

Dear Colleague

## PHARMACEUTICAL SERVICES: AMENDMENTS TO THE DRUG TARIFF IN RESPECT OF REMUNERATION ARRANGEMENTS AND PART 7 DISCOUNT CLAWBACK ARRANGEMENTS FROM 1 APRIL 2022

### Purpose

1. This circular sets out to community pharmacy contractors and NHS Boards the details of the community pharmacy funding arrangement 2022-23. This forms part of the 3-year settlement introduced in April 2020.

### Background

2. Circular PCA(P)(2021) 5 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 2021-22. In line with the 3-year settlement, the Part 7 discount clawback rate will remain at zero.

### Detail

5. This circular advises of the key elements of the community pharmacy funding package for 2022-23, agreed as part of the multiyear agreement 2020-21 – 2022-23, delivering community pharmacy contractors and Health Boards continued stability and predictability.

- I. The remuneration Global Sum will be subject to a **fixed percentage uplift of 2.5% in each of the three years**. The remuneration Global Sum in 2022/23 will be reset at **£205.489 million**.
- II. The non-Global Sum will **remain at £1.3 million** and will continue to fund the infrastructure to support the joint Scottish Government and CPS strategy of increasing the independent prescriber workforce within the community pharmacy setting.
- III. **NHS Pharmacy First Scotland** service funding will increase by **£2.5 million in 2022-23, bringing the total investment of new monies for the service to £10m million**.



### Addresses

#### For action

Chief Executives, NHS Boards  
Director of Practitioner  
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#### For information

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- IV. The continued mapping of funding from Part 7 (generic) Drug Tariff as guaranteed income will be increased by £15 million to **£80 million** for the financial year 2022-23. Mapped guaranteed income is **not** subject to an annual uplift.
- V. Taking points I – IV, the total guaranteed funding to be delivered in 2022/23 is **£287.989 million**.
- VI. The current level of the guaranteed minimum income and the agreed additional retained income 'buffer' will be increased in line with the 3-year settlement. Therefore, guaranteed minimum income will be reset at **£84.05 million** and sharing of generated income above **£94.05 million** will be on a **50:50** basis between NHS Boards and community pharmacy owners. This is subject to ongoing discussion between Scottish Government and Community Pharmacy Scotland and any changes will be communicated in due course.
- VII. Any generated income above the agreed sharing point that is due to Boards will be delivered through an agreed mechanism. In addition, any generated income above the sharing point due to Boards will be matched as mapped guaranteed income. Both will be delivered by a reduction to Part 7 (generic) Drug Tariff.
- VIII. The amount due to Boards will be determined by the outputs from the Scottish Government community pharmacy regular pricing enquiry reporting.
- IX. In line with the 3-year settlement, Scottish Government shall determine if any Drug Tariff reductions are practical for the purposes of mapping to guaranteed income. Taking into consideration the current market conditions and any impacts on the Scottish Drug Tariff, no additional monies will be mapped in the financial year 2022-23 from previous years.

## 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 Committee.**

Yours sincerely,



**Professor Alison Strath**  
Chief Pharmaceutical Officer /  
Deputy Director Pharmacy & Medicines Division

## **DRUG TARIFF PROVISIONS WITH RESPECT TO COMMUNITY PHARMACY REMUNERATION WITH EFFECT FOR DISPENSING PERIOD UPDATED TO INCLUDE CHANGES FOR DISPENSING FROM APRIL 2022**

### ***Dispensing Pool Payment – standard arrangements for contractors with established dispensing histories – annualised pool £132.439m***

From 1 April 2022 all contractors on the pharmaceutical list on the 1<sup>st</sup> day of the dispensing month will be eligible to receive a Dispensing Pool Payment. This will be calculated as a discrete payment for each contractor.

For dispensing months from April 2022 onwards it will be calculated as a share of a total monthly dispensing pool of **£11.036m**.

Each eligible contractor's share will be calculated as that contractor's share of the total dispensings made over a previously determined period. The reference period for dispensing pool payments for the dispensing months July to September 2022 will be December 2021 to February 2022 inclusive. For subsequent quarters the reference period will roll forward by one month.

In recognition of the activity associated with complex dispensings and to avoid the need for a separate payment, the aggregate dispensing pool and each contractor's share will comprise discrete dispensing plus instalments, with each instalment weighted on a par with a dispensing.

### ***Dispensing Pool Payment – arrangements for contractors recently added to the pharmaceutical list and/or with incomplete dispensing history, or whose dispensing pool payment would otherwise fall below the minimum target***

A minimum monthly payment of **£750** will apply for dispensing months April 2022 onwards to eligible contractors who were not on the list, or where no previous contractor was on the list for the applicable prior reference period used when calculating the dispensing pool payments. The minimum payment will remain in place until the contractor has three consecutive months of dispensing activity to be used to determine the dispensing pool payment.

If a contractor recently added to the list considers that the **£750** payment doesn't fairly reflect their share of the overall dispensing activity in the first three months of operation, they may request Public Health Scotland (ISD) with nine months of the dispensing months concerned for a retrospective adjustment calculation to be completed. This will establish if an adjustment, calculated by reference to the previous quarter's dispensing pool, would be appropriate.

If the total amount due is less than the **£750** already paid, no further action will be taken. If the amount due exceeds **£750** an adjustment will be made as soon as practical for the months concerned and if necessary as a retrospective payment. This provision is back dated to apply for payments to dispensing month April 2022 onwards.

### ***Medicines: Care and Review Service Capitation Payment – annualised pool £39.049m (formerly Chronic Medication Service)***

Contractors, on the list on the first day of the dispensing month and contracted with their NHS Board to provide M:CR, will receive a share from this pool in proportion to

the number of patients registered for M:CR and assigned a priority care plan in the patient's Pharmacy Care Record on the last day of the month concerned. **The M:CR pool will be re-baselined from 1 July 2022. Further communications will be issued to community pharmacy contractors informing them of changes to their share of the M:CR pool**

A review of M:CR remuneration model is ongoing with an aim to introduce a revised remuneration model in the second half of the 2022/23 financial year. Further details will be communicated once agreement has been reached with Community Pharmacy Scotland.

### ***Establishment Payment – annualised pool £37.740m***

A revised single flat rate payment of **£2,500** will be made to contractors on the pharmaceutical list on the first day of each dispensing month.

For part time ESPs, the Establishment Payment will be made as a proportion of the single flat rate payment of **£2,500** as set out below:

Hours Contractor Open	% of Single Flat Rate Payment
>5<=/=10	60%
>10<=/=15	75%
>15<=/=20	85%
>20<=/=25	90%
>25<=/=30	95%
>30	100%

### ***Unscheduled Care – annualised pool £3.580m***

The annualised pool of **£3.58 million** to recognise the work undertaken in the treatment of unscheduled care. From 1 April 2022 all contractors on the pharmaceutical list on the 1<sup>st</sup> day of the month will be eligible to receive a **base payment of £100** and an associated unscheduled care activity payment derived from a fixed funding pot in the region of **£2.08m**.

### ***NHS Pharmacy First Scotland Service – annualised pool £30.8m***

As outlined in Circular [PCA\(P\) \(2021\) 20](#), contractors on the board's pharmaceutical list on the 1st day of the month will receive a base payment of **£1,000**. This will be reviewed during the financial year 2022/23 based on latest data and further reductions applied. Any further quantum removed from the monthly base payment will be redistributed via the activity payment pot and supplemented by income generated from specific interventions. These pharmaceutical care interventions are **Advice, Referral or Treatment**.

From **1 April 2022**, and for **each month thereafter**, all contractors will receive the base payment of **£1,000** and an activity payment from the activity payment pot of **£1.308m** where their activity level is above a specified minimum of **100 interventions per month** – with activity being recorded on PMR systems as **Advice, Referral or Treatment**.

***Quality and Service Development (QSD) Payment – annualised pool £4.246m***

For the dispensing months April 2022 – March 2023, the aggregate monthly amount available for the calculation of the target Quality and Service Development payments to contractors is **£0.354m**.

Details on the focus of activities will be issued under a separate circular.

***Gluten Free Food Service – annualised pool £2.5m***

All contractors who are on the list on the 1<sup>st</sup> day of the dispensing month and who have accepted their Health Boards invitation to offer Gluten Free Foods as an additional pharmaceutical service will receive a monthly fixed payment of **£100**. All contractors in the dispensing month concerned shall receive an activity payment from a fixed funding pot of around **£1m**.

**All contractors providing GFFS must ensure that the patients' full and accurate CHI number are provided.**

**Quality Improvement**

Contractors on the pharmaceutical list from 1 April 2022 will be entitled to a fixed fee of **£280**. New contractors, if haven't already undertaken the SPSC survey, must complete this by 30 November. Activities to support Quality Improvement will be issued under a separate circular. Contractors should note that activities from **April 2022 onwards will support the implementation and training requirements for additional clinical conditions added to the NHS Pharmacy First Scotland service and Public Health Services and timely completion of the NES Community Pharmacy Workforce Survey in 2022**. Further activities will be announced during the course of the year under a separate circular and will be subject to any changes in policy priorities.

***Service Efficiency Payment – annualised pool £5.762m***

In order to continue the drive to adopt a digital first approach to claiming, electronic claims must be the default approach for all reimbursement claims where available. Arrangements for the monthly Service Efficiency Payment will continue as an absolute eClaim target that will measure all AMS claims, including care home, instalment and stoma claims. The target rate of claims will continue at 80%.

All new contractors on the pharmaceutical list at or since 1<sup>st</sup> April 2022 will receive the monthly Service Efficiency Payment of **£150**.

The payment will be calculated as;

***SE% = Total eClaims / Total Possible eClaims (inclusive of care home, instalment and stoma claims)***

At or above the threshold the contractor will receive a payment at the rate of each contractor's own Service Efficiency payment. Below the threshold, contractors will not be eligible for any payment, except in the following circumstances:

A contractor who wouldn't otherwise receive a payment for a particular month may request the Health Board to consider failure to achieve the **80% threshold** are exceptional and out with the contractors control, and authorise a special payment. If the application is made, and the Health Board determine failure to achieve the target threshold is out with the contractors control, a payment may be authorised at the Health Board discretion.

***Patient Services element of Public Health Service (PHS), Smoking Cessation, Emergency Hormonal Contraception and Bridging Contraception (Sexual Health) – total annualised pool £5.998m***

All contractors who have arrangements in place with NHS Boards for the provision of PHS will receive payments in respect of the dispensing months April 2022 onwards for the following services:

**PHS Smoking Cessation**

The contractor will be remunerated for the submission of MDS information at each of the 3 quit attempt milestones and rates are noted below. Milestones are intended to help improve the level of service provided to patients looking to quit smoking and the monitoring of that through the HEAT target process.

Quit Attempt Event	MDS Submission	Remuneration Basis
<u>Event A</u> Submission of the DS information with confirmed quit date (normally first return appointment)	To be electronically submitted once the quit date is confirmed with the client. This will inform the basis of the timelines for the four week and twelve week date follow up.	A count will be made on the central smoking cessation database of patients for MDS submission for new quit attempts that meet the validation requirements that have not been remunerated.
<u>Event B</u> Four week post quit date	To be electronically submitted immediately after the four week post quit date and not later than six weeks from the confirmed quit date.	A count will be made on the central smoking cessation database of patients for MDS submission for the four week stage that meet the validation requirements that have not been remunerated.
<u>Event C</u> Twelve week post quit date	To be electronically submitted immediately after the twelve week post quit data and not later than sixteen weeks from the confirmed quit date.	A count will be made on the central smoking cessation database of patients for MDS submission for the twelve weeks' stage that meets the validation requirements that have not been remunerated.

*The patient count will be made at the end of the calendar month.*

Capitation payment in respect of patients at each of the following event stages:

- **Event A: £30**
- **Event B: £15**
- **Event C: £35**

## PHS Emergency Hormonal Contraception (Sexual Health)

All contractors who have arrangements with NHS Boards for the provision of the **Emergency Hormonal Contraception** will remain at **the capitation payment of £30 per intervention** reported by the contractor as receiving PHS EHC treatment.

## Bridging Contraception (Sexual Health)

Arrangements for the Bridging Contraception service, introduced in July 2021, will see an increased remuneration funding pool of £1.620m with a payment of **£30 per intervention**. Circular PCA(P) (2021) 12 provides details on the Bridging Contraception service.

## **Pharmaceutical Needs Weighting Payment – annualised pool £3.845m**

From April 2022, all contractors on the list at the start of the dispensing month and in receipt of a Dispensing Pool Payment will be eligible for the period April 2022 – March 2023 for a Pharmaceutical Needs Weighting Payment. This acknowledges the additional pharmaceutical needs arising from age and deprivation characteristics of the post code of presenting patients. For dispensing months April 2022 onwards it will be calculated from a **monthly pool of £0.320m**.

For each contractor the following has been identified:

- Proportion of dispensing patients aged 60 years or over
- The percentage of dispensing patients with postcodes in the two most deprived quintiles according to the Scottish Index of Multiple Deprivation (SIMD)

Two indices will be calculated in accordance with the following table and those two discrete indices are averaged to produce a **combined index** which is the weighting to be applied.

Age	Age Index	SIMD	SIMD Index
75% or more of patients under 60 years	1.0	40% or less of patients with postcodes in the two most deprived quintiles	1.0
Between 65% - 75% of patients under 60 years	1.2	Between 40% - 60% of patients with postcodes in the most deprived quintiles	1.2
Between 65% - 75% of patients under 60 years, with more 75+ than 60 – 74	1.3	Between 40% - 60% of patients with postcodes in the most deprived quintiles and more in the most deprived quintiles	1.2
Between 55% - 65% of patients under 60 years	1.4	Between 60% - 80% of patients with postcodes in the most deprived quintiles	1.4
Between 55% - 65% of patients under 60 years, with more 75+ than 60 – 74	1.5	Between 60% - 80% of patients with postcodes in the most deprived quintiles and more in the most deprived quintiles	1.5
Between 45% - 55% of patients under 60 years	1.6	Between 80% - 90% of patients with postcodes in the most deprived quintiles	1.6
Between 45% - 55% of patients under 60 years, with more 75+ than 60 – 74	1.7	Between 80% - 90% of patients with postcodes in most deprived quintiles and more in the most deprived quintiles	1.7
Between 35% - 45% of patients under 60 years	1.8	More than 90% of patients with postcodes in the most deprived quintiles	1.8
Less than 35% of patients under 60 years	2.0	More than 90% of patients with postcodes in the most deprived quintiles and more in the most deprived quintiles	2.0

The combined index will be applied to the monthly pool, derived from the total transitional payments available for redistribution to determine the Pharmaceutical Needs Weighting Payment for each contractor. Contractors added to the list between 1 April 2022 and 31 March 2023 inclusive and/or without any dispensing history in the reference period will receive a **proxy monthly Pharmaceutical Needs Weighting Payment** calculated using a **combined index of 1.0**.

### ***Care Home Dispensing Payments – annualised Pool £4.426m***

Arrangements for Care Home Dispensing Payments to all qualifying contractors continue from April 2022 as follows:

The annualised pool will remain at **£4.426m** for the year 2022-23 and is to be distributed quarterly (**quarterly pool of £1.107m**) between all contractors.

For the dispensing period April 2022 – June 2022 eligible contractors must have been on the list at 1<sup>st</sup> April 2022 and to have been on the list from the full reference period (1<sup>st</sup> September 2021 – 30<sup>th</sup> November 2021).

The amount paid to each contractor is calculated on analysis by PHS of the identifiable CHI numbers on prescription items processed by each contractor in that reference period (1<sup>st</sup> September 2021 – 30<sup>th</sup> November 2021) relating to patients in care homes as a percentage of all prescription items.

A tolerance factor applies that contractors whose historic dispensing for patients in care homes was less than **2.5%** of the total will be regarded as having no substantive care home activity.

For quarterly dispensing periods commencing July 2022 onwards eligibility contractors must be on the list on the first day of the quarter concerned. Payments to eligible contractors will also continue to be updated quarterly on the basis of the same annual pool of **£4.426m**.

### ***Stock Order on Costs – annualised pool £1.413m***

The on cost allowance for items (except pneumococcal vaccines) ordered by General Medical Practitioners on Form GP10A as **17.5%** of the net ingredient cost, calculated in accordance with paragraph 16 of Part 1 of the Drug Tariff.

### ***Guaranteed Minimum Target Income for Essential Small Pharmacy (ESP) – annualised pool £0.124m***

The total Establishment Payment **plus** Dispensing Pool **plus** Pharmaceutical Needs Weighting Payment made to an ESP each month is **£4,412** for full time contractors.

An equivalent guarantee for part time contractors is calculated as follows:

Hours Contractor Open	% of Single Flat rate Payment
>5</=10	60%
>10</=15	75%
>15</=20	85%
>20</=25	90%

>25</=30	95%
>30	100%

The total of Establishment Payment **plus** Dispensing Pool **plus** Pharmaceutical Needs Weighting Payment to be made to an ESP each month will be calculated as for all other contractors and if that aggregate is less than the level of the guaranteed minimum payment at a top up – the Essential Small Pharmacy Allowance – equivalent to the shortfall will be paid for the months concerned.

Eligibility for the ESP requires a contractor to be included on the register of essential small pharmacies held by their host NHS Board. Contractors taking over an existing ESP must have their continued inclusion in the ESP register approved by the Health Board.

### ***Measured and Fitted Fees – annualised pool £0.147m***

For dispensings from April 2022 onwards, a measured and fitted fee of **£25** is payable in respect of hosiery and all lymphedema garments which have been ‘measured and fitted’ if the prescription concerned is submitted for reimbursement appropriately **endorsed ‘measured and fitted’**. The measured and fitted fee payable in respect of trusses is **£250**.

### ***Community Pharmacy Independent Prescribing (NHS Pharmacy First Plus) – annualised pool £8.529m***

Circular PCA(P) (2020) 16 set out the intention to introduce a combined National Foundation Programme and Independent Prescriber (IP) Career Pathway for community pharmacists. It also described the terms of a pharmacist Independent Prescriber led common clinical conditions service which has become known as NHS Pharmacy First plus.

A monthly fee of **£3,000** will be made to the contractor named on the Board’s pharmaceutical list at the 1<sup>st</sup> day of that month for each full month the service is made available in the community pharmacy. Contractors should complete form at Annex A of circular PCA(P) (2020) 16. The service should only be made available once the prescribing IP is able to prescribe as an IP on the NHS – this will require a prescriber code and, until such times as a prescribing system is developed to support this service, a prescription pad.

The service provider will complete a self-declaration form to indicate that a pharmacist IP is available to provide this service for a **minimum of 25 hours per week**, for a minimum of 45 weeks of a rolling year from the date the service starts.

Any contractor that wishes to sign up for the service should complete the form found in annex A of [Circular PCA\(P\) \(2020\) 16](#).

### ***Post Registration National Foundation for Newly Qualified Pharmacists – annualised pool £2.640m***

To support the Post Registration National Foundation Programme for Newly Qualified Pharmacists, a monthly fee of **£1,000** (£12,000 per annum) will be made available to the contractor named on the pharmaceutical list on the 1<sup>st</sup> of each month. Payments

will be made to contractors monthly for the 12-month period or subject to a change in contractors status of participation.

***Staff Training – annualised pool £2.751m***

The budget annualised pool is £2.751m in 2022/23. A monthly payment will be made of **£180 per month per contractor**.

All contractors on the pharmaceutical list from the 1<sup>st</sup> day of month will be eligible for the payment.

***Independent Prescribing Legacy Workforce – annualised pool £1m***

Scottish Government has agreed to an annualised pool of £1m to support the role of pharmacist independent prescribers in community pharmacies. Further details will be provided under a separate circular on arrangements.

***Digital Investment – annualised pool £0.6m***

Scottish Government has agreed to setting aside an annualised pool of £0.6m to support the work being undertaken by Community Pharmacy Scotland and the pharmacy network on the development of a Digital Platform. Any monies not utilised as part of the digital investment in 2022/23 shall be re-distributed across the Global Sum.

***Other Payments***

All other payments to community pharmacy contractors which are not set centrally under the Pharmaceutical Service arrangements e.g. locally set fees for methadone dispensing etc. and centrally set fees for non-Pharmaceutical Services such as stoma appliance dispensing services will continue unchanged unless otherwise notified.

***Arrangements for contractors added to the list from 1<sup>st</sup> April 2022 onwards***

Where a contractor is added to the list at 1<sup>st</sup> April 2022, they will be invited by NHS NSS to confirm whether they are a totally new contractor or whether they are taking over an existing contractor already on the Pharmaceutical List and in the same location.

Those contractors who are taking over an existing contractor will for the purpose of calculation payments to be made, be assumed to inherit the characteristics, dispensing history, and stabilisation arrangements etc. of the predecessor contractor.

***Calculation of advance payments***

The method of calculation of advance payments to community pharmacy contractors in respect of centrally set remuneration and reimbursement for dispensing months April 2022 onwards is as follows:

The advance payment for dispensing months February – March inclusive is calculated as 100% of the 12 month mean monthly payment made to each contractor or its predecessor over the immediately preceding 12-month period for which calculated

actual gross payments for the remuneration payments and reimbursements are available, at the time the advance payment is calculated.

Where a contractor or its predecessor has a history of less than 12 months' actual payments at the time the advance is calculated, it will be calculated as 100% of the mean of the number of actual months for which data is available.

For brand new contractors the advance payment will be calculated as follows:

- Month 1 advance = (no. of days open/31) x £18,000
- For contractors who opened on the 1<sup>st</sup> of the month, their month 2 and subsequent advance will be calculated as the % applied to advance payments for all contractors as above for that month of the mean of the number of actual months which data is available.
- For contractors who opened on the month, their month 2 advance will equal: (no. of days /31) x £18,000; month 3 and subsequent advances until a 12-month history is available will be calculated as the % applied to advance payments for all contractors as above for that month of the mean of the number of actual months for which data is available.

### ***Contractors in exceptional circumstances***

Where a contractor has been subject to specific exceptional circumstances resulting in an interruption or delay in start of business operation i.e. due to fire, flood or another exceptional circumstance which in the Board's opinion was out with the contractors control and as a result the premises are rendered unfit for trade, the Board may, at its discretion, grant an application from the contractor for a payment or proportion of a payment stated in the Drug Tariff and which would otherwise have been paid, provided the Board is satisfied that it would be reasonable to do so. Nothing in this paragraph removes the need for contractors to conduct their business with normal commercial diligence and to be appropriately insured.