

PRESS RELEASE



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SUBSTANTIAL INCREASE IN PHARMACY CONTRACT FUNDING ANNOUNCED

September 16 - PSNC has negotiated an £87m increase in pharmacy contract funding for 2009/10 with the Department of Health. This represents a 3.9% increase on last year's funding.

In addition to this, the Department of Health has agreed to make substantial provisions for a number of one-off costs pharmacy contractors are facing, including preparing for EPS2, information governance, and business continuity planning, to sustain the effective delivery of community pharmacy services. Details of these arrangements will be finalised over the coming weeks.

PSNC had previously announced that the medicines margins survey disclosed that significant excess margin had been achieved beyond the £500 million allowed. To recover this, having allowed for the provisions, average item value will be reduced by 9.4 pence per item achieved through a reduction in Category M reimbursement prices. The reduction will come into effect from 1st October. PSNC can now confirm that fees and allowances will remain unchanged from October 2009, including the fee per MUR. Volume thresholds for the establishment payment and the practice payment will increase by 3% in line with previous years.

Sue Sharpe, PSNC Chief Executive, said:

"The financial environment continues to be challenging for pharmacy contractors, but the Minister has sought to protect levels of funding in the period before the results of the joint PSNC / DH Cost of Service Inquiry can identify funding needs for the future. The substantial increase in numbers of pharmacies since 2005 has put great pressure on funding.

"This £87m increase in pharmacy contract funding represents a 3.9% rise on last year's figures. PSNC is now focused on the Cost of Service Inquiry, which is in its early stages and is due to report in 2010. This will represent a vital step in ensuring that contractors' remuneration and reimbursement accurately reflects all the costs of providing NHS community pharmacy services".

~Ends~

*For further information please contact the PSNC press office
on 0207 618 9187 or at psnc@luther.co.uk.*

Notes to Editor

1. Total funding available for distribution will be £2,300m. Of this sum, buying profit of £500m is allowed.
2. Fees and allowances and buying margins are adjusted in October in each year in order to deliver as closely as possible the funding available for distribution in the year. Consequently any excess buying profit earned in the first half of the year will be reflected in the level of fees and allowances for the second half of the year. Reimbursement will be adjusted in the second half of the year to prevent any further excess being accrued.