

## PRESS RELEASE



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### **PSNC NEGOTIATES CIP COMPENSATION FOR PHARMACY CONTRACTORS**

PSNC has negotiated a compensation package for community pharmacy contractors following implementation of the new prescription pricing technology known as CIP (Capacity Improvement Programme).

As a result of the introduction of new prescription pricing technology in early 2007 by the Prescription Pricing Division, the Capacity Improvement Programme (CIP) there has been a substantial increase in “switching” of prescriptions. Investigations by the PPD and the Pharmaceutical Services Negotiating Committee have revealed that the majority of the prescriptions “switched” did not have completed declarations of exemption on the prescription forms.

PSNC Chief Executive Sue Sharpe said:

“The agreement follows long and complex negotiations with the Prescription Pricing Division.

“We still have a number of concerns about the CIP system that the PPD uses. The compensation we are announcing today covers 2007. We are still in discussion with the PPD and Department of Health over further compensation for the problems that have persisted in the early months of 2008. It remains a key priority for PSNC to ensure that all errors are identified and addressed accordingly. It is essential that contractors review their processes for monitoring patient declarations from June onwards, as there will not be any concessions from then. PSNC will continue to work with PPD to audit the system on a regular basis.”

**-Ends-**

#### **Notes to Editors**

1. The Capacity Improvement Programme (CIP) was introduced by the Prescription Pricing Division in early 2007 and since then there has been a substantial increase in prescription “switching”. However, investigations by the PPD and PSNC have revealed that the PPD legacy pricing system was less successful at identifying prescription forms that did not have completed declarations of exemption, and community pharmacy contractors had not been alerted to these problems prior to CIP implementation. In

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addition, instances have been identified of PPD erroneously “switching” forms due to systems failure.

2. PPD, the Department of Health and PSNC have agreed compensation arrangements for errors due to both PPD system failure and also as a concession for pharmacy contractors who may not have been aware of flaws in their own checking processes. The compensation arrangements announced today will cover the period up to the end of December 2007. Each contractor will receive a payment of 90% of the difference between their ‘legacy’ (i.e. pre-CIP) switching pattern and the switching pattern under CIP. This will apply to each month in 2007 that their prescriptions were processed through CIP.

3. 2007 payments will be specific to each pharmacy, based on the number of prescriptions dispensed each month, and will exclude any instances where PPD has already checked the switching for a month and made adjustments to payments. Payment is expected to reach contractors early in September 2008 and the level of compensation recognises the delays in payment reaching contractors. PSNC can confirm that all contractors who have already requested checks for 2007 months will be compensated on this basis; only where checks have been undertaken and adjustments made for a month or months will that month be excluded from the compensation scheme.

4. PPD, the Department of Health and PSNC hope to reach agreement on arrangements for the early months of 2008 shortly. In the June edition of Community Pharmacy News it was stated that no concessionary payments were due for the period after May; PSNC can confirm that this will not apply to compensation for other pricing errors which have led to losses for contractors.

5. “Switching” occurs if the PPD does not agree with the charge group (paid or exempt) in which a prescription is submitted. If a form is submitted as exempt, a declaration of exemption by the patient (or their representative) is required; if this declaration is not provided then the PPD deducts a prescription charge from a contractor’s payment for each item on that form. If a form is submitted as chargeable however the PPD detects a completed declaration of exemption, then charges are not deducted for the items on that form.

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

7. For information on the new services available from community pharmacies please visit [www.psnco.org.uk/contract](http://www.psnco.org.uk/contract).

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