



Dear Colleague

PHARMACEUTICAL SERVICES: AMENDMENTS TO THE DRUG TARIFF IN RESPECT OF REMUNERATION ARRANGEMENTS AND PART 7 AND PART 11 DISCOUNT CLAWBACK ARRANGEMENTS FROM 1 APRIL 2019

Purpose

1. This circular advises community pharmacy contractors and NHS Boards of the outcome of the negotiations for the community pharmacy funding settlement for 2019-20.

Background

2. Circular PC(P)(2018) 7 advised on amendments to the reimbursement arrangements and amendments to reimbursement prices listed in Part 7 of the Drug Tariff (generics) along with the Part 7 discount clawback rate for the financial year 2018-19.

3. A settlement has now been put in place on a 1 year community pharmacy funding package to cover the financial year 2019-20.

Detail

4. This circular now advises of the key headline elements of the community pharmacy funding package which continues to deliver community pharmacy contractors and Health Boards continued stability and predictability established in previous years settlements. The key headline elements of the 2019-20 settlement are as follows:

- I. The remuneration Global Sum will be reset for 2019-20 at **£183.559, an increase of £2.6 million** on the previous year.
- II. The non-Global Sum shall roll forward at its current level set at £1.3 million.
- III. That the Pharmacy First service is integrated with the national Minor Ailment Service from 1 April 2019 and remuneration level set at the existing level of £1.1 million.

23 April 2019

Addresses

For action

Chief Executives, NHS Boards
Director of Practitioner Services, NHS NSS

For information

Directors of Finance, NHS Boards
Directors of Pharmacy
Chief Executive, NHS NSS

General Enquiries to:

Bryan Lamb
Head of Pharmacy Branch
Pharmacy & Medicines
Division
1st Floor East Rear
St Andrew's House
EDINBURGH
EH1 3DG

Tel : 0131-244-3096

Email :

bryan.lamb@gov.scot

www.gov.scot

- IV. That the sum of **£20 million will be mapped from Part 7 (generic) Drug Tariff to the guaranteed elements of funding in 2019-20**. The sum of £20 million will be spread across an agreed basket of targeted drugs. **Combined with the Global Sum uplift noted at (I) and Pharmacy First funding noted at (III), and in addition to the £20 million mapped from the Drug Tariff in 2018-19, the total amount of guaranteed remuneration in 2019-20 will be £224.659 million**.
 - V. The guaranteed minimum margin retained by community pharmacy contractors, on the purchase of generic drugs, will be **reduced to £80 million** in 2019-20.
 - VI. Dependent on market conditions, community pharmacy contractors shall retain 100% of the first £10 million earned above the guaranteed minimum of £80 million – providing pharmacy contractors with the opportunity to earn up to £90 million in retained margin. Margin earned above this amount (£90 million) will be **shared on a 50:50 basis with NHS Boards**.
 - VII. That margin earned in 2018-19 and subject to 50:50 sharing arrangements will be subject to clawback provisions in 2019-20. Clawback accumulated in 2018-19 will be **circa £18 - £20 million**. As such, the generic clawback rate will be applied at the rate of **6% effective from 1 April 2019**.
 - VIII. The continued inclusion of a cash flow support mechanism to ensure there is sufficient cash liquidity in the pharmacy network, should market conditions deteriorate within the financial year 2019-20, **an adjustment or temporary suspension of the generic clawback rate will be made**.
 - IX. In the event that support mechanisms are invoked and market conditions recover, the generic clawback rate will be reintroduced at the rate prior to temporary suspension or adjustment. Any outstanding clawback balance at the end of the financial year (2019-20) will be carried forward to the new financial year (2020-21).
5. Further information on the detailed changes to the Drug Tariff remuneration and reimbursement arrangements will be circulated in due course once finalised with Community Pharmacy Scotland.

Drug Tariff Discount Clawback

6. Circular PCA(P)(2019) 3 advised that the Drug Tariff in respect of the Part 7 and Part 11 discount clawback would be set at **2.5%** and **4.51%** respectively. This circular now advises that the Part 7 (generic) Drug Tariff discount clawback will be **reset to 6% effective from 1 April 2019** and that the Part 11 discount clawback rate will be **reset to 4.92% effective from 1 May 2019**.

Consultation

7. Community Pharmacy Scotland has been consulted on the Drug Tariff amendments and the contents of this circular.

Action

8. NHS Boards are asked to:

- **copy this circular to all community pharmacy contractors on their pharmaceutical lists, Health and Social Care Partnerships and the Area Pharmaceutical Board.**

Yours sincerely,

A handwritten signature in black ink, reading "Rose Marie Parr". The signature is written in a cursive style with a large initial 'R'.

Rose Marie Parr

Chief Pharmaceutical Officer/

Deputy Director Pharmacy & Medicines Division