



Business Services Authority

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Report

Prescription re-pricing exercise

April 2009 – March 2011

Final Report to the Department of Health – June 2012

Supporting the NHS, supplying the NHS, protecting the NHS

Chief Executive - Nick Scholte Chair - Paul Rich

Purpose

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

Background

The October 2011 Drug Tariff detailed the special payment and checking arrangements for the period 1 April 2009 to 31 March 2011.

In summary, the arrangements were:

- That an initial special payment of up to £1,500 (per account) should be made to contractors based on the extent to which their pharmacies were open between 1 April 2009 and 31 March 2011. This was paid to all 10,842 accounts at the beginning of December 2011.
- That all pharmacy contractors could request a re-check of the accuracy of their monthly accounts by a deadline of 31 December 2011.
- Those contractors who did not request a re-check received an additional payment of up to £500 per account - again based on the extent to which they were open during the two year period. This additional payment was made to 10,347 accounts in March 2012.
- Contractors who did request a check of their monthly accounts would be handled on the following basis:
 - where a net underpayment was revealed, the contractor would be paid the value of the underpayment;
 - where a net overpayment was revealed, the NHSBSA would recover the value of the overpayment;
 - where a net underpayment was revealed in excess of £750, the contractor would be paid an additional payment of £500 (i.e. in addition to the £1,500 they would have already received) to recognise the significant impact on them.

As part of this re-pricing exercise the NHSBSA was required to undertake "balancing checks". This worked on the basis where, for each month a contractor requested a check, the NHSBSA would select an equal number of months to check.

Further detail on this re-pricing exercise is set out in the rest of this report.

Extent of the exercise

The table below shows an overall summary of the requests submitted by contractors by the deadline of 31st December 2011 and completed by the NHSBSA by 30th April 2012.

Total number of pharmacy accounts who submitted a re-pricing request.	434	This is 3.95% of pharmacy contractor accounts based on a total population of 11,000.
Total number of pharmacy accounts who submitted a request for all 24 months to be re-priced.	97	This is 22.35% of the 434 who submitted a recheck request.
Total number of monthly batches requested for rechecking by the 434 pharmacy contractors.	5,612	
Total number of monthly 'balancing' batches required by NHSBSA for checking.	2,053	
Total number of monthly batch checks required and subsequently undertaken by the NHSBSA.	7,665*	
Number of prescriptions items required for checking within the exercise.	48,466,485	

*Note: In January 2012 we stated that the total number of batches to be checked was 7917. The revision is due to a previous request from some contractors for repricing of monthly batches which had already been checked and adjusted through our normal customer service procedures.

Methodology

The prescriptions were originally processed during the period April 2009 to March 2011; being physically sorted, scanned and then processed through the pricing system. Most prescriptions are processed from the scanned images. Certain categories of prescription and those that require manual checking are referred to specialist operators to visibly check and process the scanned images. Approximately 60% of prescriptions 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 experienced prescription pricers. The outcome for each account was collated and it was then determine whether the additional payment of £500 was appropriate. Each account holder received a letter summarising the results of the checks undertaken, with a monthly breakdown provided. A payment adjustment was made to the account on the next available payment date. The final payment adjustments were made on 1 June 2012.

Outcomes

The table below summarises the results of adjustments made to the 434 accounts that were checked:

Underpayments		
Total value of underpayments within the 434 who requested a check. .	£1,495,430.98	
Number of pharmacy contractor accounts from 434 who had underpayments.	354 (81.6%)	The average value of the underpayment per underpaid contractor was £4,224.
Number of pharmacy contractor accounts from the 434 where the underpayment was in excess of £750 and therefore eligible for the additional Drug Tariff payment of £500.	290 (66.8%)	The total value of the additional £500 Drug Tariff payment was £145,000 (290 x £500).
Overpayments		
Total value of overpayments within the 434 who requested a check.	£186,385.34	
Number of pharmacy contractor accounts from 434 with overpayments.	80 (18.4%)	An average value of the overpayment per overpaid contractor was £2,330