

Publication Report



Prescribing & Medicines: Reimbursement and remuneration paid to dispensing contractors

Calendar and financial years 2013

Publication date – 25 March 2014



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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.

Dispensing contractors receive two distinct types of payment:

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

Payments 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 data are published on a quarterly basis by ISD and a year-end summary is provided. The vast majority of payments are made to community pharmacies, and are broken down 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.

Data

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 for total payments for Scotland 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 and previous advance payment deducted, and current advance payment added. Patient charges are the monies collected from prescription charges. Note however that income from pre-payment certificates is not reported.

Recent changes to data tables

Recently some changes have been made to the data tables in order to improve and clarify reporting. These changes do not affect the overall gross total, but provide additional information. They are also made to reflect ongoing changes with the pharmacy remuneration contract.

From the June 2013 release, 'Community Migration Payments' replaced 'Transitional Payments', which in turn replaced dispensing fees for most contractors from December 2004. Also split out since June 2013 are: 'CMS Capitation Payment', 'Quality & Efficiency Payment', 'Payment Supplement' and 'MCC Adjustment', which were all previously included under the 'Adjustments and other fees' row.

In September 2013 Care Home Payments were shown separately for the first time, having been previously included in Community Migration Payments. They include the care home advance payment, a one-off payment to transition contractors to stabilise their payments.

In December 2013 advance payment information was added which affects the net total. Advance payments are paid to contractors by PSD, and depending on their dispensing volume for the month are adjusted for the next month's payment. The net total subtracts the previous months advance payment and adds the current months advance payment. Data tables back to April 2013 have been updated to include these data.

The March 2014 release shows for the first time 'Establishment' and 'Dispensing Pool' payments which have been introduced from October 2013. These will replace some of the existing payments, such as 'Unscheduled Care', 'Payment Supplement' and 'Infrastructure Payments'. The 'Community Migration Payment', 'Standard Dispensing Fee' and 'Instalment Dispensing Fee' are halved in value from October 2013 with the intention to phase them out completely by April 2014; monies will be then paid under Dispensing Pool and Pharmaceutical Needs Payments. Also for this release, what was previously labelled as 'CMS Phased Payment' is now called 'Operations and Development Payment'.

For further information on ongoing payment changes, see the Scottish Government circulars at: [http://www.sehd.scot.nhs.uk/pca/PCA2013\(P\)21.pdf](http://www.sehd.scot.nhs.uk/pca/PCA2013(P)21.pdf)

Future changes to data tables

As the payment contract continues to move out of the transitional phase, there will be continual changes to the publication to reflect the movement of monies. From April 2014, Community Migration Payment will no longer be paid, nor will Standard/Instalment or Appliance Dispensing Fees; so they will no longer be required to be shown in the publication tables. The final new payment to be introduced will be the 'Pharmaceutical Needs Payment', which will be shown from April data (i.e. the September 2014 publication).

Key points

- The gross total payments to Scottish dispensing contractors increased from £1,126.5 million in 2012 to £1,136.6 million in 2013.
- The net ingredient cost (NIC) paid to dispensing contractors for drug reimbursement has increased from £919.0 million in 2012 to £929.1 million in 2013. The cost of remuneration of services is similar at around £207.5 million for both 2012 and 2013.
- The gross ingredient cost (GIC) paid to dispensing contractors in 2013, in respect of dispensing, was £970.4 million. This is an increase of £4.7 million (0.5%) compared to 2012.
- The number of prescription items dispensed in 2013 was 98.4 million. This is an increase of 1.8 million items (1.9%) compared to 2012. The number of prescription items in 2012 was 96.6 million. This was an increase of 2.8 million (3.0%) compared to 2011.

Results and Commentary

The gross total payments to Scottish dispensing contractors increased from £1,126.5 million in 2012 to £1,136.6 million in 2013¹. Of the gross total around 18.3% (£207.5 million) is attributed to the remuneration of service, similar to 2012. The fees and allowances have been revised from July 2013 as explained in the Scottish Government circular [PCA2012\(P\)21](#). The remaining 81.7% (£929.1 million) is attributed to the net ingredient cost (NIC) of drugs, showing an increase of £10.2 million on the previous year (from £919.0 million).

The gross ingredient cost (GIC) of payments to dispensing contractors in 2013, in respect of dispensing was £970.4 million. This is an increase of £4.7 million (0.5%) compared to 2012. It should be noted that the percentage increase of the number of items dispensed was comparatively higher for the same time period (1.9% or 1.8 million items) from 96.6 million items in 2012 to 98.4 million items in 2013. Chart 1 shows the monthly GIC and number of items dispensed going back to April 2010.

Chart 1: Gross Ingredient Cost (GIC) and Number of Items dispensed, April 2010 – December 2013, Scotland

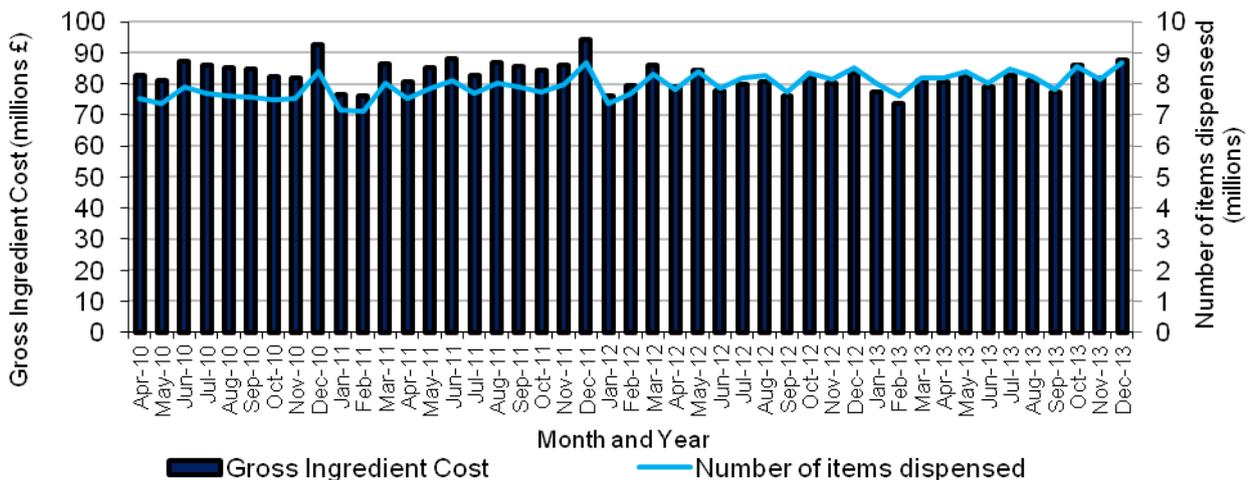


Chart 1 shows an annual trend in number of dispensed items, with a regular increase in December before a drop in dispensing in January – this reflects the general practice of people picking up extra repeat prescriptions before GP/ Pharmacy closures over the Christmas and New Year period. In April 2011, prescription charges were abolished.

In April 2010, the cost per item was relatively high, but during 2012 it dropped, perhaps reflecting the number of high volume proprietary drugs coming out of patent and thus losing their patent protection during 2012 for which generic copies became available, for example Atorvastatin.

¹ Data for 2012 was taken from the 26th March 2013 financial year remuneration release on the ISD website. Data for 2011 was taken from the 27th March 2012 financial year remuneration release on the ISD website.

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.
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.
CMS	Chronic Medication Service.

List of Tables

Table No.	Name	Time period	File & size
1	Financial year 2013-14 schedules	Financial year 2013/14, April - December	Excel [254kb]
2	Calendar year 2013 schedules	Calendar year 2013, January - December	Excel [226kb]

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Further Information

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

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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. 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.

A2 – Publication Metadata (including revisions details)

Metadata Indicator	Description
Publication title	Prescribing & Medicines: Reimbursement and remuneration paid to dispensing contractors
Description	Dispenser remuneration looks at reimbursement and remuneration of payments made to Scottish dispensers of pharmaceuticals in the community. The publication also includes the volume and gross ingredient cost of prescriptions items dispensed.
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 are acquired	Data is acquired on a monthly basis from PSD following payment approximately two calendar months after the end of the month being claimed for payment by contractors
Release date	25 March 2014
Frequency	Quarterly
Timeframe of data and timeliness	Data covering financial and calendar year to 31 st December 2013
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 with the Scottish Government and set annually. Details can be found in the Scottish Drug Tariff and in Primary Care circulars 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 Scottish Drug Tariff 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 in the classification of drugs in the British National Formulary (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.
Revisions relevant to this publication	N/A
Concepts and definitions	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.
Relevance and key uses of the statistics	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.
Accuracy	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. That data, however, is not used for this publication.
Completeness	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. 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.
Comparability	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 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 British National Formulary (BNF) is used to classify drugs based on therapeutic use.
Accessibility	It is the policy of ISD Scotland to make its web sites and products accessible according to published guidelines .
Coherence and clarity	All prescribing tables are accessible via the ISD website . Prescribing statistics are presented within excel spreadsheets for NHS Scotland and where appropriate broken down by NHS Board.
Value type and unit of measurement	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 measure of drug volume in this publication is items (the number of individual drug items on a prescription form). Further details and definitions can be found in the glossary.
Disclosure	The ISD protocol on Statistical Disclosure Protocol is followed.
Official Statistics designation	National Statistics.
UK Statistics Authority Assessment	Completed assessment by UK Statistics Authority. Report published October 2010.
Last published	17 December 2013
Next published	24 June 2014
Date of first publication	January 2002
Help email	NSS.isdprescribing@nhs.net
Date form completed	3 March 2014

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)

A4 – ISD and Official Statistics

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](#).

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics. Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.