



Community
Pharmacy
Scotland

CPS response to the Statutory Scheme Consultation

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Who are we?

Community Pharmacy Scotland is the organisation which represents community pharmacy contractor owners in almost every aspect of their working lives, and is the voice of these vital healthcare professionals as they deliver pharmaceutical care to the people of Scotland.

It is empowered to represent the owners of Scotland's 1256 community pharmacies and negotiates on their behalf with the Scottish Government. This covers all matters of terms of service and contractors' NHS service activity including remuneration and reimbursement for the provision of NHS pharmaceutical services.

What do we do?

Community Pharmacy Scotland works with the Scottish Government on the development of new pharmaceutical care services and works to ensure that the framework exists to allow the owners of Scotland's community pharmacies to deliver these services.

The Scottish community pharmacy contract puts the care of the individual right at its centre and with its focus on pharmaceutical care and improving clinical outcomes, community pharmacy contractors and their employee pharmacists are playing an increasingly important role in maximising therapeutic outcomes and improving medicine safety. Community pharmacy is at the heart of every community and plays an important part in the drive to ensure that the health professions provide the services and care the people of Scotland require and deserve.

Consultation questions

1. We welcome views on the factors the Government should take into account when considering whether and to what extent further limits on the cost of branded health service medicines should be applied through the statutory scheme.

CPS appreciates the need for the Government to monitor and control the cost of Branded medicines within the finite NHS budgets. We also recognise the fundamental change in PPRS has had a knock on effect in terms of widening the differential between it and the Statutory Scheme in terms of NHS savings. We accept that this should be addressed.

Factors to consider for CPS other than those mentioned in the review such as the need to continue to encourage innovation in medicines and to ensure R&D is protected include the impact on the devolved Health services. This is complex but should be considered in terms of sharing of information and the impact across health systems.

We are aware of at least five companies who have left PPRS to the current statutory scheme. Have the reasons for exit been fully understood and investigated? Our understanding is that with Global Reference prices being taken from UK why would companies really want to leave PPRS where this is benchmarked globally for a fraction of their global turnover?

2. Comments are invited on the options set out above and the range of potential price adjustments or payment percentages.

Option 2a is the option the Government make the case for being the best in economic terms for UK savings. CPS would tend to go along with this option for the reasons outlined in the consultation document.

An issue to consider here is when the saving to the NHS is realised. With a price cut mechanism the saving is realised immediately while with the percentage proposal this is presumably worked out retrospectively or estimated in year. Until this impact is worked through some sort of temporary provision of potential savings would have to be found to fill any gap.

From a community pharmacy perspective the impact on the increased prices of Branded medicines moving from price cut to percentage may have an impact on the reimbursement mechanisms in place north and south of the border. Presumably with the 15% reduction removed, the price would increase and the discounts available through manufacturers/wholesalers may be negatively affected resulting in reduced terms for dispensing contractors. The full implications of this would have to be worked through.

3. Comments are invited on the detailed proposals for how a payment scheme might operate at Annex A.

CPS would question the need for a reduced exclusion criteria through any new Statutory Scheme agreement. If the aim is to align with PPRS why would this be the case? Brand Equalisation is currently excluded but wouldn't be for any new Statutory Scheme proposal.

4. Do you agree with our proposal that the threshold for the smaller companies exemption should remain as it is now, in line with the PPRS?

Yes as this supports the aim of innovation within smaller turnover companies. However a mechanism to track when this threshold has been passed should be thought through and published to ensure no companies are inadvertently missed.

5. Do you have any comments with regard to our proposals to keep complexity of administration to a minimum?

Any bureaucracy should be kept to a minimum

6. Comments are invited on the proposals to:

- **Create and publish on the Government's website an archive list of maximum reference prices which covers all presentation in the statutory scheme and the PPRS;**
- **Publish on the Government's website regular updates of current maximum prices for all presentations in the statutory scheme and the PPRS in a separate list;**
- **require companies to give the Department at least 28 days' notice of the price of a product prior to launch and of the intended launch date;**

All suggestions above make sense. CPS would ask that the devolved Health systems are updated and all companies are reminded to inform Scotland of changes to prices so that the price file for the Scottish system can be accurately maintained and updated. Occasionally in Scotland companies do not inform the Scottish Government (for a variety of reasons including not realising separate tariff and price file arrangements) and it impacts on reimbursement prices for our pharmacy members north of the border.

7. We would welcome views on whether we should consider the options available to the DH such as Secretary of State's powers to limit the prices of health service medicines, for generic medicines where there is no competitive market to secure value for money.

CPS would suggest this should be considered. In recent years our members have feedback on a number of products which have been released as a generic from a brand and the price has increased considerably. This obviously sits outside any current pricing scheme and the full cost of these increases is borne by the NHS and, until paid, the dispensing contractors. This also has a slight impact in reimbursement terms for our members in terms of the cost (and subsequent discount rate applied by the government). Again on occasion our members have been disadvantaged through companies not informing the Scottish pricing authorities in a timely way and CPS having to work with our members and the pricing authority to ensure this does not disadvantage our members financially for supplying prescribed items.

8. Comments are invited on our proposals to:

- **Require the company to agree a temporary maximum price with the Secretary of State where a temporary exemption from price controls is permitted;**
- **Set out factors for the Secretary of State to take into account in making decisions on whether to agree a request for a price increase from companies and enable the Secretary of State to request such information as he reasonably requires to make this decision.**

CPS has no comment in this area

9. Comments are invited on our proposals to include provision to allow the Secretary of State to apply the current levels of penalties in the 2007 Regulations:

- **where a company publishes a price for a presentation that is higher than the maximum price held on the Secretary of State's list;**
- **where a company fails to give the Department at least 28 days' notice of the price of a presentation prior to launch and of the intended launch date;**
- **for breaches of the new requirements for payments and/or information to calculate payments,**

and to establish the level of the penalty for breaches of the regulations by using a company's total UK sales, in cases where information on branded health service medicines sales is not available.

CPS accepts there have to be sanctions and proposals around this but doesn't have a view on what these should be.

10. We welcome any comments, including any evidence, on how the proposals may affect groups protected by the public sector equalities duties and health inequalities

CPS has nothing further to add at this point.