

February 2020

PSNC Briefing 011/20: CPCF in 2020/21 – Frequently Asked Questions

Negotiations and Principles

Q1 Why is this announcement being made now before some details are available?

We hope this announcement provides contractors with some useful information on what they can expect from the year ahead – the letter explains which services will launch and when; what pilots will be taken forward this year; and some of the other changes that contractors can expect. This is all in line with the five-year Community Pharmacy Contractual Framework (CPCF) agreement.

Unfortunately, due to Government processes, we are not able to publish the details of the Pharmacy Quality Scheme (PQS) and Transitional Payments until the wording on these topics that will go into the Drug Tariff has been finalised with the Department of Health and Social Care (DHSC). We will give contractors more information as soon as we are able to before April.

Q2 Why has PSNC agreed to discuss adding another service – NHS travel vaccinations – within the CPCF funding envelope?

As part of the five-year CPCF deal PSNC agreed to explore the implementation of any recommendations from the review of vaccination and immunisation.

Travel vaccinations represent a relatively small but important NHS vaccination service. Only a few of the full range of travel vaccinations are available to patients on the NHS. For some pharmacies already providing private travel clinics, this service could therefore be a welcome add-on that could bring in further income and help to boost their existing private provision; and for others it could give an opportunity to launch a new service which could be supported by wider, private work. NHS travel vaccinations could therefore represent a business opportunity for all contractors.

Taking on the provision of a new NHS service will also further help to cement community pharmacy's position as a crucial part of primary care.

As is explained in [PSNC Briefing 010/20: Community Pharmacy Funding in 2020/21](#), in 2020/21 community pharmacy funding being released from the decommissioning of MURs and the reduction in Establishment Payments is being used to fund the rollout of new services and the transition needed to deliver them. Any monies not spent on services will this year go into Transitional Payments. However, from 2021/22 HM Government has not agreed to any Transitional Payments and instead expects all of the funding released from MURs and Establishment Payments to be used to pay for new services. NHS travel vaccinations could form part of that.

Q3 Has this agreement on 2020/21 taken into account our capacity and funding issues?

The five-year CPCF deal agreed in July 2019 set pharmacy funding at £2.592bn per year for the next five years. PSNC eventually accepted the deal because it protected the sector from planned funding cuts, and gave community pharmacies some certainty about the future and a platform on which to prove their value at the heart of primary care.

As part of the deal, we have an in-built annual review process which PSNC will use to raise costs and capacity issues to DHSC and NHS England and NHS Improvement (NHSE&I). Because funding for Year One of the deal (2019/20) was not agreed until last summer, there has been nothing to review ahead of Year Two, so the first annual review will take place in autumn 2020. PSNC is already working to prepare for this, looking at what data and analysis we need to make our case to Government, and working with the other pharmacy organisations to build evidence on costs, value and capacity.

Q4 When will negotiations on 2021/22 begin, and will funding increase in 2021/22?

The annual review process will start in the autumn and we expect negotiations on funding for 2021/22 to take place either as part of, or shortly after, that process. Negotiations on services will take place alongside this work. Funding for 2021/22 was agreed as £2.592bn under the five-year CPCF deal, but PSNC will be making a case for the need for further investment in the sector to take account of the rising cost base (especially around employment) and to enable it to do all of the things being asked of it by HM Government, and for pharmacies to do more to support Government and NHS objectives such as around prevention.

Costs, Capacity and Regulatory Matters

Q1 When will hub and spoke dispensing arrangements be introduced? How can my business take advantage of them?

The Medicines and Medical Devices Bill has now been published. It will provide the primary legislation to enable hub and spoke dispensing to be implemented between different legal entities and it is expected to go through Parliament later this year. The Bill may, in time, give more pharmacies, including independent pharmacies, access to hub and spoke dispensing options, but this will depend on future negotiations with Government and the emergence of options such as a market of hubs in the UK.

PSNC agreed in principle to this change as part of the five-year CPCF after gaining agreement from Government to work with us to ensure that the arrangements are fair to all pharmacies. We expect that in practice this will be achieved through working with DHSC and NHSE&I on the NHS Regulations (the secondary legislation). There is much detail still to work out, with questions such what the implications for patient safety might be. We are also not convinced that there is an economic case for hub and spoke dispensing – if it works well then it may help to release some capacity in some pharmacies, but it is unclear whether this model will deliver any cost savings.

We are collaborating with the other pharmacy organisations to explore how hub and spoke dispensing might work for the sector in practice and we will be working to try to ensure that NHS community pharmacies are not adversely impacted by this change in legislation.

Q2 What can contractors do now to start addressing capacity issues?

At the moment, many community pharmacy contractors may be thinking about how their businesses and pharmacies operate on a day to day basis. Some businesses are looking to improve efficiencies through collaboration or by exploring new ways of working, possibly using digital or automated solutions, or even through consolidating pharmacies. PSNC is pressing for a number of changes to be made to help contractors to manage their dispensing workload better, and we are exploring what impact more controversial changes, such as altering periods of treatment, might have on the market. Changes to allow hub and spoke dispensing and in supervision rules may allow for considerable capacity improvements in the future as well.

Q3 When will original pack dispensing be introduced?

This is for discussion with DHSC and NHSE&I over the next year and could be early 2021 after the Medicines and Medical Devices Act has been introduced later this year – but there is no fixed timetable for those discussions yet. PSNC is keen to progress discussions as quickly as possible.

Q4 How will consolidations be supported? When will this support be available?

PSNC is seeking additional protections for consolidated pharmacies. In practice this will mean putting in place provisions that mean that generally new pharmacies cannot open for a fixed period of time after a consolidated pharmacy has closed. Discussions on this are ongoing, in particular between DHSC and the Competition and Markets Authority (CMA) around competition law, so it is not yet clear what protections will be available nor when.

Q5 How have incentives been aligned with GPs?

The Pharmacy Quality Scheme (PQS) will this year continue to incentivise community pharmacies to work with local GPs through Primary Care Networks (PCNs), including aligned incentives on increasing flu vaccination uptake in the

65 years and over cohort of patients. Similarly, through the Network Agreement, from April 2020 PCNs will need to agree with local community pharmacies how they will work together. NHSE&I has also agreed to support communications with GP practices to support referrals to the Community Pharmacist Consultation Service (CPCS) from practices later this year.

Funding Arrangements and Reimbursement

Q1 When will we find out the details of the Transitional Payments? Will these be more or less than last year?

Unfortunately, due to Government processes, we are not yet able to publish the details of the Pharmacy Quality Scheme (PQS) and Transitional Payments until the wording on these topics that will go into the Drug Tariff has been finalised with the Department of Health and Social Care (DHSC). We will give contractors more information as soon as we are able to, and the April Drug Tariff will be published before the end of March.

As is explained in [PSNC Briefing 010/20: Community Pharmacy Funding in 2020/21](#), in 2019/20 and 2020/21 community pharmacy funding being released from the decommissioning of MURs and the reduction in Establishment Payments is being used to fund the rollout of new services and the transition needed to deliver them. In 2020/21 the funding released is considerably more than it was in 2019/20 (due largely to the limited number of MURs that can be delivered) and so in April 2020, Transitional Payments will increase. However, as we go through the year and new services roll out and increase in scale (such as the Discharge Medicines Service and the extension of referrals to the CPCS) more money will be diverted to cover the costs of these services, and Transitional Payments will correspondingly go down over the year to ensure delivery of the agreed total funding sum. **Contractors will need to be aware that the monthly Transitional Payment they receive by the end of 2020/21 will be lower than the payment received in April 2020.**

Q2 What will the PhAS look like from April 2020?

As part of the five-year funding deal, Government said it was looking to introduce a refreshed Pharmacy Access Scheme that is more responsive to changes within the market and takes into account the shift in funding from dispensing to clinical services. Discussions on the updated scheme are still ongoing, so there is no information yet available on what this future scheme might look like. As such, the scheme will continue in its current design with the current funding allocation of £24 million per annum to be maintained until 31 March 2021.

There were plans to introduce an updated PhAS scheme for the interim year 2020/21, but after careful consideration, DHSC decided to roll over the existing scheme for another year and PSNC agreed with this. The upheaval of an updated scheme and the likely contractor reviews of new or revised decisions was considered to be disproportionate to the gains for an update that would only be for one year.

Q3 What happened to the unspent contingency for SSPs in 2019/20?

Unspent SSP contingency money has been considered as part of the usual annual fee reconciliation with DHSC.

Q4 When will the planned changes to reimbursement be made?

In 2019, DHSC consulted on a wide-ranging set of possible changes to reimbursement. PSNC is working through the potential consequences of any changes and the impact that could have on contractors, and it is likely to be some months before we see any changes agreed with DHSC. PSNC's intention is to work on changes that will deliver smoother cash flow and fairer distribution of margin for contractors. [Read PSNC's response to the DHSC consultation here.](#)

Q5 How will the provision for Out of Pocket expenses be tightened?

The Drug Tariff administrative improvements set out in the joint letter to contractors are all for discussion with DHSC, so no further details on them are available at this stage. We will update contractors as soon as we are able to.

Q6 With more and more referral-based services, how can I predict my income and manage my workload going forwards?

This is a real challenge for the sector and one that members of PSNC from all parts of the sector are also struggling with. It has always been a challenge for dispensing too, with contractors' income significantly affected by local prescribing practices – a problem we are continually trying to solve. PSNC is concerned that so many of the new services are dependent on referrals, meaning pharmacies have less control over their income, and this is an issue that we continue to raise through negotiations with NHSE&I and DHSC. PSNC along with NHSE&I is carefully monitoring referral rates to the CPCS so that action can be taken if any anomalies appear, and we envisage taking a similar approach to the Discharge Medicines Service. This issue will also be considered as part of the ongoing work looking at possible new funding models for the sector.

PQS and Services

Q1 When will we find out the details of the Pharmacy Quality Scheme (PQS)? How long will pharmacies have to meet the requirements this year?

Unfortunately, due to Government processes, we are not able to publish the details of the Pharmacy Quality Scheme (PQS) until the wording on this topic that will go into the Drug Tariff has been finalised with the Department of Health and Social Care (DHSC). We will give contractors more information as soon as we are able to, and the April Drug Tariff will be published before the end of March.

As the joint letter to contractors confirms, there will be just one declaration period for the PQS in 2020/21 – in February 2021. Of course, many of the requirements will require work to be done well before then, and contractors are advised to review our guidance on the PQS when it is published and to begin work to meet the requirements as early as possible.

The letter also gives some detail about what will be included in the PQS this year, noting:

- Supporting healthy living and prevention;
- Supporting antimicrobial stewardship;
- Improving support for those with respiratory disease;
- Improving medicines safety through further work on LASA errors;
- An anticoagulant audit;
- Supporting shared decision-making conversations with patients about OTC painkillers; and
- More collaborative working with PCNs.

This is in line with the five-year CCPF agreement made in July 2019, which stated that the PQS in 2020/21 would include the completion of suicide prevention training by pharmacy staff and audits focused on inhaler technique and anticoagulation.

Q2 Why are quality payments being linked to prescription volume?

Contractor feedback over the past six months has confirmed PSNC's view that some requirements of the PQS require considerably more work for pharmacies seeing higher numbers of patients. The new payment system is an attempt to recognise this, linking payments more closely to the expected amount of work being done by pharmacies. Unfortunately, the only way to measure likely activity and patient numbers at the moment is through prescription volumes, so that is being used as a measure this year. In time, we will find a better methodology to base payments on for future quality schemes.

Q3 What travel vaccinations will we have to provide? How will this be funded?

The NHS currently offers the following travel vaccinations: polio; typhoid; hepatitis A; and cholera. These are available through GP practices who have signed up to offer travel vaccinations. In the future, the NHS is looking to community pharmacy to provide these four NHS vaccinations and PSNC has agreed to discuss the inclusion of this in Year Two of the five-year CCPF agreement, funded from within pharmacy's £2.592bn envelope. The details of the service are yet to be negotiated.

As is explained in [PSNC Briefing 010/20: Community Pharmacy Funding in 2020/21](#), in 2020/21 community pharmacy funding being released from the decommissioning of MURs and the reduction in Establishment Payments is being used to fund the rollout of new services and the transition needed to deliver them. Any monies not spent on services will this year go into Transitional Payments. However, from 2021/22 HM Government has not agreed to any Transitional Payments and instead expects all of the funding released from MURs and Establishment Payments to be used to pay for new services. NHS travel vaccinations could form part of that.

Q4 What fees will be paid for the Hepatitis C testing service?

The service specification and fee arrangements for the Hepatitis C testing service are still under discussion with DHSC and NHSE&I. We expect an announcement on this soon and will update contractors as soon as we are able to.

Q5 Can all pharmacies offer the Hepatitis C testing service?

Yes, but from a practical perspective, the service will generally only be of interest to those pharmacies offering a locally commissioned needle and syringe programme. Further details will be included in the service specification which is currently passing through NHSE&I's internal governance processes. We expect an announcement on this soon and will update contractors as soon as we are able to.

Q6 Do all pharmacies have to provide the Discharge Medicines Service?

Yes – this will be an Essential service for community pharmacies. The details of the service are still under discussion with DHSC and NHSE&I, but the service will have a fee attached to it. This is still to be negotiated.

Q7 How many referrals will I get for the service?

It is not yet clear how many referrals to this service the sector will receive, and referrals to individual pharmacies will depend on their patient cohort and the activity of local secondary care providers. There is still further work to be undertaken by the NHS to get all hospitals ready to send post-discharge information to community pharmacies, but much local work has already been undertaken by the Academic Health Science Networks and LPCs as part of the Transfer of Care Around Medicines (TCAM) programme.

Q8 When will the pilot services start and roll out? Can I be involved in the pilots?

The pilots are in development through working groups being led by NHSE&I and most are expected to commence during the next two months. NHSE&I are working to identify appropriate pilot sites dependent on NHS priorities and they will be in touch with LPCs and pharmacies in their chosen pilot sites. The wider roll out of the services from 2021/22 onwards, will depend on the success and evaluation of the pilots, and will be subject to negotiations.

Terms of Service Changes

Q1 Why do all pharmacists and pharmacy technicians now have to undergo Level 2 safeguarding training?

This is part of wider NHS policy with which all providers of NHS services need to comply. As community pharmacies offer ever more clinical services, these requirements become more relevant to the sector, hence the NHSE&I decision to include these in the Terms of Service from this year.

Q2 What data will I have to collect on campaigns?

Pharmacies already have to take part in six health campaigns annually. NHSE&I is keen to gather data to show the positive impact that these campaigns are having on the public's health and local communities. PSNC agreed to pharmacies gathering data in principle as part of the five-year CPCF deal agreed in July 2019. The detail of that data capture is yet to be discussed with NHSE&I but PSNC's priorities will be to ensure that only useful data is captured and that any changes are manageable for pharmacies. We will update contractors as soon as we are able to.

Q3 Why are all these changes to the Terms of Service being made?

NHSE&I and DHSC are looking to bring pharmacies in line with wider NHS policies and to ensure that the Terms of Service remain up-to-date, aligned to the changing role of community pharmacies, and reflecting the different ways in which people now use pharmacy services.

Q4 Will the Terms of Service change on 1st April 2020 and does my pharmacy have to comply with them immediately?

The planned changes to the Terms of Service will be made by revising the NHS Pharmaceutical and Local Pharmaceutical Services Regulations 2013. The changes are expected to come into force from July 2020, at which point pharmacies will need to meet the new Terms of Service. We will provide guidance for contractors on this once agreement on the revisions to the Regulations has been reached.

Q5 What has been done to resolve the issue of distance selling pharmacies and how they can become Healthy Living Pharmacies (HLPs)?

PSNC has considered this in detail and is working with DHSC and NHSE&I to decide how the HLP requirements can be included in the Terms of Service, in a way that reflects how DSPs generally provide services remotely from their patients. On wider basis, we have also begun to consider how to reflect the different ways in which people access online services and the way these services are provided – this may lead to further revisions to the Terms of Service. These conversations are ongoing, so no further information is available yet, but we will update contractors as soon as we are able to.

Q6 What about pharmacies that don't have room to install a consultation room? How will they be able to meet the HLP requirements?

PSNC has discussed this with DHSC and NHSE&I, to decide whether there should be any time-limited exemptions from the HLP requirement to have a consultation room. These conversations are ongoing, so no further information is available yet, but we will update contractors as soon as we are able to.

Q7 What happens if I can't/won't comply with the new Terms of Service?

Community pharmacies must meet the Terms of Service – any pharmacies found not to be doing so through the NHSE&I contract monitoring programme may be subject to action by NHSE&I (e.g. through the issuing of breach notices).

The Future

Q1 How are you planning to change pharmacy funding models to support the move to more clinical services? When will the new model be introduced?

PSNC is exploring whether new models of funding would better reward the increase in clinical services work that pharmacies are being asked to provide in the process. This is complex work, and PSNC will not look to make any significant changes to funding models until we have worked through carefully the implications for pharmacy businesses of all sizes and types. We expect the work to take many months to conclude, and that this will be an ongoing critical piece of work for PSNC, seeking input from the other community pharmacy organisations.

Q2 Will the annual review result in more funding for pharmacies? Will it take into account our costs and the time we are spending on things like sourcing medicines?

The five-year CCPF deal agreed in July 2019 set pharmacy funding at £2.592bn per year for the next five years. PSNC eventually accepted the deal because it protected the sector from planned funding cuts, and gave community pharmacies some certainty about the future and a platform from which to prove their value at the heart of primary care.

As part of the deal, we have an in-built annual review process which PSNC will use to raise costs and capacity issues to DSHC and NHSE&I. PSNC will be making a case for the need for further investment in the sector to enable it to do

all of the things being asked of it by HM Government (including dispensing medicines) and for pharmacies to do more to support Government and NHS objectives such as around prevention. PSNC is already working to prepare for this, looking at what data and analysis we need to make our case to Government, and working with the other pharmacy organisations to build evidence on costs, value and capacity.

Q3 What can contractors do to support the negotiations?

Community pharmacy contractors are already doing a fantastic job delivering the new services within the CPCF, taking part in the Pharmacy Quality Scheme and helping their local communities to stay healthy. This is crucial to give us the evidence we need of the value of the sector. Ahead of the annual review we may need to ask some contractors for more data to help us to demonstrate rising costs and the time it takes you to complete tasks. We are of course always open to receiving ideas and evidence from contractors as well. You can email us at: cpcf@psnc.org.uk

If you have queries on this PSNC Briefing or you require more information, please contact cpcf@psnc.org.uk.