

# Publication Report



## **Prescribing & Medicines: Reimbursement and remuneration paid to dispensing contractors**

**Calendar and financial years 2007-2012**

**Publication date – 27 September 2011**



## Contents

Contents.....	1
About ISD.....	2
Official Statistics.....	2
Introduction .....	3
Key points .....	4
Results and Commentary.....	5
Glossary.....	6
List of Tables.....	7
Contact.....	8
Contact.....	8
Further Information.....	8
Appendix .....	9
A1 – Background Information .....	9
How the data is obtained .....	9
Items.....	9
A2 – Publication Metadata (including revisions details).....	10
A3 – Early Access details (including Pre-Release Access) .....	13

## About ISD

Scotland has some of the best health service data in the world combining high quality, consistency, national coverage and the ability to link data to allow patient based analysis and follow up.

Information Services Division (ISD) is a business operating unit of NHS National Services Scotland and has been in existence for over 40 years. We are an essential support service to NHSScotland and the Scottish Government and others, responsive to the needs of NHSScotland as the delivery of health and social care evolves.

**Purpose:** To deliver effective national and specialist intelligence services to improve the health and wellbeing of people in Scotland.

**Mission:** Better Information, Better Decisions, Better Health

**Vision:** To be a valued partner in improving health and wellbeing in Scotland by providing a world class intelligence service.

## Official Statistics

Information Services Division (ISD) is the principal and authoritative source of statistics on health and care services in Scotland. ISD is designated by legislation as a producer of 'Official Statistics'. Our official statistics publications are produced to a high professional standard and comply with the Code of Practice for Official Statistics. The Code of Practice is produced and monitored by the UK Statistics Authority which is independent of Government. Under the Code of Practice, the format, content and timing of statistics publications are the responsibility of professional staff working within ISD.

ISD's statistical publications are currently classified as one of the following:

- National Statistics (ie assessed by the UK Statistics Authority as complying with the Code of Practice)
- National Statistics (ie legacy, still to be assessed by the UK Statistics Authority)
- Official Statistics (ie still to be assessed by the UK Statistics Authority)
- other (not Official Statistics)

Further information on ISD's statistics, including compliance with the Code of Practice for Official Statistics, and on the UK Statistics Authority, is available on the [ISD website](#).

## Introduction

Dispensing contractors, i.e. community pharmacists, dispensing doctors and appliance suppliers, are contracted by NHS Scotland to provide a service to the populace of Scotland. To ensure drugs are available for dispensing when a patient arrives with a prescription, dispensing contractors purchase drugs in advance.

Therefore, dispensing contractors receive two distinct types of payment:

- remuneration for the service they provide
- reimbursement for the drugs they dispense

They are derived from information gathered by [Practitioner Services Division](#) (PSD), after the pricing of prescriptions has taken place. Payments to dispensing contractors are made by PSD on behalf of the NHS Boards. Monthly schedules are made available on a quarterly basis and a year-end summary is provided.

The vast majority of payments are made to community pharmacies, and are classified further to distinguish stock order payments and oxygen payments. An example of a stock order item is influenza vaccinations.

Appliance suppliers provide larger items such as bandages and, more commonly, stoma appliances.

Dispensing doctors, as the name suggests, are general practitioners (GPs) who are also contracted to dispense medicines. This generally occurs in more remote areas with a smaller population, where a separate doctor's surgery and pharmacy dispensary may not be practical or financially viable.

## Key points

- The gross total payments to Scottish dispensing contractors continue to increase year on year.
- The net ingredient cost (NIC) paid to dispensing contractors for drug reimbursement continues to increase, however the cost for remuneration of services shows a decrease in quarter 1 of 2011/12 (around £50.5 million) from quarter 1 of 2010/11 (around £51.5 million). This is due to changes in the remuneration arrangements negotiated between Community Pharmacy Scotland and the Scottish Government.
- The gross ingredient amount of payments to dispensing contractors for the first quarter of 2011-12, in respect of various fees and allowances for dispensing prescriptions and providing pharmaceutical services was £254 million. This is an increase of just under £3 million (1.1%) when compared to the first quarter of 2010-11.
- The cost of a single prescription was reduced from £3.00 to £0.00 in April 2011.

## Results and Commentary

The tables are intended to be used primarily as reference tables but may also be used to compare trends of payments from month to month. Information displayed is the Scotland total payments and the main contents of the table are:

- number of prescription items (including stock orders)
- total gross ingredient cost (GIC) (the total cost of drugs and appliances before discount)
- net ingredient cost (NIC) (the cost of drugs and appliances after deduction of any discount, plus special payments made to dispensing doctors)
- the 'gross total' is arrived at by taking the net ingredient cost, and then adding all fees, expenses, adjustments, oxygen and VAT
- 'net total' is the gross total with patient charges deducted. Patient charges are the monies collected from prescription charges. Note, however that income from pre-payment certificates is not reported
- 'transitional payments' replaced dispensing fees for most contractors from December 2004.

Payments to Scottish dispensing contractors up to June 2011 have now been reviewed.

The gross total payments to Scottish dispensing contractors continue to increase year on year. Of the gross total 17% (£50.5 million) is attributed to the remuneration of service, which decreased by around £1 million. The fees and allowances have been revised from April 2011 as explained in the Scottish Government circular [PCA2011\(P\)04](#) and these payments make up the majority of the increase. The 83% (£244 million) is attributed to the net ingredient cost (NIC) of drugs, showing an increase of over £7 million on the previous year.

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The net ingredient cost (NIC) paid to dispensing contractors for drug reimbursement continues to increase, however the cost for remuneration of services shows a decrease in quarter 1 of 2011/12.

## Glossary

Gross Ingredient Cost (GIC)	Cost of drugs and appliances reimbursed before deduction of any dispenser discount (note this definition differs from other parts of the UK)
Net Ingredient Cost (NIC)	Cost of drugs and appliances reimbursed after deduction of any dispenser discount (note this definition differs from other parts of the UK)
Community Pharmacy	A retail pharmacy outlet holding a contract with a Health Board to provide NHS pharmaceutical services
Dispensing Doctor (practice)	Dispensing practices exist in those areas of Scotland where the population density is considered too low to support a pharmacy and where the NHS Board has determined that a dispensing service should be supplied.
Appliance Supplier	Appliance suppliers are a specific sub-set of NHS dispensing contractors who are contracted to supply approved medical devices on prescriptions (e.g. stoma).
Essential Small Pharmacy	Not all areas of Scotland that have a need for a pharmacy can support one due to the surrounding population density. The population may be such that insufficient business would be generated to make the business economically viable. The Essential Small Pharmacy Scheme (ESP) was introduced to help maintain a pharmacy service in such localities.
Number of Stock Order Forms	Number of stock orders placed directly by a prescriber e.g. influenza vaccinations. Stock Order Form GP10A is issued by a GP practice to top up items used by the practice for the immediate treatment of patients.
Transitional Payment	Monthly fees to Community Pharmacies to replace dispensing fees for the majority of community pharmacists. Commenced December 2004. This replaces dispensing fees, instalment fees, professional allowance, appliance fees, incontinence fees, controlled drug fees etc for those who are in this scheme.
Patient Charges	Income generated from paid prescriptions (£0.00 per item as at 1 April 2011) - excludes prepayment certificates.
Gross cost	Net Ingredient Cost plus dispensing fees plus other fees and allowances centrally paid.
Part 7 items	Generic drug items included in part 7 of the Scottish drug tariff.

## List of Tables

Table No.	Name	Time period	File & size
1	<a href="#">Financial year 2007-08 schedules</a>	Financial year 2007/08	Excel [125kb]
2	<a href="#">Financial year 2008-09 schedules</a>	Financial year 2008/09	Excel [125kb]
3	<a href="#">Financial year 2009-10 schedules</a>	Financial year 2009/10	Excel [125kb]
4	<a href="#">Financial year 2010-11 schedules</a>	Financial year 2010/11	Excel [125kb]
5	<a href="#">Financial year 2011-12 schedules</a>	Financial year 2011/12	Excel [125kb]
6	<a href="#">Calendar year 2007 schedules</a>	Calendar Year 2007	Excel [164kb]
7	<a href="#">Calendar year 2008 schedules</a>	Calendar Year 2008	Excel [164kb]
8	<a href="#">Calendar year 2009 schedules</a>	Calendar Year 2009	Excel [164kb]
9	<a href="#">Calendar year 2010 schedules</a>	Calendar Year 2010	Excel [164kb]
10	<a href="#">Calendar year 2011 schedules</a>	Calendar Year 2011	Excel [164kb]

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### Further Information

Further information can be found on the [ISD website](#)

## Appendix

### A1 – Background Information

#### How the data is obtained

[Practitioner Services](#), a division of NHS National Services Scotland, processes all NHS prescriptions for payment of pharmacists, dispensing doctors and appliance suppliers. Hospital dispensed prescriptions are NOT included in the figures. The Information Services Division (ISD) cannot say what proportion of the drug dispensed is actually consumed. These data do NOT include products purchased "over the counter". Prescriptions processed internally by Boards for payment purposes are NOT included in these data.

#### Items

An item relates to the number of ingredients dispensed, not an individual product written on a prescription i.e. if one product is an amalgamation of two ingredients this is counted as two items, not one. The prescription charge was abolished on 1<sup>st</sup> April 2011.

## A2 – Publication Metadata (including revisions details)

Metadata indicator	Description
Publication title	NHS Scotland Prescribing - Dispensing Remuneration
Description	Prescription Charges looks at the volume and gross ingredient cost of prescription items dispensed by patient charge exemption grouping and volume of pre-payment certificates sold and income generated. Dispenser remuneration looks at reimbursement and remuneration of payments made to Scottish dispensers of pharmaceuticals in the community.
Theme	Health and Social Care
Topic	Health Care Personnel, Finance and Performance
Format	Excel workbooks
Data source(s)	Prescribing Information System (PIS). All data held in PIS is sourced from Practitioner Services Division (PSD) within NHS National Services Scotland who are responsible for the remuneration and reimbursement of dispensing contractors within Scotland.
Date that data is acquired	Data is acquired on a monthly basis from PSD following payment approximately 2 calendar months after the end of the month being claimed for payment by contactors
Release date	28 June 2011
Frequency	Quarterly
Timeframe of data and timeliness	Data covering financial year to 30 April 2011.
Continuity of data	Data is held in PIS for the most recent 10 years and is stored in archive files back to 1993/94. The definition of the main measures such as gross ingredient cost and number of items are unchanged over this period. Types and value of dispensing fees are agreed the Scottish Government and set annually. Details can be found in the Scottish Drug Tariff and in <a href="#">Primary Care circulars</a> issued by the Government. Drug products are first licensed as proprietary medicines but generic versions often appear once the original patent expires. This can affect the price and uptake of these drugs. The Scottish Government sets the reimbursement price of generic drug products via the <a href="#">Scottish Drug Tariff</a> which is updated and issued quarterly.
Revisions statement	Data are sourced from monthly pharmacy payments data on an ongoing basis therefore once published there is no routine requirement to revise historical data. However occasionally adjustments are made to pharmacy payments retrospectively by PSD for example due to an administrative error. Retrospective revisions can also occur the classification of drugs in the <a href="#">British National Formulary</a> (BNF). Where either of these occur and are deemed to be significant in line with ISD's Revisions policy, a revision will be made to published data. This will be notified on the website.

<p>Concepts and definitions</p>	<p>The data published in all these releases correspond to prescriptions that have been dispensed in the community in Scotland, i.e. dispensed by a pharmacy, dispensing doctor or appliance supplier. This includes prescriptions which were issued in another UK country but dispensed in Scotland. These data do not include prescription drugs that were supplied and administered to patients in a hospital setting. Prescriptions issued in hospital to patients on discharge and dispensed in the community are included. Each excel workbook contains further detailed definitions of the main measures and links to a glossary.</p>
<p>Relevance and key uses of the statistics</p>	<p>These statistics are the primary source of data used to monitor the national community drugs bill within Scotland and the pharmacy contract agreed with dispensing contractors. They are also used to monitor national and local prescribing indicators covering both the quality and efficiency of prescribing in general practice.</p>
<p>Accuracy</p>	<p>The data is sourced from a payment system and routine monthly checks are carried out by PSD on a random sample of approximately 5% of prescription payments. These check all data captured for payment and the accuracy of the payment calculation and have a target accuracy of 98% which is routinely met. Data that is captured but is not mandatory for payment purposes can be of lower quality; principally this includes the prescriber code which links a prescription back to the individual prescriber e.g. GP and their organisation including NHS Board. Routine monitoring of unallocated prescriptions is carried out and correct codes are applied before publication. This ensures that unallocated prescriptions account for under 2% of all prescriptions. For remaining unallocated prescriptions, the prescribing NHS Board is assumed to be the same as the dispensing NHS Board.</p>
<p>Completeness</p>	<p>The Prescribing Information System holds information on 100% of NHS Scotland prescriptions dispensed within the community and claimed for payment by a pharmacy contractor (i.e. pharmacy, dispensing doctor or appliance supplier). It does not include data on prescriptions dispensed but not claimed (likely to be very small) or prescriptions prescribed but not submitted for dispensing by a patient. Some research has estimated these latter prescriptions to account for around 6% of all prescriptions issued to patients. Of course it is not possible to determine from payment data how much of the medicine dispensed to patients is actually taken in accordance with dosage instructions.</p>
<p>Comparability</p>	<p>The main measures of drug ingredient cost and volumes of items dispensed in the community are comparable across the UK countries. However it should be noted that the Gross Ingredient Cost (GIC) within Scotland is equivalent to the Net Ingredient Cost (NIC) in England, i.e. the reimbursement cost of drugs before any pharmacy</p>

	discounts are applied. Also each country determines its own dispensing fees based on separate contractual arrangements with dispensing contractors in each country. A common formulary called the <a href="#">British National Formulary (BNF)</a> is used to classify drugs based on therapeutic use.
Accessibility	It is policy of ISD Scotland to make its websites and products accessible according to <a href="#">published guidelines</a> .
Coherence and clarity	All prescribing tables are accessible via the <a href="#">ISD website</a> . Prescribing statistics are presented within excel spreadsheets for NHS Scotland and where appropriate broken down by NHS Board.
Value type and unit of measure	The main units of measure of drug reimbursement costs are Gross Ingredient Cost (GIC) and Net ingredient cost (NIC) quantity. The latter takes account of pharmacy discounts, the rates for which are set by the Scottish Government in the Scottish Drug Tariff. There are a large number of individual dispensing remuneration fees paid to dispensing contractors details of which can be found in the Scottish Drug Tariff. The main measures of drug volume are items (the number of individual drug items on a prescription form), quantity (the total number of tablets, capsules etc), and defined daily doses (DDDs - estimated average daily maintenance doses for a total quantity of prescribed). Further details and definitions can be found in the glossary.
Official Statistics designation	National Statistics (Legacy designation, awaiting final designation by UK statistics Authority).
UK Statistics Authority Assessment	<a href="#">Assessment</a> by UK Statistics Authority completed and assessment report issued.
Help email	<a href="mailto:NSS.isdprescribing@nhs.net">NSS.isdprescribing@nhs.net</a>
Date form completed	08-June-11
<b>Metadata indicator</b>	<b>Description</b>
Publication title	NHS Scotland Prescribing - Dispensing Remuneration
Description	Prescription Charges looks at the volume and gross ingredient cost of prescription items dispensed by patient charge exemption grouping and volume of pre-payment certificates sold and income generated. Dispenser remuneration looks at reimbursement and remuneration of payments made to Scottish dispensers of pharmaceuticals in the community.
Theme	Health and Social Care
Topic	Health Care Personnel, Finance and Performance

## **A3 – Early Access details (including Pre-Release Access)**

### **Pre-Release Access**

Under terms of the "Pre-Release Access to Official Statistics (Scotland) Order 2008", ISD are obliged to publish information on those receiving Pre-Release Access ("Pre-Release Access" refers to statistics in their final form prior to publication). The standard maximum Pre-Release Access is five working days. Shown below are details of those receiving standard Pre-Release Access and, separately, those receiving extended Pre-Release Access.

#### **Standard Pre-Release Access:**

Scottish Government Health Department  
NHS Board Chief Executives  
NHS Board Communication leads

#### **Extended Pre-Release Access**

Extended Pre-Release Access of 8 working days is given to a small number of named individuals in the Scottish Government Health Department (Analytical Services Division). This Pre-Release Access is for the sole purpose of enabling that department to gain an understanding of the statistics prior to briefing others in Scottish Government (during the period of standard Pre-Release Access).

Scottish Government Health Department (Analytical Services Division)