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PSNC Planning Meeting November 2018: Summary Report for LPCs and Contractors

PSNC met in Birmingham on 13th and 14th November for its annual planning meeting. The meeting was used to explore some of the most important policy areas that PSNC and community pharmacy will need to influence through 2019, with the conclusions informing PSNC's strategy for the year.

PSNC considered three broad topics which will be at the heart of its 2019 work:

- LPCs and the support they need from PSNC
- Technology and how community pharmacy can best take advantage of it
- Pharmacy funding and numbers

PSNC Support for LPCs

Introduction

PSNC's vision for community pharmacy is based on the provision of more clinical services; services that help prevent people getting ill, help avoid hospital admissions and relieve pressure on GPs.

NHS England has indicated that their immediate priorities for development of the Community Pharmacy Contractual Framework (CPCF) relate to services or changes which will support urgent care and general practices in managing demand for unscheduled care, particularly for patients with minor conditions, and an increased focus on prevention and public health services. The former area is likely to be reflected in changes at a national level, but most public health services are currently commissioned locally, and it is unclear whether the NHS Long Term Plan will result in any increased emphasis on commissioning such services at a national, rather than local level. The situation regarding prevention is further complicated by the Secretary of State's promise of a green paper on this topic next year.

The likelihood is that much community pharmacy service development will continue to come through locally commissioned services, particularly in the public health and long-term condition areas. NHS England has also indicated that it wants to see community pharmacy better integrated with other healthcare services such as General Practice, and that crucial to achieving this will be pharmacy's involvement in the evolving local care systems such as Primary Care Networks.

LPCs are on the front line of this local challenge and they recognise the importance of engaging with the evolving local commissioning environment. But it is a huge challenge and there is much to do: working with STPs, integrated care structures and GP federations; establishing how to get community pharmacy recognised as a key player; and identifying what to offer and how to make community pharmacies part of patient pathways.

LPC Priorities

PSNC already provides a wide range of support to LPCs and contractors but we know that many LPCs are looking to PSNC to provide the extra support that they need to do their increasingly difficult job. PSNC Members had a broad discussion to identify what the top priorities for LPCs in 2019 are likely to be and how PSNC could, with the right resource, best support them. We will now take these conversations forward with LPCs and via a small working group of Committee Members.

Some of the key priorities for LPCs are likely to be:

- Understanding the national agenda and communicating that to contractors
- Service commissioning and decommissioning, including understanding how the local commissioning environment is evolving and responding to tenders
- Leadership (e.g. to engage with Primary Care Networks)
- LPC structures and knowledge, including their internal management
- Provider companies
- Making use of data and analytics
- Contractor engagement and support – for businesses, service delivery, etc.
- Managing their workload to avoid duplication and work collaboratively wherever possible

LPC Support Needs

PSNC Members felt that LPCs would be likely to need a range of support throughout 2019, including to help them to engage with emerging local commissioning structures (e.g. integrated care systems (ICS)); to help them to share evidence more effectively; to identify the skills they will need to carry out their roles effectively in the future; to develop strategies and manage projects; and to make best use of technology and smart working practices.

There was consensus that PSNC should try to identify areas where LPCs need further support and that a dashboard could be useful for this. PSNC will also review the training that it offers to LPCs.

Ideas for specific support that PSNC could provide included:

- Commissioning support e.g. business cases, guidance to help LPCs to understand the local environment, and support with local contracting
- Support and guidance on LPC structures and operations
- Support with LPC/contractor engagement
- More webinars, briefings and networking opportunities
- An LPC Chairs day
- Better evidence sharing, and an acceleration process so that good ideas from LPCs can very quickly be replicated across the country
- Advice on smarter working tools
- Regular contact with LPCs about their needs

PSNC looks forward to discussing these ideas with LPCs and to seeking their ideas on the future and the support they need from PSNC. This is likely to be through further focus group conversations.

Community Pharmacy and Technology

Introduction

Matt Hancock, the Secretary of State for Health and Social Care, has made technology one of his three priority areas for the NHS. He has made a number of comments on this topic, setting out his vision of an NHS which makes best use of technology to provide better care and save public money. The Secretary of State has been clear that he expects all providers of health services to embrace this approach. NHS England also encourages the harnessing of technology and innovation, and the NHS app is expected to be released before the end of 2018.

Technologies of relevance to community pharmacy include automated dispensing facilities and hub and spoke dispensing; apps including the awaited NHS app; artificial intelligence; and, novel delivery mechanisms, as well as tele-pharmacy.

Hub and spoke dispensing

Many emerging technologies raise questions for the community pharmacy sector and PSNC considered in particular automated dispensing and hub and spoke dispensing, both of which seek to utilise automated dispensing for one or more pharmacies. Both automated dispensing in one community pharmacy and hub and spoke dispensing for a number of premises are already used by many contractors, but hub and spoke dispensing is only permitted under current legislation within the same legal entity. In 2016 the Government consulted on legislation which would have enabled hub and spoke dispensing between different legal entities, and Ministers have since noted that automated dispensing technology may present opportunities for the sector.

PSNC considered whether there might be greater benefits from automated dispensing/hub and spoke dispensing that can be realised under revised legislation. There was consensus that community pharmacy needs to lead the development of any changes and that PSNC must have conversations with Government about hub and spoke dispensing and technology.

PSNC Members had a broad discussion covering:

- Outstanding questions about how much dispensing will ever be automated (repeats vs acute)
- Complexities and concerns about what hub and spoke dispensing would mean for professional liability (noting the proposed new legislation on superintendent and responsible pharmacists)
- The spoke's costs for using a hub and how we would deal with margin and payments/fees – the economic issues
- The need for the use of hub and spoke dispensing to remain optional and appropriate protection for those using competitors' hubs
- Questions about whether the Falsified Medicines Directive (FMD) would introduce the safety benefits that could be gained through automated dispensing
- The broader need to try to move to original pack dispensing – simplifying the dispensing process to assist automation
- The opportunities to free up pharmacists' time to focus on other services and how this extra capacity would be used
- The need to restrict hub and spoke dispensing to something that can take place between registered community pharmacies and, also, the need to maintain the integrity of the market entry system
- Whether there would be potential benefits from outsourcing Monitored Dosage Systems (MDS) dispensing or whether it is appropriate to encourage MDS dispensing in view of current RPS advice on the issue
- The need to have a clearer understanding from Government of what the future for community pharmacy looks like
- The need to focus on the optimisation of medicines use rather than just supply

Other technologies

PSNC also considered how other new technology may be able to help community pharmacies and their patients. Much progress has already been made. For example, the pending introduction of EPS phase 4 and Real Time Exemption Checking. The Quality Payments Scheme has given prominence to the Summary Care Record (SCR) and NHSmail. And almost every community pharmacy dispenses some of the approximately 60% of prescriptions that are electronic.

However, many community pharmacies do not appear to have a website or app or other system to communicate with patients electronically – a virtual front door that patients may use or an electronic footprint.

PSNC identified a wide range of technologies which could be of benefit to community pharmacies and their patients, including video consultations; websites; apps and emails; Alexa and Artificial Intelligence (AI); and scanning and safety technology. There was consensus that pharmacy must embrace technology and try to harness it for the benefit of patients, and that doing so may help to strengthen the relationship between community pharmacies and patients. If community pharmacy does not engage, then there is a risk that it could be disintermediated by someone else.

PSNC will consider a number of options for its workplan in 2019 including:

- Continuing to support the NHS app and articulating what we would like it to do
- Supporting anything that helps to integrate pharmacies with other care providers
- Exploring how pharmacies can best use the data we have (e.g. on the PMR systems)
- Considering the possibility of using Quality Payments to incentivise community pharmacies to have a digital relationship with their patients (in line with GP incentives)
- Describing an iterative vision for how technology can support pharmacies and their patients

Community Pharmacy Funding

Introduction

Following the imposition of a cut to community pharmacy funding levels in 2016/17, contractors have been under considerable financial pressure. The NHS and Government expected that there might be significant numbers of pharmacy closures following the cuts, but we have seen fewer than expected (167 closures, to date). However, there is evidence of reduced service levels, lower drawings and financial hardship in the market and the current funding levels do not appear to be sustainable for many pharmacies. This has been a cause of great concern to PSNC and in accepting the funding offer for 2018/19 PSNC stressed this once again to the Department of Health and Social Care (DHSC) and NHS England.

There is a view in the NHS that there are too many pharmacies, and clustering of pharmacies is a particular concern. The Judicial Review process revealed a view amongst Ministers that spending £2.8bn to distribute medicines in the community is far too high. Through rebuilding relationships with the NHS and Government, PSNC's objective is to explore these attitudes and to have constructive discussions about where we can help the NHS to achieve its objectives.

Funding Levels

PSNC considered that the current funding levels shared between the existing number of pharmacies is not sustainable. Given the NHS financial crisis, and the wider economic situation, we will not be able to secure more money for doing the same things, and so community pharmacy will need to undergo a period of transformative change. At the heart of this must be a Government vision setting out what it wants from pharmacies – this would enable the sector to plan. PSNC will look to work with Government and NHS England on setting out this vision.

There was consensus among PSNC Members that if patient needs and NHS ambitions for pharmacy indicate that a reduction in the number of pharmacies is unavoidable, then a planned reduction programme would be better than using funding attrition to reduce pharmacy numbers. There would also need to be steps taken to ensure that those pharmacies best meeting patients' needs were supported. To protect as many pharmacy contractors as possible, there would need to be work to facilitate mergers at a local level, alongside ongoing work to demonstrate the value of community pharmacies.

Funding Distribution

From April 2005 the Community Pharmacy Contractual Framework (CPCF) has included retained margin as an explicit part of funding, originally set at £500m annually. This changed in 2014/15 to remove the regulatory lag approach and to set total guaranteed margin at £800m per year. Retained margin is subject to measurement by a margins survey, which is

based on actual purchase prices for a sample of independent contractors. This was developed by a Professor of Statistics and has been subject to a programme of improvement over time.

Both contractors and the NHS have benefited from this system, which incentivises pharmacies to purchase effectively. Pharmacies are allowed to keep some of the margin they make as a part of their core funding, and their effective purchasing drives down medicines costs for the NHS significantly.

However, the system is becoming increasingly complex as the medicines market, particularly for generics, becomes more volatile, and concerns about its operation include:

- The adjustment mechanism: there are regular owings of margin from pharmacies to DHSC which are difficult for individual contractors to predict
- There are incentives for CCGs to subvert the system through frequent medication switches and the use of branded generics, which distort income delivery, increase workload, increase outdated stock and disrupt patients
- The impact of medicines shortages (and perceived shortages)

PSNC therefore considered whether community pharmacy might be better off shifting some of its core funding out of margin and into fees. There was a broad discussion covering:

- Recognition that there would be benefits to moving margin to fees in the long term in terms of pharmacy becoming a service provider
- It would be very unwise to start changing things now, particularly with Brexit coming up and the new DHSC powers needing time to have an impact
- The complexities of making any changes and potential consequences e.g. on generics prices generally, which pharmacies have kept very low
- The need to explore how the system is working: what do people think is broken, and why?
- The need for clarity from Government about what it wants from pharmacy in the long term

PSNC concluded that in 2019 it would continue to look to make improvements to the current system towards more equitable delivery of margin.

PSNC's Negotiating Position

PSNC considered future funding negotiations and agreed that its key ambitions for the negotiations are:

- To maintain a network of fully funded community pharmacies that local patients, communities and other healthcare professionals can continue to rely on
- To agree an extension of existing community pharmacy services to allow pharmacies to offer more support for patients and local communities. This will require a number of enablers, including pharmacies having full access to patients' clinical records, and will need to be manageable
- To secure investment in those extended pharmacy services and workforce development
- To agree sustainable funding for community pharmacies
- To agree a multi-year settlement, setting out what pharmacies need to deliver in each year in return for the funding they will receive
- To agree new funding models which allow pharmacies to focus on services and ensuring that maximum benefit is derived from prescribed medicines, as opposed to dispensing volumes
- To agree a model that integrates community pharmacy into the wider primary care network

There are many factors influencing the negotiations, and PSNC is particularly mindful of the fact that the overarching NHS

funding deal is widely judged as not being sufficient to address all of the challenges facing the healthcare sector. Furthermore, HM Government is our only payer – our customer – and wants to pay for fewer bricks and mortar pharmacies.

Community pharmacy has many strengths, in particular providing a safety net for the NHS at times of pressure, providing the key access point for NHS healthcare, and offering both value to the NHS and the potential to reduce pressure on other parts of the NHS, and we will use these in our negotiations. But we must also show how pharmacy can meet the Health Secretary's key priorities: prevention, technology and workforce, and patient safety, and this will require some changes in practice.

PSNC hopes to be able to begin working with HM Government to agree a programme of change for community pharmacies that enables them to do more to help people to stay healthy, manage long-term conditions and avoid visits to GPs and hospitals. We are very mindful of the incredibly difficult financial environment for pharmacy contractors and will be seeking the best possible deal for contractors – pharmacies are valuable resources which must be adequately funded. But we must also recognise the very great challenges facing HM Government and the NHS. Nobody in the NHS is going to receive more money for doing the same things; and PSNC's aim remains to find a way for pharmacies to do more for the benefit of patients and the NHS, and to be appropriately funded for delivering patient care.