

# PSNC Funding & Contract Subcommittee Minutes

Of the meeting held on Tuesday 13<sup>th</sup> March 2018

at PSNC, Hosier Lane, London, EC1A 9LQ

Starting at 11.00

**Members:** David Broome, Peter Cattee (Chairman), David Hamilton, Tricia Kennerley, Andrew Lane, Margaret MacRury, Garry Myers, Bharat Patel, Indrajit Patel, Adrian Price

**In attendance:**

## Apologies for absence

No apologies for absence were received.

## Minutes of previous meeting and matters arising

The minutes of the meeting held on Wednesday 10<sup>th</sup> January 2018 set out in **Confidential Appendix FCS 01/03/18** were approved.

## Agenda and subcommittee work

1. The subcommittee considered the work plan for 2018 shown in **Confidential Appendix FCS 02/03/18** and noted progress. Peter Cattee highlighted that Mike Dent has asterixed points that would be covered at greater depth in the funding update.

There was a discussion on the value of the BI reporting tool and how this can add depth to the analysis the office is able to undertake particularly with topics such as new funding models and branded generics.

Gary Myers asked if there had been a surge in number of pricing audits. Mike Dent indicated that we had undertaken a number of reviews of SoPs for contractors recently; once we get F codes we analyse their reports for the past 6 months and report back to the contractor with any relevant findings.

IoM follows a legacy pricing system and we have offered to carry out a bespoke accuracy check for them.

2. The subcommittee considered the funding update shown in **Confidential Appendix FCS 03/03/18**.

The 2017/18 margin survey is in progress. Much of the action happens when year has finished. However Q3 is vital and this currently being worked on.

Gary Myers pointed out that price concessions lines were not generous and asked for more information on the likely scale of any MS adjustment. Mike explained that the sampling frame covers every product: brand, generic and specials. Within generics there will be a random

chance for price concession lines to be included. The adjustment works by taking sampled price concession products out of the calculation along with their NIC. A separate survey is then run on all price concessions and the results combined.

Bharat Patel pointed out that he has many contractors shouting at him due to the current state of funding. Mike commented that at present we do not know DHSCs negotiating stance for 2018/19. Indrajit Patel suggested we need to maintain the momentum of the campaign.

Peter Cattee highlighted the slow attrition of contract closures. Gary Myers remarked that If you are an independent contractor you are trapped with increased exposure to the banks and many contractors will take a pay cut but not cut staff. Jack Cresswell talked through his methodology for identifying closures. This sought to exclude relocations / sales.

Andrew Lane highlighted the risk of increasing business rates.

The office has met with the NAO to discuss price concessions. NAO has subsequently come back to PSNC asking for information about branded generics.

The 17/18 remuneration figures were considered. Garry Myers highlighted that many CCGs are changing their prescribing so there may be an underspend.

The subcommittee noted the update on VAT. Mike Dent has spoken to EY about the tactics or making a complaint.

3. The subcommittee considered the margins survey methodology explanation shown in **Confidential Appendix FCS 04/03/18**.
4. The subcommittee noted the statistics shown in **Appendix FCS 05/03/18**.

#### AoB

None raised