



Department
of Health

Community Pharmacy in 2016/17 and Beyond: Update to the Pharmacy Access Scheme List

Update to the Pharmacy Access Scheme (PhAS) List

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Executive summary

This is an updated version of the previously published Community Pharmacy in 2016/17 and Beyond: The Pharmacy Access Scheme (PhAS) document. This is in addition to the updated PhAS publication list and sets out the rules and eligibility criteria for the PhAS.

The PhAS is one of the elements of the Community Pharmacy reform package and was implemented from December 2016 following the Government's consultation on Community Pharmacy in 2016/17 and beyond. For information on the full package of changes please refer to "The Final Package", which is available on <https://www.gov.uk/government/publications/community-pharmacy-reforms>.

1. Aim

- 1.1 The aim of the Pharmacy Access Scheme (PhAS) has been to ensure that a baseline level of patient access to NHS community pharmaceutical services in England is protected.
- 1.2 The scheme is paid for from the funding for the community pharmacy contractual framework (CPCF). The PhAS is an additional monthly payment made to all small and medium sized pharmacies that are a mile or more from another pharmacy. These payments have meant that qualifying pharmacies make a smaller efficiency saving than other pharmacies, 1% in 2016/17 and 3% in 2017/18. Pharmacies dispensing the largest prescription volumes (the top 25%) have not qualified for the scheme – these pharmacies are large businesses who we expect to continue to be viable in any case.
- 1.3 The PhAS has been designed to capture the pharmacies that are most important for patient access, specifically those pharmacies where patient and public access would be materially affected should they close. The PhAS takes isolation and need levels into account.
- 1.4 Pharmacies in areas with dense provision of pharmacies were excluded from the scheme. The PhAS is designed to safeguard a baseline level of access to NHS community pharmaceutical services. In areas with high numbers of pharmacies, public access to pharmacies is not at risk. To best protect access, the scheme is focussed on areas that may be at risk of reduced access; for example where a local population relies on a single pharmacy.
- 1.5 The scheme included a review process to deal with any inaccuracies in our calculations, or any unforeseen circumstances affecting access; like a road closure. We reviewed cases where pharmacies were slightly less than a mile from another pharmacy, but there was a high level of deprivation and the pharmacy was important for access.
- 1.6 All pharmacies deemed eligible for the PhAS following review received back payments from the start of the PhAS scheme or from the date they returned to the pharmaceutical list. The updated PhAS list now includes these additional pharmacies.

2. Eligibility

- 2.1 Pharmacies did not need to apply to the scheme to be eligible; eligibility was calculated nationally, based on data relating to how many prescription items a pharmacy dispensed in 2015/16, to assess their size (small, medium or large), and data relating to the distances between pharmacies.
- 2.2 Eligible pharmacies saw their first PhAS payment included in their reconciliation payment that related to prescriptions dispensed in December 2016. These payments will continue monthly until the payment for March 2018.
- 2.3 Eligibility for the PhAS was based on meeting the two following criteria:
 - The pharmacy was more than a mile away from its nearest pharmacy (measured by road distance); and,
 - The pharmacy was not in the top 25% largest pharmacies by dispensing volume; and
 - The pharmacy was on the pharmaceutical list as of 1 September 2016, or was a local pharmaceutical services contractor and will return to the pharmaceutical list between 1 September 2016 and 31 March 2018.
- 2.4 Distances between pharmacies were measured by road distance rather than as the crow flies, and are therefore more representative of patient journeys. The data used for this is the Department for Transport's road network data. This includes taking account of footpaths. For these calculations, public transport travel distances were not taken into account because of the regional variability of provision of public transport, and because public transport timetables are subject to change and so would not have been a robust basis for distance calculations.
- 2.5 Applying these criteria meant that 1,413 pharmacies qualified for the PhAS. An updated list of these pharmacies has been published alongside this document. In addition to this, the list of all pharmacies in England, with the address data used to calculate distances between pharmacies has also been published, and can be found at the following address <http://www.nhsbsa.nhs.uk/PrescriptionServices/5827.aspx>.
- 2.6 Pharmacies that dispense the largest prescription volumes have not qualified for the scheme – these pharmacies are larger businesses which we expect to continue to be viable anyway. These are pharmacies that are dispensing 109,012 prescription items per year or more. However, if a qualifying PhAS pharmacy subsequently increases the volume of prescription items it dispenses, that pharmacy will not lose entitlement to the PhAS. This is to ensure that pharmacies are not penalised for becoming more efficient, and seeking to grow their business. Appliance contractors and dispensing doctors are not included in the scheme. This is because the scheme is a key part of funding changes made to community pharmacy funding. Although similar arrangements are in place for dispensing doctors and appliance contractors, the funding reductions do not apply to these groups. Distance-selling pharmacies (e.g. internet pharmacies) are not included in the scheme. This is because the scheme protects physical access to bricks and mortar pharmacies.

- 2.7 The scheme will run to 31 March 2018. During this time, eligibility will be fixed to the pharmacies that are deemed eligible in the updated list published on 1 December 2017. If a new pharmacy opens very close to a pharmacy receiving the PhAS, the PhAS pharmacy will not lose entitlement, nor will the new pharmacy be eligible for the PhAS.
- 2.8 NHS Community pharmaceutical services funding levels and the PhAS beyond March 2018 will be subject to further consultation, which will include reviewing the PhAS and its effectiveness.
- 2.9 As described above, the aim of the PhAS is to capture the pharmacies that are most important for patient access, specifically those pharmacies where patient and public access would be materially affected should they close. The PhAS has taken pharmacy isolation and population need levels into account; this is done by cross checking information on health needs and the relative isolation of populations, against access to pharmaceutical services.
- 2.10 Since the last publication, a number of Local Pharmaceutical service (LPS) contractors returned to the pharmaceutical list. LPS pharmacies that returned to the pharmaceutical list recently, or will return before 31 March 2018, were able to apply for a review before the end of February 2017. Providing they met criteria to be eligible for PhAS payments, i.e. were more than a mile away from the nearest pharmacy and not in the top 25% of pharmacies by dispensing volume, they could be considered for PhAS eligibility. Those eligible for the PhAS have now also been added to the updated published PhAS list.

3. Payment Calculations

- 3.1 We believe that all pharmacies should contribute to the efficiency savings needed, including PhAS pharmacies. Recognising that pharmacies supported under the PhAS are deemed the most important for access, we think the level of efficiencies they make should be smaller compared to others. Hence PhAS pharmacies were required to make a 1% efficiency saving in 2016/17 and a 3% saving in 2017/18. This efficiency saving is smaller than the saving made by pharmacies who do not qualify for the PhAS (4.6% in 2016/17 and 8.3% in 2017/18).
- 3.2 Pharmacies have received fixed monthly payments, in addition to other fees and allowances. These have been roughly equivalent to the funding reduction for each pharmacy, with a small efficiency saving, as described above.
- 3.3 On average, this has equated to about £8,900 per annum in 2016/17 and will be about £16,600 per annum in 2017/18 for each eligible pharmacy. This is about £2,200 per month in 2016/17 and about £1,400 per month in 2017/18. The monthly payment was higher in 2016/17 because the payment was being made for just 4 months (payments for December 2016 – March 2017) whereas the 2017/18 payment is made over 12 months.
- 3.4 The payment for each pharmacy was calculated based on what their remuneration would have been in 2016/17 had NHS community pharmaceutical services funding remained unchanged (whilst accounting for the small efficiency saving). We then calculate what we expect each pharmacy to earn under the new fee structure, and we then pay the difference. When we calculate this, we factor in what we expect pharmacies to earn through the new quality payment. We assumed the pharmacies would receive a maximum share of the quality payment. This calculation for each pharmacy is set out below:
- 2016/17 PhAS payment = (2015/16 remuneration * 0.99) – (2016/17 estimated remuneration)
 - 2017/18 PhAS payment = (2015/16 remuneration * 0.97) – (2017/18 estimated remuneration)
- 3.5 The actual number of items dispensed in 2015/16 was applied to the new funding structure in 2016/17 to give an estimate of 2016/17 remuneration assuming prescription volume remained constant. The PhAS pharmacy was then paid the difference between 2015/16 actual remuneration and 2016/17 estimated remuneration (less a 1% efficiency saving, which was deducted from 2015/16 remuneration in the calculation). The same approach is used for 2017/18 remuneration, using the 2017/18 funding structure and a 3% efficiency saving.
- 3.6 For pharmacies that opened during 2015/16, or before the 1 September 2016, as we did not have complete year of remuneration information, data was borrowed from following months to get a full 12 months of data for these pharmacies. However, it was agreed that data would not be borrowed from December 2016 onwards as the changes would already be in place at that stage. In these cases, we borrowed data up to and including November 2016, and pro-rated the data to project for 12 months.

4. Reviews

- 4.1 A review process was included to allow for consideration of extenuating circumstances which may have resulted in access not being protected as the scheme intended. The cases that qualified are as follows:
 - a) Inaccuracies (for example if the pharmacy postcode was incorrect or the distance from the next pharmacy was calculated incorrectly)
 - b) Physical feature anomalies (such as a semi-permanent roadblock meaning two pharmacies were then more than 1 mile from each other)
 - c) "Near miss" pharmacies in areas of high deprivation
- 4.2 Pharmacies that relied on a physical feature anomaly were required to provide evidence of that anomaly. Where a semi-permanent road or bridge closure meant that the nearest pharmacy was in fact more than a mile away, the first stage of the review was passed successfully. If the problem was that the distance to the nearest pharmacy was in fact less than a mile, but the journey was particularly difficult, the reviewer required evidence of the level of difficulty and the problems surmounting that difficulty.
- 4.3 Reviews of eligibility were also granted for pharmacies that had narrowly missed out on the scheme through the distance criteria, but are in areas of high deprivation. This includes pharmacies that are located in the top 20% most deprived areas in England, and who are located 0.8 miles from another pharmacy. For this purpose, we looked at the top 20% of Lower Layer Super Output Areas (LSOAs), when ranked by the Index of Multiple Deprivation. LSOAs are a standardised unit of geography in the UK. An LSOA varies in geographical size according to population density, but has an average population of about 1,600 in 2011.
- 4.4 Once a pharmacy satisfied the first stage of the test, in either a "physical feature anomaly" case or a "near miss in an area of deprivation" case, to then qualify for the PhAS payment, the pharmacy had to demonstrate on a balance of probabilities that they were critical for access (this did not need to be demonstrated in cases of simple inaccuracy). The burden of proof on that point fell to the pharmacy. The top 25% of pharmacies by prescription volume were still excluded, as for the scheme generally. Additional funding for successful reviews under this criterion were made available as required.
- 4.5 A pharmacy seeking to demonstrate that it is critical for access needed to have regard to the aims of the scheme as set out in the first section of the document. In particular, it was required to demonstrate that a local population relied on that pharmacy and would be materially affected by its closing.
- 4.6 In the context of relocation applications, pharmacy businesses are already used to presenting evidence of the population that is accustomed to using the services of the pharmacy, and that would clearly be relevant here.
- 4.7 A review of the scheme, administered by NHSE, allowed for pharmacies to appeal within 3 months (from 1 December 2016). All reviews have now been completed and a summary report can be found [here](#).