

# Publication Report



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

Financial year 2013

Publication date – 24 June 2014



## Contents

Introduction .....	2
Data .....	2
Recent changes to data tables .....	2
Future changes to data tables .....	3
Key points.....	4
Results and Commentary.....	5
Glossary.....	6
Contact.....	8
Further Information.....	8
Rate this publication.....	8
A1 – Background Information .....	9
A2 – Publication Metadata (including revisions details).....	10
A3 – Early Access details (including Pre-Release Access) .....	13
A4 – ISD and Official Statistics.....	14

## Introduction

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

Dispensing contractors receive two distinct types of payment:

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

Payments are derived from information gathered by [Practitioner Services](#), within the Practitioner and Counter Fraud Service, after the pricing of prescriptions has taken place. Payments to dispensing contractors are made by Practitioner Services 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 medicinal products. 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 (mainly from English patients now as prescription charges have been abolished in both Scotland and Wales).

### 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.

For the December 2013 publication (new data July to September 2013), advance payment information was added which affects the net total. Advance payments are paid to contractors by Practitioner Services, 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 showed for the first time 'Establishment' and 'Dispensing Pool' payments which were introduced from October 2013. These replaced 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' were halved in value from October 2013 with the intention of phasing them out completely by April 2014; monies would then be paid under Dispensing Pool and Pharmaceutical Needs Payments. Also from this data quarter and onwards, 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\(P\)26.pdf](http://www.sehd.scot.nhs.uk/pca/PCA2013(P)26.pdf)

The June 2014 release includes only financial year data. The last calendar year file published was for the full year 2013 (published March 2014). Users who would like to analyse the data by calendar year can sum the data from the relevant months in the financial year sheets. It is anticipated that this should make the data easier to use, reduce room for errors in interpretation and also improve efficiency in producing the data tables.

### 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; the first of the financial year 2014 data files).

## Key points

- Over the last ten years the data show a trend of increasing cost and number of items dispensed in Scotland. As the number of items dispensed has increased at a greater rate than the gross ingredient cost, the average cost per item is decreasing overall.
- The gross total payments to Scottish dispensing contractors increased by £26.6million (2.4%) between 2012/13 and 2013/14.
- The number of prescription items dispensed in 2013/14 was 98.8 million, an increase of 1.8 million items (1.8%) compared to 2012/13.
- The gross ingredient cost (GIC) in 2013/14 was £977.4 million. This is an increase of £21.4 million (2.2%) compared to 2012/13. The GIC is the cost of drugs and appliances reimbursed before the deduction of any dispenser discount.
- The net ingredient cost (NIC) paid has increased from £910.2 million in 2012/13 to £937.8 million in 2013/14, an increase of £27.6 million (3.0%). The NIC is the cost of drugs and appliances reimbursed after deduction of any dispenser discount.
- The cost for remuneration of services has decreased by £0.96 million (0.5%) from £207.9 million in 2012/13 to £207.0 million in 2013/14.

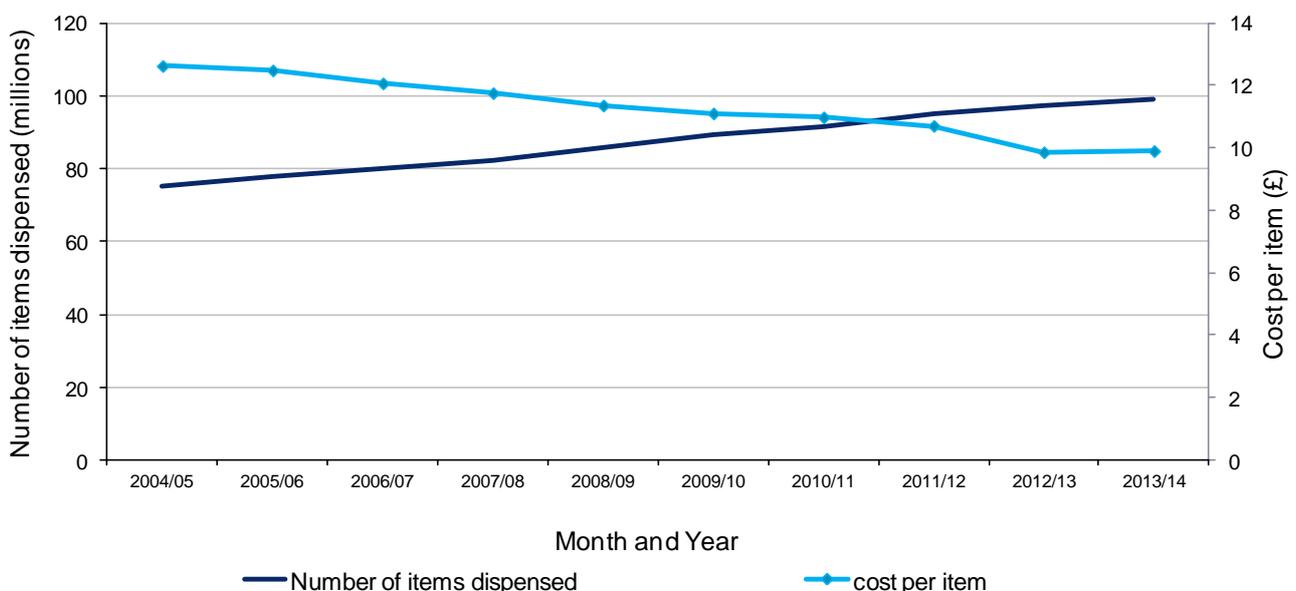
## Results and Commentary

The gross total payments to Scottish dispensing contractors increased from £1,118.2 million in 2012/13 to £1,144.8 million in 2013/14<sup>1</sup>. Of the gross total around 18.1% (£207.0 million) is attributed to the remuneration of service, similar to 18.6% (£207.9 million) in 2012/13. The fees and allowances have been revised from October 2013 as explained in the Scottish Government circular [PCA\(P\)\(2013\)26](#), but this was to redistribute existing payments into new payments and so leaves the overall remuneration totals comparable from year to year. The remaining 81.9% (£937.9 million) of the gross total is attributed to the net ingredient cost (NIC) of drugs, showing an increase of £27.6 million on the previous year (from £910.2 million).

The gross ingredient cost (GIC) of payments to dispensing contractors in 2013/14, in respect of dispensing was £977.4 million. This is an increase of £21.4 million (2.2%) compared to 2012/13. The percentage increase of the number of items dispensed was lower than the increase of GIC for the same time period, 1.8%, from 97.0 million items in 2012/13 to 98.8 million items in 2013/14.

Chart 1 shows the number of items dispensed and cost per item over the last ten years. The number of items dispensed has increased at a greater rate than the gross ingredient cost so the average cost per item is decreasing overall, although it remained broadly the same between 2012/13 and 2013/14. The sudden drop in cost per item in 2012/13 reflects 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.

**Chart 1: Number of items dispensed, and cost per item, 2004/05 – 2013/14, Scotland**



<sup>1</sup> Data for previous years taken from the June financial year releases on the ISD website: <http://www.isdscotland.org/Health-Topics/Prescribing-and-Medicines/Community-Dispensing/Pharmacy-Services/>

## Glossary

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).
CMS	Chronic Medication Service.
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.
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.
Gross cost	Net Ingredient Cost plus dispensing fees plus other fees and allowances centrally paid.
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).
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.
Part 7 items	Generic drug items included in part 7 of the Scottish drug tariff.
Patient Charges	Income generated from paid prescriptions (£0.00 per item as at 1 April 2011) - excludes prepayment certificates.
Stock orders	Stock orders are used to request products for immediate administration by the clinician in a general practice or clinic situation.

## List of Tables

Table No.	Name	Time period	File & size
1	<a href="#">Financial year 2013-14 schedules</a>	Financial year 2013/14, April - March	Excel [282kb]

## Contact

### **Paula McClements**

Senior Statistician

[paula.mcclements@nhs.net](mailto:paula.mcclements@nhs.net)

0131 275 7666

### **Catriona Young**

Senior Information Analyst

[Catriona.Young@nhs.net](mailto:Catriona.Young@nhs.net)

0131 275 6599

## Further Information

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

## Rate this publication

Please [provide feedback](#) on this publication to help us improve our services.

Appendix

## **A1 – Background Information**

### How the data are obtained

[Practitioner Services](#) process 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 workbook
Data source(s)	Prescribing Information System (PIS). All data held in PIS are sourced from Practitioner Services within NHS National Services Scotland who are responsible for the remuneration and reimbursement of dispensing contractors within Scotland.
Date that data are acquired	Data are acquired on a monthly basis from Practitioner Services following payment approximately two calendar months after the end of the month being claimed for payment by contractors
Release date	24 June 2014
Frequency	Quarterly
Timeframe of data and timeliness	Data covering financial year to 31 <sup>st</sup> March 2014
Continuity of data	Data are held in PIS for the most recent 14 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 <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 Practitioner Services for example due to an administrative error. Retrospective revisions can also occur in the classification of drugs in the <a href="#">British National</a>

	<p><a href="#">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>
Revisions relevant to this publication	N/A
Concepts and definitions	<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.</p>
Relevance and key uses of the statistics	<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>
Accuracy	<p>The data are sourced from a payment system and routine monthly checks are carried out by Practitioner Services 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 are captured but are 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. These data, however, are not used for this publication.</p>
Completeness	<p>The Prescribing Information System holds information on 100% of NHSScotland 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.</p>
Comparability	<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</p>

	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 <a href="#">British National Formulary</a> (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 <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 NHSScotland 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 <a href="#">ISD protocol on Statistical Disclosure Protocol</a> is followed.
Official Statistics designation	National Statistics.
UK Statistics Authority Assessment	Completed assessment by UK Statistics Authority. Report published October 2010.
Last published	25 March 2014
Next published	30 September 2014
Date of first publication	January 2002
Help email	<a href="mailto:NSS.isdprescribing@nhs.net">NSS.isdprescribing@nhs.net</a>
Date form completed	28 May 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.