



Dear Colleague

PHARMACEUTICAL SERVICES: AMENDMENTS DRUG TARIFF IN RESPECT OF REMUNERATION ARRANGEMENTS FROM 1 APRIL 2018

Purpose

1. This circular advises community pharmacy contractors and NHS Boards of the outcome on the negotiations for the community pharmacy funding settlement for 2018-19.

Background

2. Circular PCA(P)(2017) 13 advised on amendments to the remuneration arrangements and amendments to reimbursement prices listed in Part 7 of the Drug Tariff (generic drugs) along with the Part 7 discount clawback rate for the financial year 2017-18.

3. A settlement has now been reached with Community Pharmacy Scotland on a 1 year community pharmacy funding package to cover the financial year 2018-19.

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 2018-19 settlement** are as follows:

- The remuneration Global Sum will be reset for **2018-19 at £180.959m**, an **increase of £2.6m** on the previous year.
- The non-Global Sum shall **roll forward** at its current level **set at £1.3m**.

15 June 2018

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
Policy & Funding Manager
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

- A reduction of £10m (30%) on Pregabalin capsules in Part 7 of the Drug Tariff (generic drugs) effective from 1 June 2018.
- The **sum of £20m to be mapped from Part 7 of the Drug Tariff (generic drugs) to the Global Sum in 2018-19**. This will comprise of a further substantial reduction in pregabalin and a balancing figure across a small group of drugs.
- Inclusive of the re-baselined Global Sum and the £20m mapped from Part 7 of the Drug Tariff (generic drugs), **the guaranteed element of the funding package will deliver £200.959m**.
- Guaranteed minimum margin retained by community pharmacy contractors will be **reset at £100m**. Should market conditions permit, any amount earned above the guaranteed minimum margin will be **shared on a 50:50 basis** with NHS Boards and pharmacy contractors continuing to share risk and margin.
- Margin earned in 2017-18 and subject to 50:50 sharing arrangements will be subject to clawback provisions in 2018-19. Clawback accumulated in 2017-18 will be **circa £5m**. As such, the generic clawback will be applied at the **rate of 1.5% effective from 1 June 2018**.
- In the event of market deterioration during the financial year 2018-19, a support mechanism to ensure sufficient cash liquidity to the pharmacy network shall see the **temporary suspension or adjustment to the generic clawback rate in 2018-19**.
- In the event that support mechanism 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 (2018-19) will be **carried forward to the new financial year (2019-20)**.

5. Further information on the detailed changes to the Drug Tariff remuneration, reimbursement and margin sharing arrangements will be circulated in due course once finalised with Community Pharmacy Scotland.

Drug Tariff Discount Clawback

6. Circular PCA(P)(2017) 5 advised that the Drug Tariff in respect of the Part 7 discount clawback from 1 June 2017 would be set at **0%**. This circular advises that the target Part 7 discount clawback will be **reset to 1.5% effective from 1 June 2018**.

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.**

PCA (P)(2018)

Yours sincerely,

A handwritten signature in cursive script that reads "Rose Marie Parr". The signature is written in black ink and is positioned below the closing "Yours sincerely,".

Rose Marie Parr
Chief Pharmaceutical Officer/
Deputy Director Pharmacy & Medicines Division