

Pharmaceutical services expenditure and prescription charge income devolution: Re-charge of hospital prescription forms dispensed in the community

April 2010

NHS Primary Care Commissioning

1. Background

Department of Health (DH) policy is to devolve NHS funding to primary care trusts (PCTs) as far as possible and as a result centrally held budgets are gradually being devolved. Among such budgets is the global sum, which pays for NHS pharmacy services provision. This funding will be moved to PCTs from 1 April 2010.

Following consultation, the secretary of state took powers in the Health & Social Care Act 2008, to

- Transfer the global sum to PCT baseline allocations
- Re-charge the cost of service (covered by the global sum) to the PCT of the prescriber, as appropriate

This will mean a change to the way the NHS Business Services Authority – Prescription Services (NHSBSA-PS) calculates the costs that are invoiced to hospitals for prescriptions generated by hospital prescribers and dispensed in the community. For prescriptions dispensed from 1 April 2010 hospital trusts will see a proportionate increase in the total of the recharge for such prescriptions as there now will be an element of 'fair sharing' of service costs.

2. Changes

Hospital trusts are currently invoiced an amount for the cost of goods (reimbursement) and an amount for the cost of service (remuneration). Both of these elements will continue to be invoiced to hospital trusts and the calculation of the reimbursement element will not change. However, the calculation of the remuneration element will change for prescriptions dispensed from 1 April 2010.

Pre April 2010 the remuneration element comprised: professional fees (90p fee), additional fees, and a multiplication factor to take into account the establishment payments made to pharmacy contractors.

For prescriptions dispensed from 1 April 2010 the remuneration element will comprise: professional fees (90p fee), additional fees, netted off prescription charge income and refunds, and other pharmaceutical services costs¹. The netted-off prescription charges and pharmaceutical services costs will be fair-shared according to the proportion of professional fees that have resulted from the dispensing of prescriptions written by hospital staff.

From 1 April 2010, the pharmacy establishment payment, a proportion of which was previously invoiced to hospital trusts, will be charged to the PCT in which the contractor is based and not invoiced to the hospital trust.

The post 1 April 2010 and pre 1 April 2010 arrangements are described in detail in Annex A and Annex B respectively.

¹Includes all other drug tariff expense heads other than the pharmacy establishment payment, the dispensing appliance contractors' infrastructure payment, the ESPSLPS top-up payment and fines for breach of service.

To assist hospital trusts to estimate the potential impact of this change the DH has provided a ready reckoner. The impact is approximately 11p per item.

3. Reports

In addition to the invoice NHSBSA-PS will provide monthly information reports called remuneration reports – examples are provided in Annex C to assist hospitals to monitor activity and expenditure associated with hospital prescription forms dispensed in the community. The reports will be available from July 2010 when the activity and expenditure detail related to prescriptions dispensed in April 2010 is first available.

The reports will be available from the NHSBSA-PS web site, www.nhsbsa.nhs.uk with access being controlled by the issue of user names and passwords. Hospital staff requiring access to the new reports will be able to request this by completing and submitting a registration form which is available from the NHSBSA-PS web site (sample attached at Annex D). The registration form, accompanied with a letter on the organisation's letterhead, authorising the access and signed by a senior officer, should be posted or faxed to NHSBSA-PS. Assistance, if required, to complete this form is available from NHSBSA-PS Information Services on 01912 035050.

There will be two hospital trust reports, a summary report (hospital trust remuneration total report) and a detailed report providing a breakdown of activity and cost which in most cases will reflect the individual drug tariff expense head (hospital trust itemised remuneration report). Where multiple drug tariff expense heads are collated into a single report line NHSBSA-PS will provide detail of exactly which drug tariff expense heads have been included in that report line. This detail will be provided in a glossary which can be accessed from the NHSBSA-PS web site www.nhsbsa.nhs.uk/3010.aspx. In addition to the two hospital trust level reports the detailed report will also be available at an individual hospital cost centre level (hospital cost centre itemised remuneration report).

The hospital ePACT system will be amended so that the 'fees' field includes the value of the professional fee and additional dispensing fees associated with the prescription items. A note will be added to the system to advise that in addition to being invoiced for the fees included in the ePACT system hospital trusts will also be invoiced for the 'fair share' element of service costs.

Annex A

Prescriptions dispensed from 1 April 2010

The re-charge comprises:

Cost of the product (net ingredient cost) - discount + container allowance + prescription fees - prescription charge + share of other pharmaceutical services costs

Where

- The net ingredient cost (nic), discount, and container allowance, are as pre April 2010
- Prescription fees are the professional fees specified in the drug tariff (Part IIIA and Part IIIB). All fees are invoiced at exactly the drug tariff rate
- Prescription charges consist of prescription charges collected by the dispenser, income generated from the sale of pre-payment certificates, refund of prescription charges on FP57 forms and recovery of unpaid charges. The value of these credits and debits will be netted off each month and the resultant sum will be fair-shared according to the proportion of professional fees that have resulted from the dispensing of prescriptions written by hospital staff
- Other pharmaceutical services costs include all other drug tariff expense heads but excluding the pharmacy establishment payment, the dispensing appliance contractors' infrastructure payment², the ESPSLPS top-up payment and fines for breach of service. The other pharmaceutical services costs will be fair-shared according to the proportion of professional fees that have resulted from the dispensing of prescriptions written by hospital staff. For payments and allowances other than medicines use reviews and appliance use reviews³ the calculation is:

$$\frac{\text{Total of professional fees attributable to hospital trust}}{\text{Total professional fees}}$$

- For medicines use reviews and appliance use review payments the fair-share calculation will be based on the number of 'medicine' professional fees and 'appliance' professional fees, as appropriate. A 'medicine' professional fee is defined as the professional fee associated with all products other than medical devices that are included in drug tariff part IXA, IXB, IXC, and IXR. An 'appliance' professional fee is defined as the professional fee associated with the specified appliances that qualify for an appliance use review.

² This is a new payment for dispensing appliance contractors introduced April 2010

³ New service and payment introduced April 2010

The new basis for recharge for service provision in respect of prescriptions issued by hospitals but dispensed in the community pharmacies, will commence on 1 April 2010. Hospital trusts will see a proportionate increase in the total of the recharge for such prescriptions as there now will be an element of 'fair sharing' of service costs included, as described earlier.

Annex B

Prescriptions dispensed to 31 March 2010

The re-charge comprises:

Cost of the product (net ingredient cost) - discount + container allowance + prescription fees - prescription charge

Where

- The net ingredient cost (nic) is the reimbursement price of the product as defined in the drug tariff (Part VIII, and Part IXA, IXB, IXC & IXR), or NHS list price if the product is not listed in the drug tariff
- The discount is calculated as the average national discount percentage figure which is calculated each month using the total value of the deduction applied to pharmacy contractors' and dispensing doctors' accounts and dividing this by the total number of prescriptions dispensed by community pharmacy contractors, dispensing doctors and dispensing appliance contractors. Although the actual percentage applied each month will vary it is approximately 10%
- The container allowance is the value specified in the drug tariff (Part IV) and is calculated per prescription item fee.
- Prescription fees are the professional fees specified in the drug tariff (Part IIIA and Part IIIB). The additional fees are invoiced at exactly the drug tariff rate and the professional fee is multiplied by a factor, termed the national average graduated fee (NAGF) to account for batch level fees payable to pharmacy contractors.
- The NAGF is calculated as the sum of the value of the professional Fees payable to pharmacy contractors and dispensing doctors, the value of the protected professional allowance⁴, and the value of the Establishment Payment (Drug Tariff Part VIA), divided by the number of professional fees payable to pharmacy contractor and dispensing doctors.
- The prescription charge is as specified in drug tariff (Part XVI)

Net ingredient cost, discount and container allowance are reimbursement; prescription fees and prescription charge are remuneration.

⁴ This allowance was introduced in April 2005 and discontinued in March 2008

Annex C

Example 1

Hospital Trust Remuneration Total Report			
Dispensing Month		May-10	
Hospital Trust Code	Hospital Trust	Remuneration	Year to Date
R12345	<u>Hospital Trust 1</u>	<u>£985,645.69</u>	<u>£3,459,925.00</u>
Hospital Unit Code	Hospital Unit		
H12345	<u>Hospital Unit 1</u>	£86,604.15	£408,203.20
H12346	Hospital Unit 2	£90,604.46	£399,527.07
H12347	Hospital Unit 3	£97,604.36	£200,456.00
H12348	Hospital Unit 4	£96,624.20	£293,966.00
H12349	Hospital Unit 5	£89,604.36	£219,889.00
H12350	Hospital Unit 6	£86,364.20	£299,471.00
H12351	Hospital Unit 7	£98,651.16	£400,145.28
H12352	Hospital Unit 8	£97,404.85	£269,952.30
H12353	Hospital Unit 9	£86,784.15	£289,265.75
H12354	Hospital Unit 10	£84,784.79	£353,794.30
	Unidentified Prescriber	£89,615.00	£320,256.10

Figures provided in the report are hypothetical and in no way reflect actual values which will be charged. They are provided as a guide only only.

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Example 2

Hospital Trust Itemised Remuneration Report				
Dispensing Month:	May-10			
Hospital Trust Code:	R12345			
Hospital Trust:	Hospital Trust 1			
	Fees	% Share Paid	Remuneration	Year to Date
Professional Fees				
Professional Fee	4,545,410	-	£290,000.00	£982,587.00
Extemporaneously dispensed preparations	1,965,225	-	£140,000.00	£436,389.00
Appliance Fee (Measured and Filled)	23,332	-	£60,100.00	£120,567.00
Appliance Fee (Home Delivery)	22,008	-	£10,341.69	£530,514.00
Extemp liquids ordered in more than one container	4,865	-	£9,040.00	£26,253.00
Limited stability (<14 days) extra supplies	58	-	£5,210.00	£17,904.00
Controlled drug schedules 2 and 3	4,526	-	£10,000.00	£31,890.00
Expensive prescription fees	551	-	£4,220.00	£14,066.00
Manually Priced	10	-	£20,425.00	£70,158.00
National Unidentified Secondary Care Prescribers	-	10%	£9,621.00	£24,869.00
Professional Fees Total	6,565,965	100%	£558,957.69	£2,235,187.00
Payments for Essential Services				
Practice Payments	-	13%	£90,028.00	£291,298.00
Repeat Dispensing Fee	-	12%	£90,700.00	£290,256.00
Transitional Payment	-	8%	£22,200.00	£60,258.00
ETP Allowances	-	9%	£38,215.00	£95,623.00
Payments for Essential Services Total	-	10%	£241,143.00	£737,435.00
Advanced Services				
Medicine Use Reviews	-	12%	£85,456.00	£200,125.00
Appliance Use Reviews	-	11%	£36,180.00	£95,621.00
Stoma Customisation	12,456	-	£60,870.00	£200,365.00
Advanced Services Total	12,456	12%	£182,506.00	£496,111.00
Local Authorised Payments				
Pre-registration Trainee	-	9%	£9,375.00	£20,689.00
Pharmacy Reward Scheme	-	8%	£10,305.00	£21,456.00
Local Payments Total	-	9%	£19,680.00	£42,145.00
Local Pharmaceutical Services				
Local Pharmaceutical Services - Debited	-	-	£36,885.00	£36,885.00
Local Pharmaceutical Services Total	-	-	£36,885.00	£36,885.00
Remuneration Adjustments				
Adjustments	-	10%	£2,232.00	£4,568.00
Adjustments Total	-	10%	£2,232.00	£4,568.00
Prescription Charges				
Charges Collected	-	9%	-£40,083.00	-£65,235.00
Pre-payment Certificates	-	11%	-£5,340.00	-£8,635.00
FP 57 Refunds	-	12%	-£10,335.00	-£18,536.00
Fraud Pharmacy Recovery Charges	-	0%	£0.00	£0.00
Prescription Charges Total	-	10%	-£55,758.00	-£92,406.00
Total Remuneration	6,578,441	11%	£985,645.69	£3,459,925.00

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Example 3

Hospital Cost Centre Itemised Remuneration Report				
Dispensing Month:	May-10			
Hospital Trust Code:	R12345			
Hospital:	Hospital Unit 1			
	Fees	% Share Paid	Remuneration	Year to Date
Professional Fees				
Professional Fee	545,410	-	£31,000.00	£70,000.00
Extemporaneously dispensed preparations	164,322	-	£8,500.00	£52,500.00
Appliance Fee (Measured and Fitted)	3,485	-	£205.00	£5,532.20
Appliance Fee (Home Delivery)	8,523	-	£426.20	£5,247.00
Extemp liquids ordered in more than one container	255	-	£362.00	£5,698.00
Limited stability (<14 days) extra supplies	3	-	£331.95	£6,874.00
Controlled drug schedules 2 and 3	956	-	£245.00	£865.00
Expensive prescription fees	34	-	£132.00	£454.00
Manually Priced	1	-	£6,325.00	£22,050.00
Professional Fees Total	722,989	-	£47,527.15	£169,020.20
Payments for Essential Services				
Practice Payments	-	8%	£16,358.00	£46,564.00
Repeat Dispensing Fee	-	11%	£5,852.00	£27,256.00
Transitional Payment	-	12%	£2,025.00	£5,052.00
ETP Allowances	-	10%	£2,312.00	£5,568.00
Payments for Essential Services Total	-	11%	£26,547.00	£84,440.00
Advanced Services				
Medicine Use Reviews	-	9%	£8,526.00	£43,547.00
Appliance Use Reviews	-	10%	£1,895.00	£55,546.00
Stoma Customisation	1,400	-	£3,621.00	£15,598.00
Advanced Services Total	1400	10%	£12,042.00	£114,691.00
Local Authorised Payments				
Pre-registration Trainee	-	10%	£246.00	£11,254.00
Pharmacy Reward Scheme	-	10%	£365.00	£12,478.00
Local Payments Total	-	10%	£611.00	£23,732.00
Local Pharmaceutical Services				
Local Pharmaceutical Services - Debited	-	-	£6,254.00	£24,365.00
Local Pharmaceutical Services Total	-	-	£6,254.00	£24,365.00
Remuneration Adjustments				
Adjustments	-	11%	£254.00	£1,203.00
Adjustments Total	-	11%	£254.00	£1,203.00
Prescription Charges				
Charges Collected	-	11%	-£3,652.00	-£7,654.00
Pre-payment Certificates	-	13%	-£256.00	-£569.00
FP 57 Refunds	-	12%	-£523.00	-£1,025.00
Fraud Pharmacy Recovery Charges	-	0%	£0.00	£0.00
Prescription Charges Total	-	11%	-£4,431.00	-£9,248.00
Total Remuneration	724,389	11%	£88,604.15	£408,203.20

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Annex D


Prescription Services

Remuneration Reports User Registration

This form must be completed in order to gain access to the NHS Prescription Services Remuneration Reports.

- Please supply the following details for your organisation

Organisation Name _____

Organisation Code

(You should already have this code - example format RAH00)
- Please supply the following details for the user:

Name _____

Telephone number _____

Email address _____
- Please return this form with a letter on your organisation's letterhead, authorising your access and signed by a senior officer, to:

Information Services
NHS Prescription Services
Bridge House
152 Pilgrim Street
Newcastle upon Tyne
NE1 6SN

Or Fax 0191 2035007
- We will contact you (by email if you supply an address) to confirm your registration and to inform you of the user ID that you should use to log on to the system.


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NHS Prescription Services is a service provided by the NHS Business Services Authority

Remuneration Reports User Registration

Version 1