

Prescription re-pricing exercise

April 2011 – March 2012

Final report July 2013

Purpose

To provide information about the extent of and outcomes from the recent re-pricing exercise.

Background

In line with Drug Tariff Part XIVB all contractors who were open on 1 October 2012 received a payment based on the extent to which they were open for business during the reference period from 1 April 2011 to 31 March 2012. That period will be divided into bands of three months and each band will be worth £150. Contractor's received payments based on the number of bands during which they were, at some point, open e.g. a contractor who was open for the entire period received a payment of £600 while contractors who opened for the first time at some point between 1 January and 31 March 2012 received a payment of £150.

In summary, the arrangements were:

- An initial payment was made to 11,063 accounts depending on when they opened –
 - 10687 accounts received £600 = £6,412,200.
 - 127 accounts received £450 = £57,150.
 - 146 accounts received £300 = £43,800.
 - 103 accounts received £150 = £15,450.
- All pharmacy contractors could request a re-check of the accuracy of their monthly accounts by a deadline of 31 December 2012.
- Following the deadline of 31 December 2012, for contractors to request a recheck of their account, a further payment was made to any contractor who has chosen not to request a recheck.

The further payment was made to 10,489 accounts again depending on when they opened -

- 10138 accounts received £400 = £4,055,200.
- 120 accounts received £300 = £36,000.
- 134 accounts received £200 = £26,800.
- 97 accounts received £100 = £9,700.

Total value for these payments is £10,656,300.

- Contractors who did request a check of their monthly accounts would be handled on the following basis:
 - NHSBSA will select an equal number of months to check. Using the results from all the months reprocessed.
 - Where a net underpayment was revealed, the contractor will be paid the value of the underpayment.
 - Where a net overpayment was revealed, the NHSBSA will recover the value of the overpayment.

- Where a net underpayment was revealed in excess of £500, the contractor will be paid an additional payment of £400 to recognise that they have been significantly affected by the new payment system.

On receipt of the application forms all details were logged onto a database.

Extent of the exercise

Total number of pharmacy accounts who submitted a repricing request.	516
Total number of pharmacy accounts who submitted a request for all 12 months to be re-priced.	242
Total number of monthly batches requested for rechecking by the 516 pharmacy contractors.	4452
Total number of monthly 'balancing' batches required by NHSBSA for checking.	968
Total number of monthly batch checks required and subsequently undertaken by the NHSBSA.	5420
Repricing comparison	
April 2009 – March 2011 repricing	436 pharmacy accounts submitted a request.
April 2011 – March 2012 repricing	516 pharmacy accounts submitted a request. Of the 436 pharmacy accounts that submitted requests in 2009/2011 exercise, 172 submitted requests again in 11/12.

Methodology used

The prescriptions were originally processed during the period April 2011 to March 2012; being physically sorted, scanned and then processed through the pricing system. Most prescriptions are processed from the scanned images. Certain categories of prescriptions and those that require manual checking are referred to specialist operators to visibly check and process the scanned images. Approximately 60% of prescription items require some degree of manual intervention on this basis.

The process for the special exercise was for all prescriptions to be checked on a manual basis from the original paper FP10 prescription form. Each of the monthly batches that required checking were obtained from the NHSBSA's warehouse and then issued to a dedicated team of prescription processing staff. The outcome for each monthly batch account was collated by pharmacy contractor and it was then determined whether the additional payment of £400 was appropriate. Each account holder received a letter summarising the results of the checks undertaken, with a monthly breakdown provided which included any significant errors over £50. A payment adjustment was made to the account on the next available payment date. The final payment adjustments were made on 31 May 2013.

Outcome

The table below summaries the results of adjustments made to the 516 accounts that were checked:

Underpayments		
Total value of underpayments within the 516 who requested a check.	£519,834.73	
Number of pharmacy contractor accounts from 516 who had underpayments.	335 (64.92%)	The average value of the underpayment per underpaid contractors was £1,550.84.
Number of pharmacy contractor accounts from the 516 where the underpayment was in excess of £500 and therefore eligible for the additional Drug Tariff payment of £400.	253 (49.03%)	The total value of the additional £400 Drug Tariff payment was £101,200 (253 x £400).
Overpayments		
Total value of overpayments within the 516 who requested a check.	£252,045.33	
Number of pharmacy contractor accounts from 516 who had overpayments.	181 (35.08%)	An average value of the overpayment per overpaid contractors was £1,392.52.

The total cost of adjustments arising from checks undertaken is £267,789.40.