

# Changes to the Community Pharmacy New Medicine Service (NMS) payment structure

04 April 2012

## Introduction

1. This document provides details about the changes to the New Medicine Service (NMS) payment structure which have been negotiated between NHS Employers and the Pharmaceutical Services Negotiating Committee (PSNC) and agreed by Department of Health Ministers. From May 2012 pharmacy contractors will claim payment for NMS full service interventions delivered each month under a new payment structure. There will also be a loyalty payment made to contractors, linked to the number of full service interventions that they undertook between October 2011 and April 2012 inclusive.

## Background

2. The NMS was introduced in October 2011 as an advanced service in the Community Pharmacy Contractual Framework (CPCF). In addition to a one-off implementation payment of £750 which was available in year one of the service, each participating pharmacy was eligible to receive monthly target payments for activity undertaken. Monthly payments were based on achieving a target number of full service interventions which related to the monthly prescription volume of the pharmacy. For further information on what constitutes a NMS full service intervention please see the [New Medicine Service Guidance](#).

## New payment arrangements from May 2012

3. From 1 May 2012 until 31 March 2013, pharmacy contractors delivering the NMS will be rewarded under a new payment structure. The new structure is designed to encourage pharmacy contractors to build the NMS into their business processes so they are able to identify as many eligible patients as possible and deliver the service to them.
4. The changes to the structure also acknowledge the difficulties that some contractors have faced under the previous funding structure. While maintaining in the new structure the assumption that the maximum caseload for the service for each contractor is 0.5 per cent of prescription volume on average, it is recognised that this may not represent the opportunity for all pharmacies and this will be reconsidered going forward.
5. As with the current payment structure, there will be four target payment levels (20%, 40%, 60% and 80%). Under the new structure the price per full service intervention will increase with each target level. This means that contractors will be rewarded for providing the NMS to as many patients as possible.
6. Under the new payment structure contractors will be paid for full service interventions as outlined below:
  - All full service interventions provided by a contractor that fall below the 20% target will be paid at £20 each.
  - Once a contractor reaches the 20% target all full service interventions (including those which fall below the 20% target) will be paid at £25 each.
  - Once a contractor reaches the 40% target all full service interventions (including those which fall below the 40% target) will be paid at £26 each.
  - Once a contractor reaches the 60% target all full service interventions (including those which fall below the 60% target) will be paid at £27 each.
  - Once a contractor reaches the 80% target all full service interventions (including those which fall below the 80% target) will be paid at £28 each.

- Payment will be limited to 0.5% of the contractors' eligible monthly prescription volume. Contractors will be able to provide full service interventions above this limit but will not be paid for them.
7. Under the new payment structure, if a contractor fails to reach the 20% target in any month, then they will be paid for all the full service interventions they have provided at £20 each. Under the previous structure, if a contractor failed to reach the 20% target then they would have received no target payments for that month.
  8. As in the current structure, payments will be based on the number of prescription items dispensed, i.e. the actual count of physical items processed by the NHS Business Service Authority (NHSBSA). Certain items where multiple fees are paid, e.g. FP10MDA items, ACBS flavoured food items and combination packs, only count as one item when assessing the NMS volume. Contractors will continue to claim payments by stating on their monthly FP34C the number of full service interventions they have undertaken in a given month.
  9. The number of full service interventions that each contractor needs to deliver in order to reach the four target levels, and the maximum number of interventions for which payment will be received, is outlined in the table below.

Volume of prescription items per month	Number of full service interventions per month necessary to achieve each target				Maximum number of full service interventions per month for which payment will be received
	20 per cent target	40 per cent target	60 per cent target	80 per cent target	
0-1500	1	2	3	4	5
1501-2500	2	4	6	8	10
2501-3500	3	6	9	12	15
3501-4500	4	8	12	16	20
4501-5500	5	10	15	20	25
5501-6500	6	12	18	24	30
6501-7500	7	14	21	28	35
7501-8500	8	16	24	32	40
8501-9500	9	18	27	36	45
9501-10500	10	20	30	40	50
+1000	(+1)	(+2)	(+3)	(+4)	(+5)

#### Loyalty payment to contractors who delivered the service between October 2011 and April 2012

10. In recognition of the work that contractors undertook between October 2011 and April 2012 inclusive, a loyalty payment will be made to contractors, linked to the number of full service interventions provided during that period.
11. For full service interventions claimed in the period between 1 October 2011 and 30 April 2012 pharmacy contractors will be paid:
  - £20 for every full service intervention that contractors provided which fell below their 20% target
  - £25 for every full service intervention that contractors provided which fell between any of the target levels or over the 80% target. Under the previous structure, contractors who provided the exact number of full service interventions for a target, e.g. exactly 20%, 40%, 60% or 80%, will already have been paid at £25 for each of those interventions but contractors providing full service interventions which fell between targets or over the 80% target will not have been credited for those interventions. The full service interventions which fell below the 20% target will continue to be paid at £20 each.
  - Payment will be limited to 0.5% of the contractors' monthly prescription volume.

12. In the application of the loyalty payment, pharmacy contractors who provided the exact number of full service interventions for a target for a particular month will receive no loyalty payment for that month. Contractors who fell below the 20% target, provided full service interventions which fell between targets or those which provided full service interventions over the 80% target will receive a loyalty payment for that month. The loyalty payment will be calculated automatically by the NHSBSA based on the monthly FP34C declarations submitted by contractors for the period. The loyalty payment will be made on 1 August 2012 with the June prescriptions and will appear on the schedule of payments under 'Local amounts authorised by the PCT'.
13. The loyalty payment will be a one-off payment to pharmacy contractors calculated across all of the months they delivered the service between October 2011 and April 2012 and will not be applicable to full service interventions claimed under the new structure from May 2012 onwards.

#### Recharge of payments to PCTs

14. The cost of target payments under the new payment structure and the cost of the loyalty payments will be shared across all Primary Care Trust (PCTs) based on their percentage share of prescribing volume.
15. Pharmacy contractors will have the opportunity to earn a maximum of £55 million in 2012-13 under the new payment structure. This is the same arrangement as under the previous payment structure and will not create an extra cost pressure to the NHS.
16. NHS Employers and PSNC will issue revised NMS guidance which will include the details of the changes to the payment structure.