



Dear Colleague

**PHARMACEUTICAL SERVICES: DRUG TARIFF
AMENDMENTS
-TRANSITIONAL & SHADOW FEE PAYMENT
RESTRUCTURING
-2011-12 ELECTRONIC CLAIM TRAINING PAYMENT**

Purpose

1. This Circular advises of changes to the Drug Tariff which take effect from 1 October 2011 in respect of:

a. Changes to transitional and shadow fee payments to separate these payments into two elements for care home and non care home patients and to phase in quality and efficiency, and CMS capitation payments; and

b. a 2011-12 Electronic Claim Training Payment.

Background

Transitional Payment restructuring

2. The Drug Tariff currently provides for transitional remuneration arrangements for Pharmaceutical Services contractors. Transitional payments were introduced in 2004 pending decisions being taken on revised remuneration arrangements following restructuring of Pharmaceutical Services. The most recent updates to the Drug Tariff in respect of these arrangements were advised in [NHS Circular PCA\(P\)\(2011\)4](#).

3. It is the Scottish Government's intention that in future remuneration arrangements in respect of Pharmaceutical Services for patients in care homes will be separate from those for patients in the community. This is in recognition of the differing pharmaceutical needs of the patients concerned. In preparation for this it intends that each contractor's existing transitional payment be split into care home patient and non care home patient elements.

3 October 2011

Addresses

For action
Chief Executives, NHS Boards

For information
Chief Executive, NHS NSS
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4. The Chronic Medication Service (CMS) is the final strand of the new community pharmacy contract and is now being rolled out to patients in the community as an Additional Pharmaceutical Service. The intention is that the basis for remuneration for this service should migrate gradually to one based on capitation.

Commencing 1 October 2011 the first phase of this migration will be based on simple capitation with the second phase moving towards full weighted capitation in due course.

5. To support NHS Scotland's new Quality Strategy there will be a strand of the existing community pharmacy funding package deployed to reward Quality and Efficiency activity by community pharmacy contractors. The focus of this **new quality and efficiency payment** will be subject to ongoing review. To support the Scottish Government's drive to achieve planned efficiencies and economies in the NHS, for the period 1 October 2011 – 31 March 2012 it will recognise the efforts of individual contractors to submit electronic reimbursement claims wherever practical.

Electronic claims training payment

6. To ensure that all contractor staff who submit payment claims are fully trained, an electronic claims training module is being made available to contractors and a special one off **electronic claims training payment** will be made to all contractors who certify that their relevant staff have completed this training module by end November 2011.

Detail

Changes to current base transitional payments

7. With effect from 1 October 2011 dispensing each contractor's **base transitional payment** will be restructured and split into two parts:

- a. **revised base transitional payment – community element**, and
- b. **revised base transitional amount – care home patient element**

This split will be effected for the period October 2011- March 2012 on the basis of an initial analysis by ISD of the identifiable CHI numbers on prescription items processed by each contractor in the period 1 October 2010 to 31 March 2011 which relate to residents in care homes as a percentage of all prescription items.

A tolerance factor will apply such that contractors whose historic dispensing for patients in care homes was less than **2.5%** of the total will be regarded as having no substantive care home activity.

Importantly, contractors will also have the opportunity to check that the split in activity produced by ISD continues to reflect the ongoing split during a representative period of 2011-12. Contractors who consider that the split should be adjusted will have the opportunity to approach their Health Board as to how the split should be adjusted for the period April 2012 onwards. Further advice will be issued separately on how this process will operate.

It is currently anticipated that the transitional payment in respect of care home patients will continue into 2012-13 along the lines outlined above but longer term remuneration arrangements for pharmaceutical services for patients in care homes are currently under review.

8. The **revised base transitional amount –community element** will itself then be separated into the following 3 parts:

a. **5%** will go to form, for that contractor, his/her **new target quality and efficiency payment**. In parallel a monthly ‘**electronic claims target rate**’ for qualifying prescription items has been set for all contractors at **80%** of all qualifying claims. Each contractor will then receive a monthly **quality and efficiency payment** proportional to the actual level of electronic claims achieved. To allow the minority of contractors who are currently either not already achieving the target rate or are close to doing so, a short term safety net payment will be allowed to provide adequate time for local operating procedures to be updated. For a limited period in accordance with the following timetable all contractors will be deemed to have met the electronic claims target rate:

Electronic Claim Rate Used for calculation	Prescriptions Dispensed	Paid For Activity	Safety Net Payment (vs 80% rate)
September	October	December	Yes
October	November	January	Yes
November	December	February	Yes
December	January	March	Yes
January	February	April	No

The method of calculation of this payment for months where the safety net does not apply including identification of what are ‘qualifying’ items along with a worked example is included at Annex A. The lag in payments after the month of scanning is necessary as the previous month's data has to be available to allow the appropriate payment to be calculated.

Where there are exceptional circumstances outwith a contractor's control which prevent him/her from scanning prescriptions or making electronic claims for a period exceeding 2 days in any one month, the contractor may receive the 80% target payment in full, where the contractor concerned registers any problem timeously, i.e. as soon as the 2 day interruption is experienced, with the ePharmacy helpdesk on 0131 275 6600 or by email at nss.psdhelp@nhs.net no later than the last day of the month concerned.

b. **80%** will go to form a new **community migration payment**. This will be paid in full for each of the dispensing months October 2011 – March 2012 provided the contractor remains on the Pharmaceutical List.

c. the remaining **15%** of each contractor's **revised base transitional amount –community element** will be redeployed into a single central CMS capitation payment pool. This will then be redistributed amongst all eligible contractors for each of the dispensing months October 2011-March 2012 to form a new **CMS capitation payment**. The level of payment to each contractor will be calculated on the basis of the number of patients

registered by each contractor and assigned with a priority for a care plan in the patient's pharmacy care record on the last day of the month concerned. To stabilise introduction of this new payment **maximum** and **minimum** levels for each contractor are being set for this payment so that this element of each contractor's payment would be no more than **one tenth** higher or less than **one tenth** below what it would otherwise have been. The funds in the pool will be adjusted monthly in respect of any over- or under payment in deploying the prior month's pool. An example of the calculation of this payment is provided at Annex B. **This payment will only be made to those contractors who have contracted with their Health Board to provide the Chronic Medication Service as an Additional Pharmaceutical Service.**

9. Contractors who are not in transition at 1 October 2011 and/or are in receipt of ESP payments and who are deemed to currently to have no care home activity (see paragraph 7) will be eligible to receive:

Contractors who were on the Pharmaceutical List at 30 September 2011

- a **quality and efficiency payment**. This would be paid in accordance with the arrangements detailed in paragraph 8a above except that the level of the target payment for each contractor is set for the month of October 2011 dispensings at **5%** of that contractor's monthly shadow fees and allowances (or ESP payments for ESPs) at the rates in place at 30 September 2011. For subsequent months the target payment level for October 2011 would be adjusted upwards or downwards in line with the contractor's activity measured as the change in the actual fees and allowances paid in the month concerned by comparison with the equivalent level paid for October 2011 to give an updated target payment.
- **shadow fees** paid at the revised rate of dispensing fee **73.4p/dispensing fee** for second and subsequent dispensing of a prescription **52p/dispensing**, and professional allowance maximum rate **£1,260** per month and **£460** plus **£800** pro rata per month at lower rate i.e. all at **80%** of the rates in force at 30 September 2011, all other fees, including the fixed fee uplift, remaining unchanged except for all ESP payments which are also reduced by 20% from the levels in force at 30 September 2011 and,
- the new **CMS capitation payment**. The level of payment to each contractor will be calculated on the basis respectively of each contractor's share from the single central CMS capitation payment pool as described in paragraph 8c. The pool is augmented by a contribution for each contractor not in transition and who was on the Pharmaceutical List at 30 September 2011. This is calculated for the month of October 2011 as **15%** of the total monthly shadow fee income/ESP payments for all contractors concerned who are either not in transition or who are ESPs, at the rates in place at 30 September 2011.

The contribution to the capitation pool for each individual contractor is then adjusted monthly upwards or downwards in line with the contractor's activity measured as the change in the actual fees and allowances paid in the month concerned by comparison with the equivalent level paid for October 2011.

The **CMS capitation payment** payable each month is itself also then stabilised so that for each contractor it may not exceed a figure one tenth above or one tenth below the contribution to the capitation pool for that contractor for the particular month concerned.

Contractors who enter the Pharmaceutical List for the first time 1 October 2011 onwards

- the target quality and efficiency payment would be set at **£200** and not subject to further adjustment.
- the shadow fees would be as for those on the list at 30 September 2011 as detailed above.
- the CMS capitation payment as for those on the list at 30 September 2011 would be the contractor's share of the CMS capitation pool but subject to a minimum payment of **£600**. No further adjustment or stabilisation would apply.

Contractors who are not in transition at 1 October 2011 and where care home activity is deemed as substantive through the application of the rule detailed in paragraph 7 to be substantive will receive the same payments except that their final stabilised payment will be reduced by the proportion of their care home activity, balanced by a **base transitional payment –care home patient element-** equivalent to the amount thus foregone.

10. An example of the calculation of these payments for both contractors in transition and not in transition is provided at Annexes A-C.

11. To help contractors prepare for these changes ISD will provide each contractor as soon as practical with the data detailed in Annex D.

*Claim arrangements for **electronic claims training payments***

12. Contractors, who are on the Pharmaceutical List at 1 October 2011 who self certify that all staff who submit reimbursement claims to PSD have completed the *electronic claims training module* and undertake that all new staff performing the same function will also be expected to complete the module, will be eligible for an **electronic claims training payment** of **£400**. The claim form for this payment is included at Annex E for independent contractors and Annex F for operators of multiple contracts.

13. The Material Change of Circumstance provision for 2011-12 will remain in place with any adjustment due being effected to the sum of the payments derived from the original base transitional payment for 2011-12.

14. Community Pharmacy Scotland has been consulted on the terms of this circular and on the amendments to the Drug Tariff.

15. The Drug Tariff has been amended to include the detail included in this Circular.

Action

16. Health Boards are asked to:

- note the contents of this Circular; and
- copy it to all community pharmacy contractors, CHPs and local pharmaceutical committees.

Yours sincerely



W SCOTT
Chief Pharmaceutical Officer and
Deputy Director, Pharmacy and Medicines Division

Method of calculation of the monthly **quality and efficiency payment** and worked example

Determination of level of payment

Each contractor will receive a monthly **quality and efficiency payment** proportional to the actual level of electronic claims achieved.

To allow the minority of contractors who are currently either not already achieving the target rate or are close to doing so, a short term safety net payment will be allowed to provide adequate time for local operating procedures to be updated. For a limited period in accordance with the following timetable all contractors will be deemed to have met the electronic claims target rate:

Electronic Claim Rate Used for calculation	Prescriptions Dispensed	Paid For Activity	Safety Net Payment (vs 80% rate)
September	October	December	Yes
October	November	January	Yes
November	December	February	Yes
December	January	March	Yes
January	February	April	No

For each month when the safety net is not in force where the contractor achieves or exceeds the **80% 'electronic claims target rate'** he/she will receive his/her **target quality and efficiency payment** in full. Where he/she achieves a lower figure he/she will receive a proportional payment reflecting the percentage level of achievement. (Whilst remuneration arrangements for 2012-13 have yet to be finalised it is the current intention that these arrangements for the new quality and efficiency payment will remain in place for the first quarter of 2012-3 i.e. scanning months February- April to determine payments for dispensing months March- May paid May- July 2012.)

Calculation of rate achieved

The rate will be calculated as follows:

$$\frac{\text{Total number of qualifying electronic claims sent (f)}}{\text{Total number of qualifying claim items scanned by PSD (e)}} \times 100$$

The total for **(e)** will be calculated by PSD as follows:

- [a] Total number of AMS prescriptions (submitted and bar code read by PSD)
 - [b] Total number of items which were instalment dispensed
 - [c] Total number of items which were for care home residents
 - [d] Total number of items which were for stoma care
- Total number of qualifying claims **(e)** = [a]-[b]-[c]-[d]

The total number of qualifying electronic claims sent (**f**) will be calculated by PSD as follows:

- [p] Total number for items with electronic claims sent
[q] Total number for items for stoma care with electronic claims sent

Total number of qualifying electronic claim items (**f**) = [p]-[q]

Worked examples:

Contractor A's revised monthly **base transitional amount – community element (g)** at 30 September 2011 = £8000 (see the example in Annex B for how this is calculated).

Therefore contractor A's personal target **quality and efficiency payment (h)** = 5% x (**g**) = £400

Irrespective of the number of electronic claims made whilst he/she updates his operating systems, Contractor A will receive, for the scanning months September 2011 – December 2011, the target **quality and efficiency payment** in full for the respective dispensing months of October 2011 – January 2012. Payment of this £400 will be made in the months of December 2011 - March 2012.

Thereafter for the electronic claims month of **January 2012** the calculation for Contractor A is as follows:

- [a] Total number of AMS prescription items (submitted and bar code read by PSD) = 5000
[b] Total number of items which were instalment dispensed = 500
[c] Total number of items which were for care home residents = 250
[d] Total number of items which were for stoma care = 50

Total number of qualifying claims (**e**) = [a]-[b]-[c]-[d] = **4200**

Total number electronic claims for items made by Contractor A (**f**) = 2950

Percentage achieved (f)/(e) = 2950/4200 = 70%

Contractor A achieved 70% versus the target of 80% and therefore receives for the month of February dispensings, paid April 2012, a payment of 70/80 x £400 = £350.

For the electronic claims month of **February 2012** the calculation for Contractor A is:

- [a] Total number of AMS prescription items (submitted and bar code Read by PSD) = 5500

[b]	Total number of items which were instalment dispensed	= 600
[c]	Total number of items which were for care home residents	= 300
[d]	Total number of items which were for stoma care	= 100
	Total number of qualifying claims (e) = [a]-[b]-[c]-[d]	= <u>4500</u>
	Total number electronic claims for items made by Contractor A (f)	= 4050

Percentage achieved (f)/(e) = 4050/4500 = 90%

Contractor A achieved 90% versus the target of 80% and therefore receives for the month of March dispensings, paid May 2012, the full target quality and efficiency payment of £400.

If the contractor is not in transition his total remuneration payment would also be subject to stabilisation – see the example in Annex C.

ANNEX B

Worked example of the successor payments to base transitional payments for contractors in transition at 30 September 2011

Contractor A's monthly base transitional payment at 30 September 2011 **(g) = £10,000**

ISD's provisional analysis identifies the number of prescriptions processed for contractor A during the period October 2010-March 2011 and identify that for **20%** of the prescription items concerned the patients were deemed as care home residents. As **20%** is greater than the **2.5%** tolerance factor, the contractor is deemed to have substantive care home activity.

For the dispensing period 1 October 2011 to 31 March 2012 the basis for payments are calculated as follows:

revised base transitional payment – care home patient element,

$$20\% \times £10,000 = \mathbf{£2,000}$$

revised base transitional payment – community element (not a payment in its own right but used to calculate the payments below)

$$80\% \times £10,000 = \mathbf{£8,000 = (g)}$$

Therefore Contractor A's individual payments would be:

target **quality and efficiency payment (h) = 5% x (g) = £400**

(actual level received dependent January 2012 dispensings onwards on rate of electronic claims).

new **community migration payment (i) = 80% x (g) = £6,400**

new **CMS capitation payment** would be between the following limits calculated on the basis of the Contractor A's share of the CMS capitation payment pool for the month concerned.

Maximum CMS capitation payment (j)
= (15% i.e. £1,200 + one tenth) x (g) = **£1,320**

Minimum CMS capitation payment (j)
= (15% i.e. £1,200 -one tenth) x (g) = **£1,080**

Worked example of the successor payments to fees and allowances payments for contractors not in transition at 30 September 2011 and who were on the Pharmaceutical List at 30 September 2011

a. For a contractor deemed not to have substantive care home activity i.e. less than 2.5%

The total amount due to the contractor for each dispensing month in accordance with the fees and allowances scale in force at 30 September 2011 would be calculated, and then recalculated in accordance with the amount due in accordance with the 1 October 2011 arrangements and the stabilised sum due calculated in accordance with the following examples:

For the dispensing month of **October 2011**, the sum which would have been due to contractor B calculated in accordance with the fees and allowances scale in place at 30 September was **£4,000**.

His/her target quality and efficiency payment would be **£200**,
i.e. 5% x £4,000

His/her contribution to the CMS capitation payment pool would be **£600**,
i.e. 15% x £4,000

The amount due in accordance with the 1 October 2011 arrangements would be:

- revised fees and allowances scale payment calculated at **£3,200 (as the fees and allowances in place 1 October 2011 onwards are 20% lower than those in force at 30 September)**.
- quality and efficiency payment due **£200 (safety net applies)**.
- a CMS capitation payment calculated **in accordance with the contractor's share of the CMS capitation pool, stabilised to be no more than one tenth above and no more than one tenth below the contractor's contribution to the CMS pool, i.e. £600 +/- 10%. (+/-£60)**.

Thus total due after stabilisation therefore = £3,200 + £200 + £600 +/- 10% = **£4,000 +/- £60, dependant on the contractor's share of the capitation pool.**

For the same contractor the amount due is recalculated to take into account changes in activity reflected in changes to the actual fees and allowances paid. Therefore for example for the dispensing month of **February 2012** his/her dispensing activity increases such that the fees and allowances due to him/her increase by **10%** at the rates in force at 1 October 2011 and he/she achieves an electronic claims rate of

85%. His/her notional contribution to the capitation pool would become **£660** i.e. £600 + 10%.

The amount due in accordance with the 1 October 2011 arrangements would be:

- revised fees and allowances scale payment calculated at **£3,520 (reflecting a 10% increase)**
- target quality and efficiency payment for February 2011 becomes **£220 (reflecting the 10% activity increase)** and the actual quality and efficiency payment due becomes **£220 (85% exceeds the 80% target so the safety net no longer applies but the updated target payment is achieved and payment made in full)**
- a CMS capitation payment calculated **in accordance with the contractor's share of the CMS capitation pool, stabilised to be no more than one tenth above and no more than one tenth below his/her revised contribution to the capitation pool i.e. £660 +/- 10%. (+/-£66)**

Thus the total payments due for the month of February 2012 after stabilisation therefore = **(£3,520+£220+£660=) £4,400 +/- £66 dependant on the contractor's share of the capitation pool.**

b. For a contractor with care home activity deemed to be substantive

Contractors who are not in transition at 1 October 2011 and where care home activity is deemed to exceed the 2.5% provision and therefore be substantive will receive the same payments except that their total payment due after stabilisation will be reduced by the proportion of their care home activity, balanced by a **base transitional payment –care home patient element** - equivalent to the shadow fees payment thus foregone, and proportional to historic care home dispensing activity.

Thus in the above examples if ISD evaluate the number of prescriptions processed for contractor A during the period October 2010-March 2011 and identify that for **20%** of the prescription items concerned the patients were scoped as care home residents:

For the period 1 October 2011 to 31 March 2012 the basis for payments are calculated as follows:

new base transitional payment – care home patient element,

$$20\% \times £4,000 = \mathbf{£800}$$

Amended total payment after stabilisation for October 2011= £4,000 +/-£60 - £800 = £3,200 +/-£60 dependant on contractor's share of the capitation pool

Amended total payment after stabilisation for February 2012= £4,400 +/- £66 - £800 = £3,600 +/- £66 dependant on the contractor's share of the capitation pool

ANNEX D

DATA TO BE PROVIDED BY ISD TO EACH COMMUNITY PHARMACY CONTRACTOR IN TRANSITION

Each contractor on the Pharmaceutical List at 1 September 2011 will be provided with the following information as soon as practical by ISD calculated on the basis that the contractor will remain on the list at 1 October 2011:

- The anticipated monthly base transitional payment at 30 September 2011 for the contractor
- ISD evaluation of the number of prescription items processed for the contractor during the period October 2010-March 2011 and percentage of the prescription items concerned for patients scoped as care home residents.
- Provisional calculations for payments for the contractor for the dispensing period 1 October- 31 December 2011:
 - ***revised base transitional payment –care home patient element***
 - for month of October 2011 - if any
 - ***revised base transitional payment – community element***
(not a payment in its own right but used to calculate the payments below)
 - target **quality and efficiency payment** for month of October 2011
 - % achieved rate of electronic claims for qualifying items for latest month available
 - actual **quality and efficiency payment** for month of October 2011
 - new **community migration payment** for month of October 2011
(not applicable for contractors not in transition)
- If the contractor has reached agreement with his Board to provide CMS
 - **The level of the maximum *CMS capitation payment*** for month of October 2011, and
 - **The level of the Minimum *CMS capitation payment*** for month of October 2011

ANNEX E

CLAIM FORM FOR *electronic claims training payment* (To be completed by single outlet contractors)

Contractors claiming the ***electronic claims training payment*** must comply with the requirements below, sign the form and return the original completed form **at the latest by 7 December 2011** to:

Moira Hanley

NHS National Services Scotland
Practitioner Services
Gyle Square
1, South Gyle Crescent
EDINBURGH
EH12 9EB

By post

Or

By email moira.hanley@nhs.net

In case of claims by email, the original must follow by post

Please note:

To be eligible for the timely processing with payments relating to the dispensing month concerned, Practitioner services Division must receive forms no later than the 7th day of the following month. Forms received later than this date will be processed as claims relating to the following or subsequent month dependant on the date and month of receipt. **All self certified claims must be submitted at the latest by 7 December 2011.**

Contractor name and premises:

Contractor Code:

I, the undersigned contractor, confirm that I have made the *electronic claims training module* available to all pharmacists and support staff in this pharmacy who are involved in the submission of payment claims to PSD.

I confirm that I and all the pharmacists and support staff who are involved in the submission of payment claims to PSD, have completed the module, and I will ensure that all future staff (including locum staff) involved in the submission of payment claims to PSD are also similarly trained.

I claim the one off *electronic claims training payment* of £400.

COUNTER FRAUD DECLARATION

I declare that the information I have provided is correct and complete. I understand that, if I knowingly provide false information, this may result in disciplinary action and I may be liable for prosecution and civil recovery proceedings. I agree that any overpayments identified through the post payment verification procedure may be recovered at a future date by the Common Services Agency for the Scottish Health Service. For the purposes of payment verification, I consent to the disclosure of information from this form to and by the Common Services Agency and the Health Board on whose pharmaceutical list I am listed, as a contractor and agree to co-operate fully with all payment verification procedures.

Signature.....

Name (in Capitals).....

Date.....

ANNEX F

CLAIM FORM FOR THE *electronic claims training payment* (To be completed by multiple outlet contractors)

The officer of the contractor authorised to claim the electronic *claims training payment* on behalf of all of the contractors whom the officer will list in the accompanying table must comply with the requirements below and ensure that the listed contractors also comply. The officer must sign the form below and return the original completed form **at the latest by 7 December 2011** to:

Moira Hanley

NHS National Services Scotland
Practitioner Services
Gyle Square
1, South Gyle Crescent
EDINBURGH
EH12 9EB

By post

Or

By email moira.hanley@nhs.net

A copy may be sent by fax to 0131 275 7532.

In the case of claims by email or fax the original must follow by post.

Please note:

To be eligible for the timely processing with payments relating to the dispensing month concerned, Practitioner Services Division must receive forms no later than the 7th day of the following month. Forms received later than this date will be processed as claims relating to the following or subsequent month dependant on the date and month of receipt. **All self certified claims must be submitted at the latest by 7 December 2011.**

I, the undersigned, acting on behalf of the contractors whose names, addresses and contractor codes are listed in the attached table, declare that I have confirmed with all contractors who are the subject of this claim, that they have made the *electronic claims training module* - available to all pharmacists and support staff who are involved in the submission of payment claims to PSD at the premises from which these contractors provide pharmaceutical services.

I declare that I have confirmed in writing, with all of the contractors who are the subject of this claim, that all of the pharmacists and support staff who will be involved who are involved in the submission of payment claims to PSD who are involved in the submission of payment claims to PSD, have completed the module, and I will ensure that all future staff (including locum staff) involved in the submission of payment claims to PSD are also similarly trained.

I claim the one off *electronic claims training payment* of £400 on behalf of all of the contractors whose names and contract codes listed in the attached table.

COUNTERFRAUD DECLARATION

I declare that the information I have provided is correct and complete. I understand that, if I knowingly provide false information, this may result in disciplinary action and I may be liable for prosecution and civil recovery proceedings. I agree that any overpayments identified through the post payment verification procedure may be recovered at a future date by the Common Services Agency for the Scottish Health Service. For the purposes of payment verification, I confirm that I consent, and have obtained the written consent of all contractors who are the subject of this claim, to the disclosure of information from this form to and by the Common Services Agency and the Health Boards on whose pharmaceutical lists are included all of the contractors to which this claim relates, and confirm that I and they will co-operate fully with all payment verification procedures.

Signature.....

Name (in Capitals).....

Company position

Date.....

FREQUENTLY ASKED QUESTIONS

Why are changes being made to transitional base payments at this time?

The transitional regime was only ever intended to be temporary pending completion of service re-structuring. It is however now in its seventh year of operation and it is appropriate that the process of migrating out of transition should be gradual to allow contractors the time to realign their businesses where required. There are three particular reasons why **this** is the appropriate time to start the migration out of transition.

Firstly now that rollout of CMS, which is contracted as an Additional Pharmaceutical Service, is well underway it is appropriate that there should be specific remuneration for this service and that contractors should be funded to reflect how effectively they are rolling out this service.

Secondly as part of the 2011-12 funding settlement it was agreed that contractors would support systemic efforts to improve quality and efficiency. This is therefore an appropriate time to identify a discrete funding strand within the current Global Sum focussed on Quality and Efficiency.

Thirdly, the Scottish Government intends that remuneration in respect of Pharmaceutical Services provided where the patient is in a care home should in future be separately identified and reflect the service provided. Work on recasting pharmacy service arrangements for patients in care homes will be put in hand shortly.

Starting the gradual process out of migration now in a way intended to avoid undue turbulence for contractors will allow the Scottish Government and Community Pharmacy Scotland some experience when the deployment of funds available for contractor remuneration for 2012-13 is considered.

What will the effect on my remuneration income be?

For contractors in transition this will depend on 2 things:

- your rate of rollout of CMS by comparison with your peers, and
- how quickly you achieve the target rate of electronic claims.

The new arrangements affect a relatively small proportion of the current transitional payment i.e. **20%** (**5%** on the QEI payment plus **15%** on CMS capitation) and an even smaller proportion of contractors' overall NHS income once other payments and retained purchase profit are taken into account. They also include provisions to smooth the impact and avoid undesirable turbulence in the short term on contractor income.

For example:

- the new CMS remuneration arrangements include for the October 2011 to March 2012 period stabilisation measures for contractors in transition to ensure that whilst contractors are rewarded for their effectiveness in CMS rollout, the relevant part of their income will be stabilised within plus or minus one tenth of what it would otherwise have been.

and in respect of electronic claims:

- based on claims experience to date it is expected that that most contractors should have little difficulty in getting close to or exceeding the electronic claims target rate of **80%** for qualifying items and,
- in any case the first payment month which will be affected by the new target arrangements will be that for claims made in the month of **January 2012** which in turn will be reflected in payments for February 2012 dispensings paid April 2012, allowing all contractors time to ensure the training module is completed and to review and update their procedures. Until then all contractors will be deemed to be claiming at the **80%** electronic claims target rate and will receive the maximum payment.

The impact on contractors not in transition is intended to mirror as far as practical the effect on contractors in transition with appropriate adjustments to reflect their particular circumstances.

What will be the impact on me of introducing the care home/non care split into the transitional payment?

It is understood that most contractors have little or no care home activity, and a tolerance factor has been set at **2.5%** to ensure that only transitional arrangements for contractors with ongoing substantive care home dispensings are affected.

For contractors who do have a substantive activity dispensing to care homes, the overall effect on your income for the remainder of 2011-12 is intended to be neutral. You will also have the opportunity to check whether you agree with the split proposed. A further exercise will be carried out in due course based on April to September 2011 prescribing data which will reflect current elevated levels of CHI capture, and the results shared with you.

You will also then have the option of making representations to your Board in respect of the split which will in due course be used for April 2012 onwards. The criteria to be used for Board decisions in such cases are to be worked up in conjunction with Community Pharmacy Scotland and will be published in due course.

What are the benefits for me when I make claims electronically?

Firstly you will be delivering on the commitment which Community Pharmacy Scotland made on behalf of pharmacy contractors to support delivery of system efficiencies, which enabled the negotiation of a mutually acceptable funding Global Sum for 2011-12 and avoided the need for an efficiency saving to be delivered by contractors in cash terms.

Secondly comprehensive use of electronic processing underpins data flow which in turn is helping PSD to trial and rollout to you the new on line monthly payment reporting system to contractors, which will give you much greater clarity in what is included in your monthly payments.

Thirdly, helping NHS Scotland be more efficient benefits everyone – patients and contractors included - ensuring resources are deployed to support front line service provision.

Do I have to make a claim for the electronic claims training payment?

Yes. Please see Annexes E & F for the relevant claim forms. PSD are however working on arrangements for the future so that in due course you will be able to make any further ad hoc claims such as this electronically.

Will there be any adjustments to payments if I have exceptional increases or decreases in dispensing activity?

Yes. The *material change of circumstance* provision for contractors in transition remains in place for 2011-12.

Separate arrangements exist to adjust payments for contractors not in transition to reflect changing activity levels.

Will I be advised in advance of what payments I might expect?

Yes. ISD will provide you shortly the information detailed in Annex D.

I am a contractor who is not in transition, (or I am an ESP contractor) how will I be affected?

You will be affected in a similar way to contractors in transition. Your old style dispensing fee and professional payments (or ESP payment) will reduce and you will be eligible for the new quality and efficiency payment and CMS capitation payments, and stabilisation of capitation payments.

Quality and efficiency and CMS capitation payments will be adjusted month by month to reflect changes in your activity levels if you were already on the Pharmaceutical List at 30 September 2011. Special arrangements will apply for contractors entering the Pharmaceutical List 1 October 2011 onwards

What happens if a contractor does not wish to provide CMS as an Additional Pharmaceutical Service?

That contractor would not be eligible for either the ***CMS capitation payment***.

Why is the CMS capitation payment being calculated in the way proposed?

The Government believes that capitation payments more closely align remuneration for the pharmaceutical service provided to each patient's overall pharmaceutical needs.

From April 2012 it intends that the ***CMS capitation payment*** should in the longer term be based on weighted capitation driven by the Scottish Index of Multiple Deprivation (SIMD). In the short term it has been decided that the sensible first step is for simple unweighted capitation payment to be used to start the process of migration so that in bringing patients into the scheme pharmacists focus on patients' immediate care needs.

I understand that these new arrangements are themselves temporary so how will remuneration be structured from April 2012?

We are continuing to work with Community Pharmacy Scotland on this.

This will depend on a number of factors including the nature of the funding settlement reached in due course for 2012-13, progress on CMS rollout and decisions on the future weighting for funding purposes of each of the centrally negotiated services currently being provided by contractors.

In the meantime contractors should continue to focus on CMS roll out and maximising their rate of electronic claims as the arrangements now announced herewith in respect of October 2011- March 2012 remuneration provide a clear steer for the direction of travel. It is currently planned in particular that the arrangements for the new quality and efficiency payment will rollover unchanged into the 1st quarter of 2012-13.

SG and Community Pharmacy Scotland will keep you informed on progress.

What about other payments such as for the Minor Ailments Service and Public Health Service?

Any changes to other payments which may in due course be necessary to maintain total payments within the Global Sum envelope set for 2011-12 will be publicised separately.