination

with GP computer systems as well as with PSD systems. The more complex the stakeholder partnership, the greater the required development time.

### **N3 connection**

Connecting pharmacies to N3 (previously known as NHSnet) is a central part of the ePharmacy programme and is essential to supporting service provision under the new contract. Two forms of connection exist: a closed user group connection for individual pharmacies and small groups, and a head office connection for multiple chains. All community pharmacies in Scotland have now been connected either through an N3 or N2 connection with the latter now being upgraded.

### **IM&T Funding**

As the e-pharmacy programme is implemented, SPGC has successfully negotiated funding to support you in upgrading your computer system in order that it can operate the new e-applications.

In March 2005 the first payment of £450 per contractor to upgrade PMR systems was announced. This was followed in November 2005 by announcement of a further payment of £500 per contractor towards meeting the additional cost of installing eMAS software, but conditional on providing evidence that eMAS software has been installed and is operational in readiness for new contract rollout.

On top of these payments, SEHD has provided further IM&T funding that, although not paid directly to contractors, is of significant benefit to community pharmacy. This funding includes the cost of connection to N3 (£500 per connection) and ongoing line rental costs (£1344 per contractor per annum) plus funding of software suppliers in support of the development of eMAS software (around £300 per contractor).

As part of the ePharmacy programme, SPGC has met with many software suppliers to establish whether they will be ready to provide contractors with the appropriate e-applications. Successful meetings have been held with Lloyds, AAH, Cegidem, Enigma, Boots, Rx Prescribing and Hadley Health (Eclipse). It is also hoped to hold meetings soon with Positive Solutions, System Solutions and Ascribe.

### **Other financial support**

IM&T is only one part – albeit a large part – of the preparation for the new contract. Funding has also been negotiated to help contractors prepare in other areas, namely premises improvement and staff training.

During 2005, SPGC agreed a £500,000 fund for allocation to NHS boards for pharmacy premises improvement such as installation of private advice areas, making improvements to meet the needs

of the Disability Discrimination Act 1995 or improving security.

During March 2005, a further payment of £650 per contractor was agreed, this to support staff training to NVQ level 2 or, where appropriate, NVQ3.

**If you have not yet applied for financial assistance in training your staff, we strongly urge you to consider doing so now.**

## 2006 and onwards

**T**he manner in which the new contract is to be implemented was finalised during December 2005 following further discussions between SPGC and SEHD.

### Local practitioner champions

Central to implementation of the new contract will be local practitioner champions. It will be the task of the champions to train and support other local community pharmacists.

In addition, the champions will be supported by local implementation groups established by NHS boards. These groups will co-ordinate local training activities and tackle issues specific to their area which might impact on the implementation of the contract. In turn, the board-level groups

will be co-ordinated by a national implementation management group established by SEHD.

The practitioner champions and board-level implementation groups have been in place since December 2005. Training for practitioner champions, including a national workshop on the new contract, also to be attended by NHS representatives, will commence during the month of January 2006.

### Other implementation initiatives

It is not just the practitioner champions who will begin training in January. NES Pharmacy will be running a national course on the minor ailment service and intends following this up with the issue of a MAS resource pack. Contractors will also receive training from their local practitioner champion(s) in the months preceding rollout. At about the same time, SEHD will begin running national public awareness initiatives on the new contract. All this leads up to implementation of MAS and PHS, scheduled to begin 2nd quarter 2006.



The  
ePharmacy  
programme

## Legislation to enable the new contract

The enactment of the Smoking, Health and Social Care (Scotland) Bill last summer provided the primary legislation necessary to underpinning the new contract. What is needed now is the publication of the subsequent regulations, something that is expected to happen during the month of February 2006 onwards.

Perhaps the most significant point about the Act is that it puts a requirement on NHS boards to plan pharmaceutical care service provision. This means that NHS boards will have to prepare and publish a plan setting out which pharmaceutical care services they believe are needed within the board area. The plan will have to include any identified areas of under-provision.

The pharmacy contract itself will be transformed by the Act into a pharmaceutical care services (PCS) contract. The Act enables NHS boards to enter into a PCS contract with a registered pharmacist or with a person lawfully conducting a retail pharmacy business in accordance with the Medicines Act 1968.

In addition to the PCS contract, NHS boards will also need to maintain lists of pharmacists who are able to perform pharmaceutical care services. This means that only those pharmacists whose names are so listed will be able to work in that NHS board area. If a pharmacist is fit to be on the RPSGB register then it is unlikely that he or she will have a problem entering the NHS board list.

## Supplementary prescribing clinics

Significant progress was made during 2005 in enabling community pharmacists to develop a new supplementary prescribing role.

During July, SPGC and SEHD agreed an initiative to facilitate joint working between community pharmacists and their GP colleagues, allowing pharmacists the opportunity to set up supplementary prescribing clinics. The funding includes

£500 to cover the initial cost of establishing the clinics plus £150 per week for provision of clinics.

**If you have recently qualified as a supplementary prescriber, or indeed, are about to shortly, why not consider applying for a share of the funding which we negotiated on your behalf and put those newly acquired skills to good use.**

## NHS Scotland: the Kerr report

It is not only community pharmacy that is currently experiencing change: so too is the wider NHS. The contents of the Kerr report together with the Scottish Executive's response represent a framework for the future development of the NHS in Scotland.

The report proposes a new model of care in NHS Scotland where the focus is on the management of long-term conditions and not, as currently, acute conditions, together with an increased recognition of self-care. In summary, it proposes the following fundamental shifts in approach:

- From hospital-centred to locally-responsive
- From doctor-dependent to team-based
- From episodic care to continuous care
- From reactive care to preventative care

For you, as practitioners regularly coming into contact with patients suffering chronic conditions, this approach should offer new opportunities in maximising therapeutic outcomes whilst at the same time minimising the risks of medicines misadventure.

## Central Checking Unit

The work of SPGC's Central Checking Unit, the unit which monitors the accuracy of PSD's prescription pricing, resulted in a repayment to contractors totalling £110,000 this last year.

Compensatory payments are triggered when the overall value of pricing errors found in the sample checked exceeds

0.2% of the total value of that sample.

CCU identified an error rate in excess of 0.2 per cent in the pricing of prescriptions dispensed in August 2004. A compensatory payment was therefore made as an adjustment in contractors' August 2005 payments.

## Next steps: what is now being negotiated

Negotiations between SPGC and SEHD on the new contract are not yet over. Further negotiations will cover two main themes: service specifications and remuneration. Although the service specification for MAS has been signed off, the PHS specification still needs to be finalised. In addition, procedural guidance for both services is currently being discussed.

Final negotiations on the global sum and its distribution also need to take place. Although specific figures cannot be detailed at this stage, the way in which remuneration will be structured has previously been agreed. Payment

for MAS will be on a per capita basis, banded according to the number of patients registered for the service at your pharmacy. Payment for PHS will be a flat rate.

In addition, it is expected that a revised transitional remuneration arrangement will need to continue after existing arrangements end on 31 March 2006. This is currently being negotiated.

### Pre-registration students

Looking to other matters, an area in which agreement has yet to be reached is that of the pre-registration grant. Discussions are ongoing.

## New stoma service

New arrangements for the supply of stoma appliances were agreed during 2005. These changes result from forthcoming implementation of the legislation required to underpin the new Scottish contract, when 'appliance only' contractors will no longer be eligible for inclusion in the pharmaceutical list.

Therefore, from April 2006, stoma supply will become a separate and discrete service. Any contractor wishing to offer the service from that date onwards had to opt in by mid-December 2005.

The new service will be based on supply, to set standards, of stoma appliances against NHS prescriptions. The dispensing fee per item will be £13, compared to the previous fee of £1.20. Reimbursement prices for appliance products dispensed will be set by National Procurement at NSS. From April onwards, pharmacists will only be paid for dispensing items in part 6 of the Drug Tariff if they have signed up to provide the new stoma service.

## Urgent Supply PGD

Tackling the problems that have arisen from GPs' new out-of-hours arrangements has been a major challenge for SPGC this past year. Negotiations supporting the introduction of the new urgent supply patient group direction (PGD) were successfully concluded during the month of November 2005, together with new funding in recognition of 'winter pressures'.

The urgent supply PGD allows those patients requiring an immediate supply of repeat medication and who have been unable to source a prescription through their GP, to receive a full repeat supply directly from their pharmacist. This is particularly useful during GP

'out of hours' periods, as it avoids the need for emergency supplies or prescription advances. A pack containing full details of the PGD and urgent supply prescription pads, CP US forms, was distributed to contractors during December.

In addition, every contractor will receive a £300 payment in recognition of the additional workload resulting from anticipated winter pressures. This payment covers the period between Christmas 2005 and the end of February 2006. It is intended that activity over this period be reviewed by the end of March 2006 with a view to informing ongoing funding arrangements.

*The SPGC contract team is indebted to Ms Clare Bellingham for her invaluable assistance in helping to prepare this latest edition of Vision.*



**The Scottish Pharmaceutical General Council represents Scotland's 1162 pharmacy contractors. It negotiates on their behalf with the Scottish Executive the terms of service and remuneration for contractors' NHS work.**

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