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LPC Briefing Enhanced Services

Introduction

Prior to the introduction of the new service framework in 2005, LPCs and contractors were able to negotiate with their PCT for pharmacies to provide services additional to those set out in the NHS Terms of Service. Most PCTs contracted for the provision of one or more services. Funding for these services was found from within the PCT's global allocation from the Department of Health (the main PCT funding source).

Under the new framework these services are termed "Enhanced services" but they remain the same. The negotiation and pricing is a matter for local contracting.

As part of the negotiations for the new contract, PSNC developed, in conjunction with the Department of Health (DH) and the NHS Confederation (NHSC), model service specifications for the most commonly provided services. The initial aim was to provide model prices for these services but this was abandoned for a number of reasons:

- The value of any particular service locally will depend on its importance to the PCT and on alternative providers; this can have a major impact on the price that can be negotiated
- Variations in the detailed service or documentation have a substantial effect on the actual cost of providing the service
- It became clear during the discussions with DH and NHSC that they would push for the lowest possible level of price, and the result, if the work was taken forward, would be prices that PCTs might take as a basis for further reducing, whilst requiring time-consuming service details
- For the more popular locally commissioned services there was a vast range of prices that had been negotiated by LPCs. Where the locally negotiated fee was lower than the national price, the PCT could not be forced to increase the fee, but where it was higher the PCT would be encouraged to reduce it.

The model service specifications may be amended by agreement between the parties. The principal objective in developing the models was to support LPCs in negotiations and to gain the potential benefits of consistency in documentation and training requirements.

Unlike the GMS contract, there is no funding allocated in the pharmacy contract for commissioning Enhanced services. This was our decision, primarily because any such funds could not be securely ringfenced for pharmacy. The GMS sums are protected only to the extent that GPs must be able to bid for any services. PSNC's decision in the negotiations was that the money needed to provide fair funding for the NHS pharmacy service must come from national pharmacy funding; it was unacceptable to have delivery of essential income dependent on local NHS bodies.

The NHS is experiencing extreme financial difficulty, and the result of this has been that, faced with budget deficits, many PCTs have not commissioned Enhanced services.

LPCs recognise that, in order for pharmacies to compete effectively for provision of services, in such a difficult financial climate, LPCs will need to develop compelling cases for the provision of services. The services will need to be directly relevant to key priorities for the PCT, and community pharmacy will need to offer the best value, including not just price, but outcomes from the service.

In a debate at the LPC Conference in March 2006, there was a pooling of experience among the LPC

representatives present and a number of valuable pointers emerged. These are summarised below as an aide-memoire for LPCs.

LPCs should ensure that they identify and respond to changed local commissioning arrangements.

Many LPCs represent contractors in a number of PCTs. With the development of Practice Based Commissioning (PBC), LPCs will need to ensure that they keep track of the commissioning clusters and are able to provide input into each. PSNC and the lead pharmacy negotiator for NHSC are pressing for proper pharmacy representation in PBC at a national level. LPCs should talk to the Director of Commissioning at each PCT and the commissioning leads for each PBC cluster about how they can take part in the PBC agenda – both as prospective providers of services and as local clinicians who can use their experience to improve decisions on commissioning and the redesign of care pathways.

LPCs will need to prepare expert and compelling bids

PSNC provides training in negotiating skills. We are considering development of additional resources to support LPCs. The NHS proposes to develop standard form contracts for commissioning and when these are available PSNC will provide interpretive guidance.

The most important part of preparing a service proposal is to make sure that the service is needed and that the need can be demonstrated, linking it to the key issues that it addresses for the organisation you are approaching for funding. All PCTs will have undertaken a pharmaceutical needs assessment (PNA) in preparation for the new pharmacy contract, so gaps in local service provision can be identified. PSNC has recently updated its Sources of Funding guide for community pharmacists, (www.psn.org.uk/publications) which provides a step by step approach to developing successful bids. Edited information from Sources of Funding is presented as Annex A.

Because the NHS finances are under enormous pressure, LPCs should ensure that they target any proposals directly to “must-do” activity for PCTs. The PCTs Local Delivery Plan (LDP) contains the details of the PCT priority areas. The DH document ‘The NHS in England: The Operating Framework for 2006/07’ (available at <http://www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/HealthReform/fs/en>) contains six key priorities that PCTs will be expected to focus their efforts and resources upon (the ‘Selbie Six’ – section 2.14 of the document). LPCs should consider how service proposals put to PCTs will support these priority areas.

LPCs should consider whether certain service proposals may be more compelling if provided in conjunction with services from other professionals, e.g. community-based nurses, GPs or optometrists. LPCs should consider developing bids that include diagnostic testing, use PGDs or that incorporate reviews similar to the MUR service as part of the specification, noting that relevant training requirements will apply.

Multi-disciplinary services will need to be discussed fully with the other practitioners and are likely to be complex to develop, but they will help to improve inter-professional relationships and facilitate future developments. In particular, the involvement of pharmacies in care packages for patients with long term conditions will fit with the government’s approach to future service delivery.

When proposals for new pharmacy services are made to PCTs, it may assist the case to present them as redesigns of the current service, rather than as completely new services provided in community pharmacy; the service redesign concept is key to PBC and the direction of travel outlined in the White Paper.

Costing services

As part of the new contract negotiations PSNC developed a costing toolkit to assist LPCs and PCTs in determining the cost of provision of a new service. This toolkit has been previously published to

LPCs and is available to download from the LPC Resource Centre within the closed LPC Members section of the website. NHS Employers (part of the NHS Confederation) have now agreed to endorse the toolkit.

Pharmacy contractors who provide services to their customers and patients may legitimately expect to be funded for doing so. In negotiating the national contract with the Department of Health, PSNC and its financial advisors discussed the levels of funding over and above the actual costs of providing the service. The agreed position in the national negotiations was that this 'fair funding' should cover the costs of providing the service together with an additional element that reflects a return to make provision of the service worthwhile for the provider.

Payment for a service that merely reflects the costs provides no incentive for supply, and no reward to the pharmacy for investing resources in providing the service. For the commissioning of Enhanced services, LPCs and PCTs will wish to ensure that an appropriate amount is included to provide reward to pharmacy contractors. The level will vary depending on a number of factors, including investment in resources needed, workload, and also the perceived level of risk in providing the particular service.

LPCs need to improve communication with contractors

Individual contractors are free to develop proposals and to negotiate directly with PCTs. Similarly, PCTs can approach individual contractors. There is no requirement for services to be negotiated through the LPC, although the PCT must consult the LPC before determining the prices. LPCs will need to ensure that they communicate their plans and progress effectively to all contractors.

Before proposing services for commissioning the LPC will need to gain commitment from sufficient contractors to be able to offer the correct level of service. LPCs will need to be able to demonstrate that they offer equal opportunity to all contractors to participate in services, or to apply to provide services. Some contractors will not wish to be involved in provision of Enhanced services, and LPCs cannot negotiate on their behalf without their consent.

PSNC provides full information about the new national service framework on its website and will, through the website and Community Pharmacy News, seek to ensure that contractors are well informed about the requirements of the framework.

LPCs must take care to comply with legislation

Expert legal advice obtained by PSNC warned that sharing pricing information between LPCs or between PCTs during preparation for negotiation could contravene competition legislation. However, PSNC was sure that some limited price sharing would be helpful to both LPCs and PCTs, and believed that as some pricing information could be obtained using a Freedom of Information (FoI) request, there could be a solution.

PSNC contacted the Competition Director at the Office of Fair Trading, setting out a number of options.

One of those options is that because a Primary Care Trust negotiates with only one LPC (under the NHS Act, a PCT can recognise only one LPC in its area), and that under FoI a PCT can be required to disclose the fees for Enhanced services that it has already commissioned, then it should be permissible for LPCs to share with each other, historical prices for Enhanced services that have already been commissioned. On that basis, the OFT has indicated informally that sharing of historical pricing information is unlikely to facilitate 'co-ordination' of prices (the term used in the legislation to describe the anti-competitive provisions).