

PSNC RESPONDS TO NAO REPORT ON THE COMMUNITY PHARMACY CONTRACTUAL FRAMEWORK

30 March - Responding to the National Audit Office's report "The Community Pharmacy Contractual Framework and the Retained Medicines Margin", PSNC Chief Executive Sue Sharpe said:

"The NAO report shows that the current pharmacy contract has delivered a cost saving of around £1.8 billion to the NHS. It illustrates that whilst total expenditure on pharmacy dispensing increased by 8% since 2005, the volume of drugs dispensed grew at twice this rate, representing a major productivity gain. And it notes the considerable progress made in the delivery of new pharmacy services, including health and wellbeing programmes and support for self-care. For pharmacies, the implementation of the new contract funding arrangements was a massive change, and it was essential that measures were in place to protect income.

"The additional margin secured by contractors must be placed in the context of the benefit sharing principle on which the pharmacy contract rests. The potential to earn greater margins incentivises pharmacy contractors to push down market prices by driving harder bargains with medicines suppliers. In addition to boosting their profit margins, contractors' success in securing lower prices has secured £1.8 billion worth of savings for the NHS. These outcomes are intrinsically linked.

"It is also worth noting that each year that pharmacists report additional margins as a result of effective price-containment, the Department factors lower prices into the next year's reimbursement pricing decisions. This further incentivises pharmacy contractors to deliver improved value for money for the NHS over the next financial year. Both the Department and the NAO have noted this, and this cycle is fundamental to the success of the current funding structure.

"Regardless of who conducts the medicines margin survey, it is crucial that it is undertaken in as transparent a way as possible. The Department has had full and unrestricted access to PSNC's work in conducting the survey, and have testified to the expertise and professionalism with which it has been administered. Should another party take on responsibility for the survey, we would expect that it would be audited with similar rigor, and that PSNC should be given the opportunity to comprehensively assess its fairness and accuracy."

~Ends~

Notes to Editor

1. PSNC (The Pharmaceutical Services Negotiating Committee) is the body that represents community pharmacies in England and Wales on NHS matters.



2. The National Audit Office (NAO) report "The Community Pharmacy Contractual Framework and the retained Medicines Margin" was published on the 30 March 2010. A copy can be found here:
http://www.nao.org.uk/publications/0910/community_pharmacy.aspx

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