

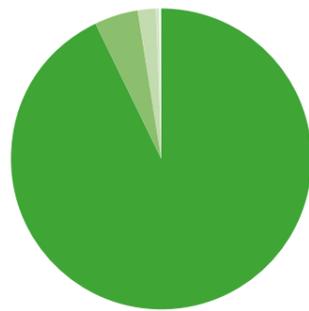
PHARMACY CONTRACTS: WHERE THE MONEY GOES

Funding for the national community pharmacy contracts in England, Scotland and Wales is distributed differently. Here is a breakdown of how the three countries fund pharmacy services.

DAWN CONNELLY

WALES (2018-2019): £144.3m

THE BREAKDOWN



- 92.7% Fees and allowances
- 4.6% Fees for enhanced services
- 2.2% Quality and collaborative working
- 0.3% Workforce development
- 0.1% Independent prescribing pilots

Fees and allowances £133.8m

Fees for essential services

- Professional fee
- Practice payment
- Additional fee
- Expensive prescription fee
- Establishment payment
- Repeat dispensing fee
- Information, management and technology services and allowances
- Essential small pharmacies scheme

Fees for advanced services

- Medicines use reviews
- Discharge medicines reviews
- Appliance use reviews
- Stoma appliance customisation

Fees for enhanced services £6.7m

- Common Ailments Service
- Flu vaccination
- Emergency contraception
- Emergency Medicines Supply
- Smoking Cessation Level 3
- 'Just in case' bags
- Care Home Service
- Locally commissioned enhanced services (local health boards can overspend if required, using money from their own funding)

Independent prescribing pilots £0.2m

Workforce development £0.4m

Quality and collaborative working £3.2m

- Quality and safety scheme
- Collaborative working

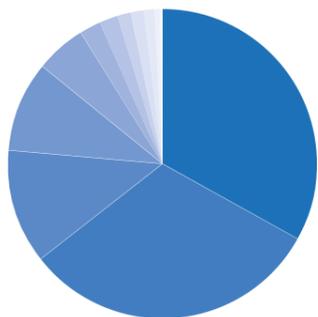
Retained buying margin

The profit pharmacists are allowed to make through cost-effective medicines purchasing is known as the retained buying margin. Although there is no agreed minimum for Wales, it will be affected by changes to the Drug Tariff as a result of adjustment to English pharmacy margin delivery.

SCOTLAND (2018-2019): £300.9m[†]

[†]Includes an amount to balance any overspent elements of the contract

THE BREAKDOWN



- 33.3% Margin sharing
- 31.3% Dispensing
- 12.0% Chronic Medication Service
- 9.6% Establishment payments
- 5.3% Minor ailment service
- 2.0% Operations and development
- 1.9% Quality and efficiency
- 1.4% Public health service
- 1.3% Care home dispensing
- 1.3% Pharmaceutical needs
- 0.5% Stock order costs
- 0.1% Measured and fitted fees
- >0.1% Essential small pharmacies

Operations and development £6.1m

- Gluten free foods
- Quality improvement
- Serial dispensing standard operating procedures

Essential small pharmacies £0.1m

Top up payment if monthly income falls below agreed amount

Minor ailment service £15.8m

Dispensing £94.1m

- For non-care home prescriptions

Establishment payment £29.0m

- Minimum guaranteed margin of £100m
- Any margin >£100m is shared 50:50 with NHS boards

Stock order on costs £1.4m

On-cost allowance for stock items (except pneumococcal vaccines)

Care home dispensing £4.0m

For contractors whose prescriptions for care home patients represent more than 2.5% of their total activity

Measured and fitted fee £0.2m

For hosiery and trusses and all lymphoedema garments

Quality and efficiency £5.8m

Contractors will have to achieve a rate of electronic claims of at least 80%

Chronic Medication Service £36.1m

Public health service £4.3m

- Smoking cessation
- Emergency hormonal contraception service
- Provision of prophylactic antipyretic following meningococcal group B vaccine

Sources: Pharmaceutical Services Negotiating Committee, Community Pharmacy Scotland, Community Pharmacy Wales, Office for National Statistics

PER CAPITA SPEND

Annual spend on the national community pharmacy contracts per head of population



WALES*
£46 / person



ENGLAND**
£46 / person

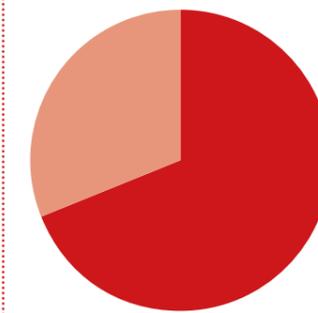


SCOTLAND
£55 / person

*Per capita spend not including retained buying margin. **In addition to the national contract funding, enhanced services in England are commissioned locally by clinical commissioning groups and local authorities. The national flu vaccination service is funded from the NHS vaccination budget and the pharmacy integration fund, which was £40.0m in 2017-2018 (only £18.2m of which was spent), funds the NHS urgent medicines supply advanced service.

ENGLAND (2017-2018): £2.6bn

THE BREAKDOWN



- 69.1% Fees and allowances
- 30.9% Retained buying margin

Fees and allowances £1.8bn

Fees for essential services

- Single activity fee for each item dispensed
- Additional fees (e.g. specials, imports, measuring and fitting hosiery and trusses, and dispensing controlled drugs)
- Expensive prescription fee
- Establishment payment

Quality payments £75.0m

Pharmacy access scheme £25.0m

Retained buying margin £800.0m

- Margin is controlled through reimbursement prices for 500 commonly dispensed generic medicines in Category M of the Drug Tariff, as set by the government each quarter
- The Pharmaceutical Services Negotiating Committee (PSNC) and Department of Health and Social Care (DHSC) monitor margin delivery through the Margins Survey, which comprises a representative sample of independent community pharmacies

Fees for advanced services

- New medicine service
- Medicines use reviews
- Appliance use reviews
- Stoma appliance customisation

Price concessions

The PSNC can apply for a price concession for any product listed in Part VIII A or VIII B of the Drug Tariff, where it is only available above the set Drug Tariff reimbursement price. The DHSC then considers whether to set a concession and at what price it should be set.