



SCOTTISH EXECUTIVE

Health Department
Directorate of Primary Care and Community Care

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Dear Colleague

COMMUNITY PHARMACY SERVICES: REMUNERATION ARRANGEMENTS FOR 2007-08

Summary

1. This Circular prescribes remuneration arrangements for community pharmacy contractors providing pharmaceutical services for the period 1 April 2007 to 31 March 2008.

Background

2. [NHS Circular PCA\(P\)\(2006\)3](#) detailed amendments to the Drug Tariff to provide ongoing transitional arrangements for community pharmacy remuneration for 2006-2007.
3. An update on progress on the phasing in of the new community pharmacy contract was provided in [NHS Circular PCA\(P\)\(2007\)1](#) which advised that further advice would follow on the remuneration arrangements to apply for 2007-2008. The following detail should be read in conjunction with the advice in PCA(P)(2007)1 and all other relevant Circulars.

Summary of 2007-08 Remuneration Arrangements

4. The detail of the arrangements are set out in the attached Appendix but in summary the key points are as follows.
 - In broad terms the 2006-2007 transitional payment regime is being rolled forward, based on dispensing activity over the period 1 December 2005 to 30 November 2006 and with a general uplift of 2%.
 - Payments for contractors outside the transitional regime will continue to be in accordance with the shadow fees and allowances at their current rates.

30 March 2007

Addresses

For action
Chief Executives, NHS Boards

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- The Material Change of Circumstance arrangements will run for a further year, using the same upper and lower thresholds and calculated by comparing outturn for the period 1 December 2006 – 30 November 2007 with the immediately preceding 12 month period.
- For 2007-2008 only, it is proposed that contractors will receive New Contract Preparation Payments (CPPs) where they undertake specific administrative tasks required for the future introduction of the Acute Medication Service (AMS) and Chronic Medication Service (CMS). Details of this scheme are still subject to discussions between the Department and SPGC.
- The commission payable on the sale of pre-payment certificates will remain at 7.5% of the value of the certificate.
- The on-cost allowance payable for GP10A stock orders remains at 17.5%, except for flu and pneumococcal vaccines which are detailed in [Circulars PCA\(P\)\(2007\)2, 3 and 7](#).
- Minor Ailment Service payment rates will remain as at present but are subject to an underpinning monthly amount equivalent to that paid to individual contractors for end March 2007 dispensings. That amount will be uplifted by 2%.
- Public Health Service payment rates will remain as at present.
- Infrastructure support payment rates will remain as at present, i.e. £1,200 pa per contractor. A further £100 per month per contractor will become payable once they have installed and then maintain the software for AMS and CMS respectively, i.e. £200 per month will eventually become payable. Additionally single non-recurring payments of £250 will be payable to contractors following the successful software installation and operation of AMS and CMS respectively, i.e. £250 for each. Details of a scheme to incentivise use of e-claims are still under discussion.
- Payments for model schemes covering the frail elderly, and severe and enduring mental illness will be uplifted by 2% to £100 per month.
- The amounts and method for calculating Unscheduled Care support payments will remain as for 2006-07, i.e. £1,260 per contractor, and pro-rata for contractors open less than 30 hours per week.
- Payments for MAS, PHS and Infrastructure Support will continue to be met by NHS Boards from savings accrued by overall price reductions in Part 7 of the Drug Tariff up to a maximum of £30 million.


Drug Tariff Amendment

5. The Drug Tariff is hereby amended to give effect to the contents of this circular.

Action

6. NHS Boards are asked to bring this Circular to the attention of community pharmacy contractors, local pharmacy committees, and Community Health Partnerships.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jonathan Pryce', is centered on the page. The signature is written in a cursive style with a large initial 'J' and a stylized 'P'.

DR JONATHAN PRYCE
Head of Primary Care Division

COMMUNITY PHARMACY SERVICES: REMUNERATION ARRANGEMENTS FOR 2007-08

Purpose

1. This Appendix and supporting Annexes detail the remuneration arrangements for community pharmacies in 2007-2008.

Transitional Payments

2. In broad terms the framework established for the 2006-2007 transitional payment regime is being rolled forward and developed to facilitate all contractors being able to provide the Acute Medication Service/Chronic Medication Service (AMS/CMS) from 1 April 2008.

3. With effect from 1 April 2007 and until 31 March 2008 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](#).

Categories I, II and III

- 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.

4. For contractors in categories I, II and III, the base transitional payment in place at 31 March 2007 will be subject to adjustment as follows:

Application of a factor to represent the change in annual in aggregate dispensed prescription volume plus instalments dispensed over the period 1 December 2005 - 30 November 2006, by reference to the immediately preceding 12 month period: and **a general uplift of 2%** in accordance with the agreed settlement for 2007-08.

Category IV

- Those who entered the list after 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.

5. For category IV contractors, **payments will continue to be in accordance with the shadow fees and allowances in force at 31 March 2007** except, in accordance with [HDL\(2005\)54](#) and [\(2006\)15](#), dispensing fees will no longer be payable in respect of stoma appliances. These fees and allowances are detailed at **Annex A** to this Circular. The shadow fees and allowances have not been increased as contractors in this category are deemed to benefit from inherent volume growth.

Category V

- ESP contractors in receipt of the ESP allowance at any time between 1 April 2003 and 31 March 2004.

6. For category V contractors, the base transitional payment in place at 31 March 2007 will be subject to adjustment a **general uplift of 2%** 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 2007.

Category VI

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

7. For category VI contractors, the base transitional payment in place at 31 March 2007 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 2005 - 30 November 2006, by reference to the immediately preceding 12 month period.

General uplift of 2% in accordance with the agreed settlement for 2007-08

Category VII

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

8. For Category VII contractors, payments will generally be in accordance with the arrangements for Category IV above but with a revised ESP payment scale as detailed below with the target minimum income payment, and the reduced target payments for less than 30 hours opening, adjusted to achieve the **general uplift of 2%** in accordance with the agreed settlement for 2007-08.

9. From 1 April 2007 the target monthly income for full time ESPs will be **£3598**, for part-time ESPs will be **£3057** (open 15-20 hours per week), **£3236** (open 20-25 hours per week) **£3415** (open 25-30 hours per week). The reference payment is also increased by **2%**.

Arrangements for contractors added to the list 1 April 2007 – 31 March 2008

10. Where a new contractor is added to the list 1 April 2007 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. The default is 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 2006-07 or 2005-06

11. 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 2007 will continue in force subject only to the **general uplift of 2%**.

National payments not included within transitional payments

12. The payments outlined above for all except Category IV will replace all nationally set payments listed in the Drug Tariff except for the following that are detailed from paragraph 19 onwards:

- new contract preparation payments (CPPs);
- payments in respect of pre-payment certificate commission;
- stock order on costs;
- flu and pneumococcal vaccine dispensing fees;
- MAS, PH and IS fees covered under the Transitional Reimbursement Payments arrangements;
- a fixed transitional payment for the schemes covering frail elderly and severe and enduring mental illness, which will be paid to all contractors;
- rolled forward national unscheduled care support payments; and
- all fees for services outside PS/PCS, such as stoma appliance dispensing fees.

Local schemes

13. All other local schemes, i.e. methadone, oxygen, needle exchange, advice to nursing homes, palliative care model schemes are additional payments and will continue in accordance with rates set by the NHS Board concerned.

Notification of Transitional Amounts

14. All contractors in Categories I, II, III, V & VI will be notified by NSS ISD during May 2007 of *provisional calculations* for the specific base transitional payment that will be paid to them during 2007-2008, starting with April dispensings to be paid in June. At the same time, Category V contractors will receive 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.

Material changes of circumstance

15. The transitional remuneration arrangements in paragraphs 2-14 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.

16. 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 a 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 2006 – 30 November 2007 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 2007 – 31 March 2008. This adjusting mechanism is intended to have an overall cash neutral effect on the global sum.

17. 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.

18. 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 2007-08. 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.

NATIONALLY SET PAYMENTS OUTWITH TRANSITION

New Contract Preparation Payments (CPPs)

19. It is proposed to introduce a new contract preparation payment scheme for the period 1 April 2007 to 31 March 2008. The objective is to ensure that contractors are administratively enabled, professionally empowered and have made appropriate infrastructure preparations for the commencement of AMS/CMS services on 1 April 2008. The details are currently subject to discussion between the Department and SPGC and will be promulgated by a further Circular in due course.

Payments in respect of pre-payment certificate commission

20. The commission will remain as at present, i.e. 7.5% of the certificate value.

Stock order on costs

21. The on-cost allowance payable for items (except for flu and pneumococcal vaccines) ordered by general medical practitioners on Form GP10A is 17.5% of the net ingredient cost of the items concerned calculated in accordance with paragraph 17 of the Drug Tariff.

Flu and pneumococcal vaccine dispensing fees

22. These are detailed in [Circulars PCA\(P\)\(2007\)2, 3 and 7](#).

Minor Ailment Service (MAS) - Availability for service payment

23. For providing MAS contractors will be paid according to the following tiered payments:

No. of registered patients	Capitation payment Annual £	Capitation payment Monthly £
1-250	3,910	325.83
251-500	5,863	488.58
501-750	7,817	651.42
>750	7,817 +£8.04 per head beyond 750	651.42 + £0.67 per head beyond 750

24. However, for 2007-2008 the monthly amount paid will not be allowed to fall below the sum paid to individual contractors based on the number of patients they had registered as at 31 March 2007, with an uplift of 2%. Where registration numbers increase above the 31 March 2007 baseline, payments will be calculated in accordance with the figures at paragraph 23. Where a contractor is taken over in the period 1 April 2007 -31 March 2008, the new contractor for the purpose of this payment will inherit the baseline patient count and baseline payment value plus 2% and the actual patient registrations at the date of take over from the old contractor. This course of action is being taken to allow time to consider the impact of registrations lapsing at the end of the current 12 month period.

25. For part time ESPs, MAS payments will be made in the following proportions:

For contractors open for 5 hrs or more but less than 10 hrs per week	60% of above rates.
For contractors open for 10 hrs or more but less than 15 hrs per week	75% of above rates.
For contractors open for 15 hrs or more but less than 20 hrs per week	85% of above rates.
For contractors open for 20 hrs or more but less than 25 hrs per week	90% of above rates.
For contractors open for 25 hrs or more but less than 30 hrs per week	95% of above rates.

Public Health Service (PHS)-Availability for service payment

26. Contractors who provide the Public Health Service (PHS) will be paid according to the following tiered payments.

	Annual	Monthly
Band 1	£8,620	£718.33
Band 2	£3,771.55	£314.30

27. For part time ESPs these payments will be made in the following proportions:

For contractors open for 5 hrs or more but less than 10 hrs per week	60% of above rates.
For contractors open for 10 hrs or more but less than 15 hrs per week	75% of above rates.
For contractors open for 15 hrs or more but less than 20 hrs per week	85% of above rates.
For contractors open for 20 hrs or more but less than 25 hrs per week	90% of above rates.
For contractors open for 25 hrs or more but less than 30 hrs per week	95% of above rates.

Infrastructure Support (IS)

28. Contractors will continue to be paid an Infrastructure Support (IS) payment at the current rate as bellow:

	Annual	Monthly
Standard rate	£1,200	£100

29. Two further streams of IS funding have been agreed. The first is to incentivise contractors to install new eAMS and eCMS software as it becomes available from their respective PMR system suppliers. The funding, which is non-recurring, will comprise two single payments of £250 to each contractor, i.e. £500 in total, payable following written confirmation to their NHS Board that the respective software has been successfully loaded and run on their system.

30. The second stream, which will be recurring, is to contribute to any additional costs that contractors incur from their PMR system suppliers for increased operating and/or maintenance costs. The sums will be £100 per month per contractor for each of the two new services, payable from the month following confirmation of the system installation as described above.

31. It is further proposed to introduce a payment scheme to incentivise contractors to process prescriptions electronically once their respective PMR systems have eAMS and eCMS functionality, i.e. the paper prescription is scanned and dispensing is recorded through the ePharmacy message gateway. Payment will take the form of a monthly eClaim Supplement based on the percentage of prescriptions processed electronically during the month. Details of this scheme are still subject to joint SEHD/SPGC discussions.

32. For part time ESPs this payment will be made in the following proportion:

For contractors open for 5 hrs or more but less than 10 hrs per week	60% of above rates.
For contractors open for 10 hrs or more but less than 15 hrs per week	75% of above rates.
For contractors open for 15 hrs or more but less than 20 hrs per week	85% of above rates.
For contractors open for 20 hrs or more but less than 25 hrs per week	90% of above rates.
For contractors open for 25 hrs or more but less than 30 hrs per week	95% of above rates.

Transitional payment for model schemes covering frail elderly and severe and enduring mental illness

33. A fixed payment will be made monthly in respect of model schemes for the frail elderly and severe and enduring mental illness. The monthly payment rate for all contractors except part time ESPs will be uprate by 2% to £100.

34. For part time ESPs this payment will be made in the following proportion:

For contractors open for 5 hrs or more but less than 10 hrs per week	60% of above rates.
For contractors open for 10 hrs or more but less than 15 hrs per week	75% of above rates.
For contractors open for 15 hrs or more but less than 20 hrs per week	85% of above rates.
For contractors open for 20 hrs or more but less than 25 hrs per week	90% of above rates.
For contractors open for 25 hrs or more but less than 30 hrs per week	95% of above rates.

Unscheduled care support payments

35. Unscheduled care support payments for the period 1 April 2007-31 March 2008 will continue at the same rates and on the same terms as detailed in PCA(P)(2006)17 which laid out arrangements for 2006-07.

36. Payments in accordance with the rates specified in the Table below will be made monthly to contractors who are included on their Health Board's pharmaceutical list as at the 1st of each month from April 2006 to March 2007.

	Annual Rate £	Monthly Rate £
Contractors open more than 30 hours	1,260	105.00
Open 25-30 hours per week	1,197	99.75
Open 20 hours or more & less than 25 hours	1,134	94.50
Open 15 hours or more & less than 20 hours	1,071	89.25
Open 10 hours or more & less than 15 hours	945	78.75
Open 5 hours or more & less than 10 hours	756	63.00

Applicable dates for eligibility for payment of transitional payments, MAS and PHS availability for service payments

37. Transitional payments will be paid to the contractor listed on the first day of the month.

38. The appropriate PHS allowance(s) will be paid to the contractor listed on the first day of the month.

39. The appropriate 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 that month and, subject to the monthly minimum payment arrangements set out in paragraph 30 above, will be based on the number of patients registered on the last date of that month.

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

41. 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, PHS in respect of and in proportion to the period for which services were not provided.

Transitional Reimbursement Payment (TRP)

42. For the period 1 April 2007 to 31 March 2008, the following payments as outlined above:

Minor Ailments Service - availability for service
Public Health Service- availability for service

Infrastructure support payments

will together form the Transitional Reimbursement Payments (TRP), i.e. those payments to be met by NHS Boards from savings accrued by overall price reductions in Part 7 of the Drug Tariff, and will be paid up to an aggregate target value of £30 million.

50. Projected outturn of these payments against the target will be monitored and if required any required adjustments to the arrangements for TRP will be promulgated by Circular.

Supplementary conditions relating to MAS and PHS availability for service payments and IS payments

51. MAS and PHS availability for service payments will be made subject to the observance by contractors relating to these services which are from time to time in force promulgated by Circular.

Funding Arrangements

52. All the payments identified in this Circular will be met from the centrally held Pharmaceutical services line **except for MAS, PHS , IS and any other TRP payments that may be promulgated all of which fall to be met from NHS Boards' Unified Budgets.**

FEES AND ALLOWANCES FOR CONTRACTORS IN CATEGORY IV

In addition to the payment of ingredient costs, the on-cost allowances and the dispensing fees will be paid at the rates shown in the table below. These dispensing fees are not payable on prescriptions for oxygen or oxygen equipment.

Fee per Prescription

The following fees are applicable from 1st April 2005, with reference to circulars PCS (P) (2002) 4 & PCA (P) (2003) 3.

All medicaments (including proprietary products) not requiring extemporaneous preparations and all liquids for internal and external use prepared by addition of water or by simple dilution for extemporaneous dispensing (this fee does not apply to Schedule 2 CDs).

- | | |
|--|------|
| a. Standard fee payable per prescription (from 1/10/2002). | 91.7 |
| b. Second and subsequent dispensing of a prescription | 65 |

An additional on cost allowance of 15% is payable when the measuring and fitting of elastic hosiery or trusses has been carried out by a pharmacist, and the prescription endorsed 'measured and fitted'.

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|---|---------------------------------|------|
| All medicaments requiring extemporaneous dispensing | | |
| a. All liquids for internal and external use prepared to a special formula, e.g. mixtures, lotions, nasal drops | | 330 |
| b. Ointments, creams, pastes prepared by dilution or admixture of standard or proprietary ointments, creams or pastes | | |
| Quantity (a) not exceeding 200g | | 275 |
| (b) 201g-500g | | 550 |
| (Over 500g- | 550p per 500g or part thereof) | |
| c. Ointments, creams, pastes prepared to a special formula | | |
| Quantity (a) not exceeding 200g | | 562 |
| (b) 201g-500g | | 1125 |
| (over 500g- | 1125p per 500g or part thereof) | |
| d. Special formula bulk powders | | 550 |
| e. Individual powders, capsules, etc.: for first 10 (and 22p per powder, capsule etc. thereafter) | | 225 |
| f. Liquids prepared by aseptic technique, e.g. eye drops | | 1000 |
| g. Liquids prepared by a BP sterilisation process | | 1116 |
| h. Dispensing of "specials" | | |

Where a pharmacist contractor for some reason cannot dispense the prescription extemporaneously or elects to have it made up as a "special", the pharmacist contractor must provide to Practitioner Services Division (PSD) the reasons why a "special" was necessary. In any doubtful cases PSD, before pricing, may refer matters to the Health Board to ascertain if the additional costs involved through use of a "special" were necessarily incurred and were reasonable. Only in circumstances where the Health Board satisfied that the use of a "special" was necessary, will the invoiced "special" price be reimbursed and the dispensing fee at section 1 of the table above be paid. In other cases, payment of ingredient costs and dispensing fees will be made on the basis that the prescription had been dispensed extemporaneously.

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| i. Plastic Measuring Spoon 5ml and Oral Syringes 5ml | |
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ANNEX A
(Cont'd)

A plastic measuring spoon which shall comply with BS 3221: Part 6: 1983 shall be provided with every liquid oral medicine which has a dose of 5ml or whole multiples of 5ml except in the case where a manufacturers pack contains one. When the dose of an oral liquid medicine is not 5ml or whole multiples of 5ml, and the pack does not already contain a suitable measuring device, a 5ml plastic oral syringe wrapped together with a bottle adapter and instruction leaflet shall be provided. The oral syringe shall comply with BS 3221: Part 7: 1986 or an equivalent European Standard.

<u>Appliances:</u>	<u>Fee per Prescription</u>
	(p)
a. All appliances except for ostomy/urinary equipment	15
b. Urinary equipment (Incontinence products & Urinary catheters)	120
All prescriptions for Schedule 2 CDs, except for those which are extemporaneously dispensed and attract the higher extemporaneous dispensing fee, will attract a dispensing fee of	175

PROFESSIONAL ALLOWANCE

NHS Circular PCS(P)(1993)1 introduced the professional allowance with effect from 1 May 1992. The allowance is payable to those pharmacist contractors dispensing 1,135 prescriptions or more per month and where other services are provided.

The professional allowance is payable at the following rates:

- Contractors dispensing 3,040 prescription and over per month will be paid £1,575 per month (£18,900 per annum)
- Contractors dispensing 1,135-3,040 prescriptions will be paid £575 plus £1,000 pro rata to the number of prescriptions up to 3,040 per month

The additional services are:

- (i) to set aside areas for displaying health education material;
- (ii) to provide advice and counselling on medicines and appliances at the discretion of the pharmacist contractors or at the request of other health care professionals or the patient/patients representatives;
- (iii) make arrangements to cover the keeping of records of medicines supplied to all patients regardless of age or therapy. Each record should contain the patient's name, address and date of birth, with information on the medicines supplied i.e.: product, dosage, strength, presentation, quality and date of dispensing; and if on the prescription, the GP reference;

Pharmacist contractors will be responsible for registration under, and compliance with, the Data Protection Act. Contractors are advised to ensure that they list the Health Board as a body to whom the data they hold may be disclosed. Under the terms of the National Health Service (General Pharmaceutical Services) (Scotland) Regulations 1995, Health Boards have a right of access to the records maintained by the contractor.

- (iv) to undertake clinical audit within the NHS structures in Scotland, and
- (v) the production of a practice leaflet giving customer advice on the NHS services offered.