

vision

Developing the Community Pharmacy Contract

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Keeping you up to date Contract implementation progress

Contract Funding

– Agreement for 2009-10 and 2010-11

Community Pharmacy Scotland has now reached agreement with the Scottish Government (SG) on the make-up of the financial package for 2009-10 and 2010-11.

Under the terms of the settlement we have secured:

- A cut in the proprietary discount rate to 6.69%
- Introduction of a new Efficient Purchasing and Prescribing Programme (ePPP), to include an increase in the level of guaranteed Retained Purchase Profit (RPP)
- Consolidation of recurring savings through the ePPP into the global sum in later years
- An inflationary uplift to the global sum for both years
- Retention of funding for the new Public Health Service
- Changes to the generic claw back rate to reflect market conditions

The full details of the settlement are given in **PCA (P) 2009 18** and a copy of our Financial Framework document will be circulated to you by the end of October.

Financial Package

The main elements are:

For 2009-10

- a global sum of £159.697m
- a temporary support package worth £5.554m plus
- an increase to £64m in the agreed level of RPP

For 2010-11

- the agreed global sum will be £162.181m
- a temporary support package of £3.070m
- a further increase to £67m in the agreed level of RPP

In addition, under the new ePPP, effective from 1 April 2009, community pharmacy contractors will retain a percentage share of any purchase profit made over and above the agreed £64m in RPP, when purchasing drugs for NHS dispensing. The balance of savings will be held by NHS Boards.

Community Pharmacy Scotland was also keen to secure recognition on a more permanent basis. SG has now agreed **in principle** to consolidate any recurring savings made through the ePPP into the remuneration package for 2011-12. A similar mechanism would exist for eligible 2010-11 savings moving into the 2012-13 remuneration package. ●

FOREWORD FROM MARTIN GREEN, CHAIRMAN



Dear Member,

The financial elements of our contract negotiations have proved difficult, but I'm now able to announce that we've agreed a two-year financial settlement. This Vision highlights the key elements.

The negotiating team felt that with future public spending cuts likely, it was prudent to secure a two-year deal. We believe we've achieved a satisfactory outcome in challenging times.

I'd like to draw to your attention the profit sharing component, which allows contractors to enjoy a share of profits delivered beyond our agreed target. This is the first time that a benefits-sharing element has been introduced to any of the UK pharmacy contracts and provides our contractors with a measurable incentive to purchase well on behalf of the NHS.

Arguably more important is the prospect of growing our global sum by transferring recurring savings delivered during this two-year deal to future settlements.

With the remuneration package set until March 2011 we can turn to the clinical aspects of the Chronic Medication Service specification. As a contractor owner myself, I'm acutely aware of the need to ensure that whatever we propose is deliverable, the workload manageable and the benefit to patient care recognised and rewarded. It is also important that through the implementation phase no contractor has a real or perceived competitive advantage over another as a result of software systems roll out.

To facilitate understanding of all the above points, the Contract Team will be repeating last year's CPS roadshow events. I would encourage you to come along and I look forward to seeing you later in the year. ●

Martin Green, Chairman

Changes to Reimbursement Arrangements

The existing monitoring arrangements to check that contractors are able to achieve the minimum of £64m in RPP will continue during 2009-10 and adjustments will be made when required.

Figures from the discount spot check carried out in January 2009 showed that contractors were achieving in excess of the then-agreed level of £50m, mainly through profits made on generic purchases. The effect of the introduction of the many direct-to-pharmacy schemes on the rate of proprietary discount available to pharmacy contractors was also clearly demonstrated.

SG has agreed that there will be no attempt to reclaim the excess achieved above £50m but the discount claw back rates will be adjusted to more closely reflect market conditions. The new arrangements, which will come into place on 1 October 2009, are:

- the proprietary discount rate applied to non ZD products will be reset to deliver an average of 6.69% (previously 9.117%)
- the generic discount rate will change to 6.94%, calculated from combining (i) a rise to 10.34% to counterbalance the proprietary rate change plus the removal of the abatement made as part of last year's Temporary Support Package with (ii) a fall of 3.4% to offset changes made to Category M prices in England for contractual reasons there. ●

Distribution of the Financial Package for 2009-10

For 2009-10 the existing system of transitional payments will continue. A number of contractors who entered the pharmaceutical list between 2 October 2003 and 1 December 2004 will be moved into transition. Fees and allowances will continue to be paid to contractors outside transition. Any currently not in transition who wish to be moved are welcome to apply for this to Practitioner Services.

The existing transitional payments will be rebased and uplifted by the agreed inflationary amount of 1.56%. The uplift will be backdated to 1 April 2009. Each contractor will be sent a letter advising of the new rate for their transitional payment. ●

Public Health Service

Public Health Service core payments will remain unchanged for 2009-10. The phenomenally successful patient services introduced as part of the settlement for 2008-09 will remain in place with some minor adjustments to the payment rates. The payments for readiness and administration have been discontinued. The monthly retainers will continue unchanged as will the Intervention rates for EHC and Chlamydia treatment. The Smoking Cessation fees will now revert to a flat £25 per month per intervention and the monthly pool arrangements have been discontinued. ●

Minor Ailment Service

The payments for the Minor Ailment Service will again change for 2009-10. The registration rate has shown increased stability and, as a result, it has been decided to remove payment protection for all contractors. Payments from 1 October 2009 will be made on actual registration numbers as held at 31 October 2009 and two new capitation bands will also be introduced. The payment rates will be:

| Band | Number of Registrations | Annual Payment | Monthly Payment |
|------|-------------------------|---|---|
| 1 | 1-250 | £7,300.92 | £608.41 |
| 2 | 251-500 | £9,253.92 | £771.16 |
| 3 | 501-750 | £11,208 | £934.00 |
| 4 | 751-1000 | £13,218 | £1,101.50 |
| 5 | 1001-1250 | £15,228 | £1,269.00 |
| 6 | >1250 | £15,228 + £8.04 per patient above the threshold | £1,269.00 + £0.67 per patient above the threshold |



Community Pharmacy Scotland believes the introduction of the fixed Band 4 and 5 will support the contractors with these registration levels who are currently at risk of income fluctuations on a monthly basis due to lapsing patients. The altered payment structure will also reward these contractors for the work they are undertaking to maintain this level. ●



Roadshows

Community Pharmacy Scotland will be on the road during October and November to provide you with more information on the financial settlement for 2009-10 and 2010-11. The presentation at the evening meetings will begin at 7.30pm while Sunday roadshows will commence at 2pm. A pre-presentation buffet will be provided.

| Date | Day | Health Board | Town | Location |
|-------------|-----------|--------------------|------------|---|
| 22 October | Thursday | Ayrshire and Arran | Kilmarnock | The Park Hotel |
| 27 October | Tuesday | Borders | Melrose | Townhouse |
| 29 October | Thursday | GGC/Lanarkshire | Glasgow | Hampden Park |
| 2 November | Monday | Fife/Tayside | Perth | Dewars Centre |
| 3 November | Tuesday | Highland | Inverness | Kingsmill Hotel |
| 4 November | Wednesday | Grampian | Aberdeen | Doubletree by Hilton |
| 16 November | Monday | GGC/Highland | Bishopton | Reid McEwan Conference Centre |
| 18 November | Wednesday | Lothian | Edinburgh | Holiday Inn, Corstorphine Road |
| 22 November | Sunday | All | Stirling | Education & Conference Centre Stirling Royal Infirmary |

Further dates may be added if required. Roadshows are open to pharmacy contractors, pharmacist members of staff, regular locums and pre-registration pharmacy students. ●

Quality, Evaluation and Development Payments

Contract Preparation Payments are to progress to Quality, Evaluation and Development Payments. This is in recognition of the breadth of activities carried out last year, in particular the audit work undertaken on the Minor Ailment Service and the Workforce. It is envisaged that a maximum of two activities will be performed during 2009-10 but a postponement may be necessary if swine flu returns during the winter months. Further details on the activities have yet to be negotiated and more information will be released in due course.

Work is currently underway within the School of Pharmacy in Aberdeen to analyse and produce a report from the data collected last year. ●

Infrastructure

Infrastructure ePharmacy payments will remain as they were in 2008-9 except for the introduction of the previously announced one-off £250 CMS installation fee and monthly retainer of £100 to support the maintenance of software (see circular PCA (P) 2009 no 9). Contractors should note that the deadline for claiming the installation fee is 31 March 2010. ●

Additional Payments

All other payments such as Prepayment Certificate Commission, Unscheduled Care, Model Schemes and GP stock order on-cost will remain unchanged. Flu and Pneumococcal payments remain as identified in circulars PCA(P)(2008)23 and PCA(P)(2009)15.

Supplementary and Independent Prescribing Clinics will continue for 2009-10 with a ceiling of £1m. The payment rates will be unchanged from 2008-9.

Community Pharmacy Scotland is preparing a further update to the Financial Framework document and this will be released to contractors as soon as possible. ●

Distribution Arrangements for 2010-2011

The payment arrangements made for 2009-10 will be monitored and, where necessary, will be adjusted for 2010-11. Details will be circulated in the spring. ●

Chronic Medication Service-Update



Since the last update, further discussions on the Chronic Medication Service have taken place with the Scottish Government, covering:

- proposed changes to the Early Adopter Phase in Fife
- modelling work for a capitation payment system

In **Vision 14** we outlined what was happening in the Fife Early Adopter Phase. Community Pharmacy Scotland is keen to ensure that no contractor is seen to gain an advantage by being involved with this. We also want all aspects of the proposed service – registration, care planning and serial dispensing – to move forward at a similar rate to allow us to find out how workload issues with one part of the service might impact upon delivery of another.

SG has proposed that we should consider expanding:

- the number of test sites
- the number of patients involved
- the number of conditions which the patient may have
- the length of time for which the service is provided

We are happy to see some expansion within the existing sites which meet the criteria for pharmacy/doctor involvement but think it's unhelpful for any major expansion to occur before operational details of the clinical specification and the care planning process have been agreed. Further discussion has taken place on the underpinning software needed for CMS and we expect the care-planning element to be web-based. With the remuneration arrangements settled we can devote more time to the matter. ●

GPhC standards workshops

Harry McQuillan our CEO has been attending workshops organised by the Department of Health in London to consider the standards which the new regulatory body will introduce, covering areas such as:

- Standards for Owners and Superintendents
- Standards for Conduct, Ethics and Performance
- Education and Training
- Continuing Professional Development
- Proficiency

It is important to have a Scottish presence at these

workshops to ensure that when standards are being developed they take account of the way practice may differ in Scotland. For example the concept of advanced and specialist practice has not been officially adopted here.

The Chairman of the GPhC will be visiting our offices in October to meet the office bearers to discuss the working relationships that could exist between us and the new pharmacy regulator.

For more information about GPhC and standards, visit the website at www.pharmacyregulation.org

ePharmacy

Community Pharmacy Scotland recently held an IT meeting with representatives of the ePharmacy team. This allowed contractor members to discuss eAMS operational issues and start thinking about using the IT solution for CMS. It was suggested that a contractor attend the software testing, undertaken prior to issue of a fitness for purpose certificate. It is hoped that by having input at this stage, the products will be shaped to fit pharmacy needs. ●

Capitation Payment Modelling

A group has been set up to work on a payment model for CMS. As we previously agreed that remuneration should be on a capitation basis, the first step is to establish how many patients could be eligible. We know how many prescriptions are dispensed in Scotland each year – we now need to discover:

- how many patients present prescriptions
- how many are on a repeat basis
- where they are dispensed

The Information and Statistics Division (ISD) at National Support Services (NSS) is analysing prescription data using available CHI numbers to compile anonymised patient profiles, both individually and nationally.

As happens in other areas of resource allocation for NHS Scotland, money could be assigned to pharmacies for registered patients in line with age, gender and postcode criteria. However, that is some way off and we won't seek to introduce a full capitation payment system as of 1 April 2010. The change will be

gradual with in-built checks and balances. This will allow time to develop and put in place new payment mechanisms at PSD.

The modelling work will be complicated as it will support delivery of the full service covering both the pharmaceutical care element of CMS and the dispensing process. Community Pharmacy Scotland will update you on progress.

Finally, the SG report on the framework for the Chronic Medication Service will be released shortly, at which time, finalisation of the service specification will commence. ●

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Community Pharmacy Scotland represents Scotland's 1209 pharmacy contractors. It negotiates on their behalf with the Scottish Government the terms of service and remuneration for contractors' NHS work.

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