



SCOTTISH EXECUTIVE

Health Department
Directorate of Primary Care & Community Care

Primary Care Division
St Andrew's House
Regent Road
EDINBURGH
EH1 3DG

Dear Colleague

**PHARMACEUTICAL SERVICES/
PHARMACEUTICAL CARE SERVICES
FINANCIAL FRAMEWORK 2006-07**

**AMENDMENT TO DRUG TARIFF PART 7
REIMBURSEMENT ARRANGEMENTS
WITH EFFECT FROM 1 APRIL 2006**

**EXTENSION OF TRANSITIONAL REMUNERATION
ARRANGEMENTS WITH EFFECT FROM 1 APRIL 2006**

Purpose

1. This Circular provides NHS Boards, Community Health Partnerships and community pharmacy contractors with details of the Financial Framework in respect of payments for Pharmaceutical Services, and in due course Pharmaceutical Care Services, for 2006-07.
2. In particular, it details amendments to reimbursement arrangements for drugs in Part 7 of the Drug Tariff and the introduction of Transitional Reimbursement Payment (TRP) arrangements for 2006-07 to replace those in force for 2005-06, and amended the transitional remuneration arrangements that will apply for 2006-07.

Background

3. Circular [PCA\(P\)\(2004\)9](#) advised of the introduction of transitional remuneration arrangements for community pharmacy contractors to underpin the move to the new contract arrangements that are to be phased in later this year.
4. In effect, the transitional arrangements provide for the majority of contractors to be remunerated, for the period December 2004 to March 2006, at levels pro rata to their remuneration in 2004-05. The objective was to provide contractors with certainty about their remuneration income whilst they prepared for the opportunities and demands of the new contract.

13 April 2006

Addresses

For action
Chief Executives, NHS Boards
Chief Executives of NS, NSS, NHS 24
and NHS NES

For information
Director of Practitioner Services
Division, NHS NSS

Enquiries to:

James White
Primary Care Division
Room 1 East Rear
St Andrew's House
EDINBURGH
EH1 3DG

Tel: 0131-244 3433
Fax: 0131-244 2326
email: James.White@scotland.gsi.gov.uk

<http://www.scotland.gov.uk>



5. The Department and the Scottish Pharmaceutical General Council (SPGC) have agreed that transitional remuneration arrangements (TRA) should continue during 2006-07 but duly updated to accommodate the new global sum settlement for 2006-08, on which SPGC is currently seeking its members' endorsement, and the phasing in of the new contract arrangements.

6. Circular [PCA\(P\)\(2005\)5](#) advised of the introduction of new arrangements for the reimbursement to contractors of items listed on Part 7 of the Drug Tariff. The objective was to pave the way for an agreed transfer, during 2006-07, of approximately £30 million from the reimbursement funding stream to the remuneration stream.

7. With the involvement of finance representatives from the Service, the Department and SPGC have agreed the arrangements by which the resource transfer will be managed through 2006-07 under a Transitional Reimbursement Payment (TRP) scheme.

8. The new TRA and TRP schemes are influenced by the timetable for implementing the new community pharmacy contract. On 7 March, under cover of Circular [PCA\(P\)\(2006\)2](#), the Department and SPGC issued a joint letter to update the Service and contractors on progress with implementation of the new contract.

9. Amongst other things it advised that, subject to Regulations and Parliamentary approval of the Commencement Order for appropriate legislative provisions, the new Pharmaceutical Care Services arrangements will be phased in from 1 July 2006.

Summary

10. **Annex A** attached details the arrangements for both the TRA and TRP processes. However, key points to be noted are:

- From 1 April 2006 the protocol for establishment of Part 7 of the Scottish Drug Tariff is based on that used by the Department of Health for Category M of the English Drug Tariff with appropriate modifications for Scottish circumstances and, in parallel, a number of high value/volume items for which generic equivalents have become available, have been added to Part 7 of the Tariff.
- A consequence is that the aggregate value of reimbursement prices (gross ingredient costs) will fall. The precise effect of this protocol change will vary through the year and will depend on turnover on individual drugs and preparations.
- However, this is not a net saving to NHS Boards as the proceeds are required to underpin funding of elements of Transitional Reimbursement Payments as detailed in paragraphs 5-18 of Annex A to this Circular.

11. **Annex D** provides contractors with a short guide on the calculation of 2006-07 transitional payments. SPGC is providing its own guidance for contractors which will be accessible at <http://www.communitypharmacy.scot.nhs.uk/>.

Action

NHS Boards are to:

- pass a copy of this circular to all community pharmacy contractors on their local pharmaceutical list;
- together with their CHPs to consider carefully the implications of Section A in Annex A for setting and monitoring of prescribing budgets for 2006-07;
- ensure that checks to ascertain those contractors eligible for the higher rate of payment for the Public Health Service element of the new contract are completed and reported to PSD by 30 September to allow payments to commence with effect from October dispensings in December.

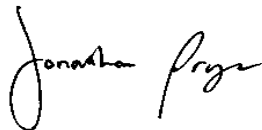
NHS NSS ISD are to:

- in accordance with paragraph 28 of Annex A, provide all contractors in Categories I, II, III, V and VI during April 2006 with the specific base transitional payment which will be paid to them during 2006-07.

All to:

- note that further circulars on new contract financial issues and implementation will follow.

Yours sincerely



Dr Jonathan Pryce
Head of Primary Care Division

PHARMACEUTICAL SERVICES/PHARMACEUTICAL CARE SERVICES FINANCIAL FRAMEWORK 2006-07

Purpose

1. This Annex details the financial framework for the provision of pharmaceutical services and pharmaceutical care services in Scotland for 2006-07. Further circulars on this subject will issue as and when required.

Background Summary

2. Transitional arrangements for remuneration payments for community pharmacists for the period 1 December 2004 - 31 March 2006 were promulgated in Circulars [PCA \(P\) \(2004\) 9](#) and [PCA \(P\) \(2005\) 2](#). The Department and the Scottish Pharmaceutical General Council (SPGC) have agreed that transitional arrangements should continue during 2006-7 but duly updated to accommodate the new global sum settlement and the phasing in of the new contract arrangements.

3. Circular [PCA\(P\)\(2005\)5](#) promulgated reimbursement arrangements for items in Part 7 of the Drug Tariff for the period 1 April 2005- 31 March 2006, including the provision of a **transitional balancing reimbursement payment**.

4. That Circular also provided background for these measures including the plans agreed between the Department and SPGC to provide greater transparency in the funding of community pharmacy by transferring a sum of £30 million from Part 7 reimbursement to global sum remuneration.

(A) AMENDMENT TO DRUG TARIFF PART 7 REIMBURSEMENT ARRANGEMENTS WITH EFFECT FROM 1 APRIL 2006

Detail of arrangements for 2006-07

5. The transitional balancing reimbursement arrangements outlined in [PCA \(P\)\(2005\)5](#) are time limited and new arrangements now need to be put in place for 2006-07. During 2005-06, the Department and SPGC agreed a phased programme whereby by 1 April 2006, the protocol for the establishment of Part 7 reimbursement prices would be based on that used by the Department of Health for establishment of English Drug Tariff Category M reimbursement prices, with appropriate modification for Scottish circumstances.

6. Part 7 of the Tariff for April 2006 is the first to be set fully on the new basis. In addition the Department and SGPC have agreed that the annual amount of £30m targeted for transfer from reimbursement to remuneration should now be earmarked against the new elements of the new Community Pharmacy Contract as they start to come on stream during 2006-07, with a view to the full £30m formally being transferred into the Community Pharmacy Global Sum from 1 April 2006 and being merged into a common funding stream from 1 April 2007.

7. **As a consequence the aggregate effect on the Gross Ingredient Cost (GIC) of Part 7 items will be that NHS Boards will see a reduction, broadly equivalent to the extra 14.5% clawback introduced for the period 1 April 2005 - 31 March 2006.**

8. The target clawback rate to apply to Part 7 GIC prices from 1 April 2006 in respect of discounts which community pharmacists are deemed to receive will accordingly revert to the original **13.25%** level.

9. The **transitional balancing reimbursement payment** for 2005-06 ceases at 31 March 2006. In order to maintain the level of funding at the agreed level, and to phase in the new contract funding arrangements, a new **transitional reimbursement payment (TRP)** will be introduced for 2006-07.

10. The level of TRP will be reviewed regularly during 2006-07 so that the total target figure of £30m is delivered for 2006-07 overall.

11. For the period April 2006 - June 2006 inclusive, the TRP for each pharmaceutical contractor will be calculated as 13.25 % of the aggregate GIC cost of Part 7 items reimbursed in each month.

12. The Department and SPGC have agreed that for the period July 2006 - September 2006 the TRP will in part shadow the level of payments for the Minor Ailments Service (MAS) and Public Health Service (PHS) that the Department and SPGC have provisionally agreed will apply from 1 April 2007. These payment scales for both services are detailed in **Annex B**.

13. It has therefore been decided that TRP for each contractor will be calculated as a percentage (**X** %) of Part 7 GIC payments plus three flat rate monthly payments. For all except for part time Essential Small Pharmacies (ESPs) the payment for each contractor will be **325.83** for MAS, **£718.33** for PHS and **£100** for infrastructure support (IS). The equivalents for part time ESPs are detailed in the Annex B.

14. Where on the last day of the month a contractor has sufficient patients registered for MAS to justify a payment in a higher band the higher monthly rate as detailed in the Annex B will be payable. From October onwards, where a Board has agreed by the last day of the previous month that the contractor has satisfied the conditions for the higher band PHS payment, the payment detailed in the Annex B will be made. Further clarification in respect of payments to first wave MAS contractors in NHS Tayside and NHS Ayr and Arran areas from April to June 2006 is provided in section B below.

15. Tariff arrangements and the constitution of TRP for the period October 2006 - March 2007 will be reviewed to ensure that the target figures of £30m for TRP and £141.067m for the new overall global sum are met. Further advice will follow in due course.

16. **As a consequence of the arrangements for April – June 2006 detailed in paragraphs 5 to 11, contractors will be reimbursed Part 7 drug costs at Drug Tariff prices for those months with no net discount or surcharge.**

17. For the period July 2006 to March 2007, net clawback will be at a single aggregate rate of **(13.25 – X)%**. The value of 'X' to apply for July dispensings will be promulgated in due course and adjustments for subsequent months will be promulgated as may be necessary to maintain the target level of return for contractors identified in paragraph 6.

Effect on establishment of local prescribing budgets

18. NHS Boards and Community Health Partnerships should pay careful attention to the implications of these arrangements for the establishment and monitoring of prescribing budgets for 2006-07. In particular they should make appropriate budgetary provision to meet the costs of those elements of the TRP for contractors in their area that will be disbursed as shadow payments for MAS, PHS and IS.

(B) EXTENSION OF TRANSITIONAL REMUNERATION ARRANGEMENTS WITH EFFECT FROM 1 APRIL 2006

Detail of arrangements for 2006-07

18. With effect from 1 April 2006 and until 31 March 2007 remuneration payments to contractors will be amended as follows by reference to practitioner groups as listed in paragraph 7 of Circular [PCA\(P\)\(2004\)9](#).

- I. Those who were on the list continuously between 1 April 2003 and 31 March 2004 in their own right
- II. Those who were on the list continuously between 1 April 2003 and 31 March 2004 either in their own right or in the name of a contractor which they have taken over
- III. Those who were also on the list at 31 March 2004 and had been so continuously since 1 October 2003 at the latest but not since 1 April 2003

19. For contractors in categories I, II and III, the base transitional payment in place at 31 March 2006 will be subject to adjustment as follows:

Application of a factor to represent the annual growth in aggregate dispensed prescription volume plus instalments dispensed over the period 1 December 2004 - 30 November 2005, by reference to the immediately preceding 12 month period: and a **general uplift of 5%** in accordance with the agreed settlement for 2006-07.

- IV. Those who entered the list later than 2 October 2003 or who have made a formal election to be treated under this category instead of category I, II or III as permitted by paragraphs 9, 11 and 13 of the 2004 Circular.

20. Payments will continue to be in accordance with the shadow fees and allowances in force at 31 March 2006 except, in accordance with [HDL\(2005\)54](#) and [\(2006\)15](#), dispensing fees will no longer be payable in respect of stoma appliances. The shadow fees and allowances have not been increased as contractors in this category are deemed to benefit from inherent volume growth.

- V. ESP contractors in receipt of the ESP allowance at any time between 1 April 2003 and 31 March 2004
- VI. ESP contractors not in receipt of the ESP allowance at any time between 1 April 2003 and 31 March 2004

21. For contractors in category V, the base transitional payment in place at 31 March 2006 will be subject to adjustment a **general uplift of 5%** in accordance with the agreed settlement for 2006-7. These contractors will also have the option of being reclassified as Category IV provided that option is exercised by notification to PSD by 15 June 2006.

22. For contractors in category VI, the base transitional payment in place at 31 March 2006 will be subject to adjustment as follows:

Application of an upwards only factor to represent the annual growth in aggregate dispensed prescription volume plus instalments dispensed over the period 1 December 2004 - 30 November 2005, by reference to the immediately preceding 12 month period.

General uplift of 5% in accordance with the agreed settlement for 2006-07

VII. ESP contractors in receipt of the ESP allowance not covered by Category V.

23. Payments will generally be in accordance with the arrangements for Category IV above but with a revised ESP payment scale as detailed below in paragraph 27. Specifically the target minimum income payment, and the reduced target payments for less than 30 hours opening, will be adjusted to achieve the **general uplift of 5%** in accordance with the agreed settlement for 2006-07.

Arrangements for contractors added to the list 1 April 2006 - 31 March 2007

24. Where a new contractor is added to the list 1 April 2006 onwards, they will be invited by NHS NSS to confirm whether they are a totally new contractor or whether they are taking over a contractor subject to the transitional arrangements. As the default they will then fall to be classified as category IV or, if an ESP, as category VII but where they have taken over an existing contractor subject to transition and who falls in one of the other Categories, the new contractor will be treated as falling into the category of the old contractor, and will inherit the relevant base transitional payments and uplifts.

Contractors in exceptional circumstances during 2005-06

25. Where a contractor has been subject to specific exceptional circumstances resulting in an interruption of business operation, i.e. due to fire, flood, or where due to unplanned external events the premises are rendered unfit for trade, the transitional payment in place at 31 March 2006 will continue in force subject only to the general uplift of 5%.

26. The payments outlined above for all except Category IV will replace all payments listed in the Drug Tariff except for:

- payments in respect of pre-payment certificate commission;
- stock order on costs;
- flu and pneumococcal vaccine dispensing fees (in respect of which separate Circulars have been issued);
- MAS and PH fees beyond those covered within the TRP (further details below);
- model schemes (palliative care model schemes also become local schemes - see paragraph 40 below), and a fixed transitional payment for the schemes covering frail elderly and severe and enduring mental illness will be paid to all contractors - see paragraph 41 below;
- new national unscheduled care support payments (details to follow) and
- all fees for services outside PS/PCS, such as stoma appliance dispensing fees and all other local schemes, i.e. methadone, oxygen, needle exchange, advice to nursing homes etc., which will be additional payments.

27. Payments in respect of above that are set nationally will continue at current notified rates, except as otherwise indicated including:

- For category VII contractors, from 1 April 2006 the target monthly income for full time ESPs will be **£3527**, for part-time ESPs will be **£2997** (open 15-20 hours per week), **£3173** (open 20-25 hours per week) **£3348** (open 25-30 hours per week). The reference payment is also increased by **5%**.
- Rates for local schemes will be decided by each NHS Board after negotiation with local contractor groups.
- The general uplift factor of 5% will apply for the dispensing months April – December 2006. The value will be reviewed jointly by the Executive and SPGC and a new value may be set for dispensing months January - March 2007 on the basis of evidence available to fine tune delivery of the Global Sum target.

28. All contractors in Categories I, II, III, V & VI will be notified by NSS ISD during May 2006 of *provisional calculations* for the specific base transitional payment that will be paid to them during 2006-07, starting with April dispensings to be paid in June. Category V contractors will at the same time be advised of a projection of what they might expect to receive at current levels of dispensing if they were to exercise their option to switch to Category IV.

MAS and PH fees beyond those covered within the TRP

29. Payments to contractors in NHS Tayside and NHS Ayr & Arran for MAS in the period April – June 2006 will continue unchanged.

Applicable dates for payment of transitional payments, MAS and PH allowances

30. Transitional payments will be paid to the contractor who is listed on the first day of the month.

31. The level of PH allowance payable to a listed contractor will be paid to the contractor listed on the first day of the month.

32. The level of MAS allowance payable to a listed contractor for a particular month will be paid to the contractor listed on the last day of the month and will be based on the number of patients registered on the last date of that month.

33. Where a contractor is taken over by another during the period of transition other than on the first of the month, the incoming contractor will not therefore be due for transitional or PH payments until the start of the following month, but will be eligible for MAS payments for that month.

34. Where a contractor is removed from the list during a month and there is no successor contractor, PSD may recover from the contractor those fees paid at the outset of the month relating to transition, PH in respect of and in proportion to the period for which services were not provided.

Material changes of circumstance

35. **The transitional remuneration arrangements in paragraphs 18-24 have been set on the basis that there is no material change in a contractor's activity levels during the coming year.** In particular the assumption is that for each contractor the rate of growth in items that would in the past have attracted either the standard dispensing fee or instalment dispensing fee lies between 2 thresholds of +9.95% and -2%, measured on an annual basis.

36. Accordingly an adjustment scheme will provide an uplift for contractors with materially high rates of growth in volume, i.e. above the 9.95% growth figure and a clawback from contractors with material reduction in volume, i.e. below the annual negative growth of 2% threshold. The adjustments will be calculated by comparing outturn for the period 1 December 2005 - 30 November 2006 with the immediately preceding 12 month period, and will be applied retrospectively to the final aggregate of transitional remuneration payments for the full period 1 April 2006 - 31 March 2007. This adjusting mechanism is intended to have an overall cash neutral effect on the global sum.

37. The actual adjustment for each contractor will be calculated as the percentage by which the annual rate of growth exceeds or undershoots the relevant threshold multiplied by the transitional payment for the full period of transition. Thus a contractor who would have seen an annual growth of 12% in standard dispensing fees would receive a retrospective uplift of 2.05% of their total transitional payments for the 12 month control period, and a contractor who would have seen an effective annual fall of 4% would be subject to a clawback of 2% of their total transitional payments for the 12 month control period.

38. These adjustments will apply to contractors in Categories I, II, III, V and VI only, and will be effected at the end of financial year 2006-07. Except that for Category V & VI, the adjustment will be upwards only. NHS NSS will monitor contractors' progress after 6 months with respect to these potential adjustments and will advise contractors whose trends suggest they may fall within the terms of these adjustments.

Management of the Global Sum

39. The Department and SPGC will monitor projected outturn of Global Sum expenditure against the target figure of **£141.067m** (inclusive of the £30m target for TRP mentioned in paragraph 6 above) agreed as part of the settlement for 2006-07, and any adjustments to payment arrangements that may be necessary during the financial year to achieve the target figure will be promulgated by Circular.

Model schemes

40. Palliative care model schemes are by their nature administered by a relatively small proportion of contractors. Those in existence are, however, delivering an effective and valued service for the patients concerned. Therefore, from 1 April 2006 they will become local schemes. The levels of funding identified for 2006-07 by NHS Boards for these schemes as listed in **Annex C** to this Circular are being transferred to NHS Boards unified budgets.

41. Transitional funding arrangements will apply for 2006-07 in respect of the model pharmaceutical schemes for the frail elderly and those with severe and enduring mental illness to support existing service provision and to encourage wider participation. A flat rate payment of £98 per month will be paid to all contractors on the list except for part time ESPs

where the monthly rate will be at the proportional rates depending on hours of opening as detailed in Annex B.

Advance payment arrangements

42. Advance payment arrangements will continue unchanged.

Status of this Circular

43. This Circular describes the financial framework of the provisional settlement negotiated by the Executive and SPGC, and on which SPGC is currently seeking the endorsement of its members. NHS Boards, NHS NSS and contractors should plan for payments in respect of pharmaceutical services and dispensings by community pharmacists for 1 April 2006 onwards on the basis of the contents of this Circular. The Drug Tariff is hereby amended to give effect to the arrangements in this Circular with effect from 1 April 2006. Final confirmation of ongoing arrangements will follow as soon as possible.

Guidance to calculation of 2006-07 transitional payments to contractors

44. A short guide on the calculation of 2006-07 transitional payments to contractors is included at Annex D. SPGC is providing its own guidance for contractors and will be accessible at <http://www.communitypharmacy.scot.nhs.uk/>.

SEHD/PCD

April 2006

PAYMENT BANDINGS FOR MINOR AILMENTS SERVICE (MAS) AND PUBLIC HEALTH SERVICE (PHS)

MAS - tiered payments as below:

| No of registered patients | cap payment annual | cap payment monthly |
|---------------------------|--------------------------------------|--------------------------------------|
| 1-250 | £3910 | £325.83 |
| 251-500 | £5863 | £488.58 |
| 501-750 | £7817 | £651.42 |
| >750 | £7817 + £8.04 per head beyond 750 | £651.42 +0.67 per head beyond 750 |

PHS - tiered payments as listed below

| | Annual | Monthly |
|--------|----------|---------|
| Band 1 | £8620.00 | £718.33 |
| Band 2 | £3771.55 | £314.30 |

Part time ESPs

For part time ESPs, these payments will be paid in proportion as follows:

For contractors open for 15-20 hrs per week 85% of the above rates.

For contractors open for 20-25 hrs per week 90% of the above rates.

For contractors open for 25-30 hrs per week 95% of the above rates.

ALLOCATIONS FOR PALLIATIVE CARE MODEL SCHEMES**Palliative Care**

| | £ |
|------------------|---------|
| Ayrshire & Arran | 1,000 |
| Borders | 5,769 |
| Dumfries & Gall. | 1,200 |
| Fife | 3,954 |
| Forth Valley | 20,827 |
| Grampian | 5,997 |
| Glasgow | 41,840 |
| Highland | 7,292 |
| Lanarkshire | 37,997 |
| Lothian | 32,926 |
| Orkney | - |
| Shetland | - |
| Tayside | 9,635 |
| Western Isles | - |
| | 168,437 |

SHORT GUIDE TO CALCULATION OF 2006-07 TRANSITIONAL PAYMENTS TO CONTRACTORS

A. Reimbursement

These arrangements apply to all Categories of contractor:

The overall level of reimbursement prices for Part 7 (Drug Tariff) items falls with respect to dispensings April 2006 onwards. You will, however, receive a share in a £30m Transitional Reimbursement Payment for 2006-07. Your share will vary during the year as follows:

2006-07 Quarter (Q) 1 - You will receive a fixed uplift to the aggregate of your Q1 Part 7 reimbursement payments. The amount of the uplift will be equivalent to the 13.25% discount clawback that would otherwise have been in place. You will therefore receive your reimbursements at Tariff prices with no clawback.

2006-07 Q2 - You will receive a combination of payments:

- banded MAS payments according to the number of patients you register and whether you are a part time ESP (see Annex B);
- PH payments at the first band level (see Annex B);
- a fixed infrastructure support payment; and
- an uplift to your Q2 Part 7 reimbursements but at a lower rate than in Q1.

2006-07 Q3 - You will receive the same payments as in Q2, except:

- you will benefit if you have moved up a MAS band;
- if you qualify you will get the higher PH band payment; and
- the rate of uplift to your Q3 Part 7 reimbursements may change as SEHD/SPGC will adjust to deliver the target overall return.

2006-07 Q4 - You will receive the same payments as in Q3, except:

- you will benefit if you have moved up a MAS band; and
- the rate of uplift to your Q4 Part 7 reimbursements may change as SEHD/SPGC will adjust to deliver the target overall return.

End year reconciliation for 2006-07

SEHD and SPGC will monitor payments against the target of returning an aggregate of £30m to contractors over the year. The uplift rates to Part 7 costs in Q2, Q3 and Q4 will be set accordingly. There will be an end year reconciliation payment/recovery as necessary.

B. Remuneration

Arrangements vary depending upon the Category of Contractor

Contractors currently in 2004-06: Transitional Arrangement for Categories I, II and III

How will my base transitional remuneration (BTR) payment for 2006-07 be calculated?

The base transitional remuneration payment for 2006-07 will be the same as for 2004-06 except that it will be adjusted upwards or downwards depending whether the aggregate growth in your dispensing plus instalment volume over the period December 2004 to November 2005 exceeds or undershoots the average growth rate for all contractors.

What general uplift will be payable?

A general uplift of 5 % will apply for all contractors in this category.

What other additional payments will be available?

- Vaccine and stock order fees - same as at present.
- Prepayment certificate commission - same as at present.
- Model schemes - all contractors will receive a fixed payment of £98 per month in place of current payment arrangements for frail elderly and severe and enduring mental health schemes. Those contractors offering palliative care schemes will continue to receive payments at 2005-06 levels.
- (NHS Ayr & Arran and NHS Tayside contractors only) MAS payments for first quarter 2006-07.
- All local schemes.
- new national unscheduled care support payments (details to follow)

Contractors currently in 2004-06 Transitional Arrangements Category IV

How will my base transitional remuneration payment for 2006-07 be calculated?

You will continue to be paid on the basis of the historic fee scale in force at 31 March 2006.

What general uplift will be payable?

None but you will continue to benefit from prescription volume growth.

What other additional payments will be available?

- Vaccine and stock order fees - same as at present.
- Prepayment certificate commission - same as at present.
- Model schemes - all contractors will receive a fixed payment of £98 per month in place of current payment arrangements for frail elderly and severe and enduring mental health schemes. Those contractors offering palliative care schemes will continue to receive payments at 2005-06 levels.
- (NHS Ayr & Arran and NHS Tayside contractors only) MAS payments for first quarter 2006-07.
- All local schemes.

- new national unscheduled care support payments (details to follow)

Contractors currently in 2004-06 Transitional Arrangements Category V

How will my base transitional remuneration payment for 2006-07 be calculated?

Your base transitional remuneration payment for 2006-07 will be the same as for 2004-06.

What general uplift will be payable?

A general uplift of 5 % will apply for all contractors in this category.

What other additional payments will be available?

- Vaccine and stock order fees - same as at present.
- Prepayment certificate commission - same as at present.
- Model schemes - all contractors will receive a fixed payment of £98 per month in place of current payment arrangements for frail elderly and severe and enduring mental health schemes. Those contractors offering palliative care schemes will continue to receive payments at 2005-06 levels.
- (NHS Ayr & Arran and NHS Tayside contractors only) MAS payments for first quarter 2006-07.
- All local schemes.
- new national unscheduled care support payments (details to follow)

Category V contractors will also have the option of being reclassified as Category IV provided that option is exercised by notification to PSD by 15 June 2006.

Contractors currently in 2004-06 Transitional Arrangement Category VI

How will my base transitional remuneration payment for 2006-07 be calculated?

The base transitional remuneration payment for 2006-07 will be the same as for 2004-06 except that it will be adjusted upwards if the aggregate growth in your dispensing plus instalment volume over the period December 2004 - November 2005 exceeds the average growth rate for all contractors. (There is no downward adjustment for undershoots for Cat VI contractors.)

What general uplift will be payable?

A general uplift of 5 % will apply for all contractors in this category.

What other additional payments will be available?

- Vaccine and stock order fees - same as at present.
- Prepayment certificate commission - same as at present.
- Model schemes - all contractors will receive a fixed payment of £98 per month in place of current payment arrangements for frail elderly and severe and enduring

mental health schemes. Those contractors offering palliative care schemes will continue to receive payments at 2005-06 levels.

- (NHS Ayr & Arran and NHS Tayside contractors only) MAS payments for first quarter 2006-7.
- All local schemes.
- new national unscheduled care support payments (details to follow)

Contractors currently in 2004-06 Transitional Arrangement Category VII

How will my base transitional remuneration payment for 2006-7 be calculated?

You will continue to be paid on the basis of the historic fee scale in force at 31 March 2006 to a total value but with the adjustments to ESP payments as detailed at paragraph 23 of Annex A to this Circular.

What general uplift will be payable?

A 5% uplift is built into the revised provisions at paragraph 23 of Annex A to this Circular.

What other additional payments will be available?

- Vaccine and stock order fees - same as at present.
- Prepayment certificate commission - same as at present.
- Model schemes - all contractors will receive a fixed payment of £98 per month in place of current payment arrangements for frail elderly and severe and enduring mental health schemes. Those contractors offering palliative care schemes will continue to receive payments at 2005-06 levels.
- (NHS Ayr & Arran and NHS Tayside contractors only) MAS payments for first quarter 2006-7.
- All local schemes.
- new national unscheduled care support payments (details to follow)