



# Department of Health

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10 March 2014

Dear Colleague

## **Adjustment to Generic Medicine Reimbursement Prices from April 2014**

While NHS England is responsible for commissioning pharmaceutical services and determining the amount paid to pharmacy contractors for those services under the Community Pharmacy Contractual Framework (CPCF), the Secretary of State remains responsible for determining the NHS reimbursement prices for the products dispensed. Payment for services within the CPCF is delivered through a combination of fees and allowances and medicine margin<sup>1</sup>. The Department of Health (DH), with the Pharmaceutical Services Negotiating Committee (PSNC), assess the medicine margin achieved by pharmacy contractors and make adjustments, as necessary.

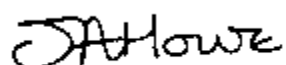
DH and PSNC have agreed a reduction to generic medicine reimbursement prices (Category M) from April 2014 of £10 million per month, equivalent to £120 million in a full year. The Drug Tariff will be amended from April 2014, to reflect this change. The delivery of medicine margin will continue to be assessed, with further adjustments made, as necessary.

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<sup>1</sup> Medicine margin is the difference between the price paid by a pharmacy contractor for a product from their supplier and the price reimbursed by the NHS.

I would be grateful if you could communicate this adjustment to generic medicine reimbursement prices to clinical commissioning groups. If they have any queries on the content of this letter these should be directed to [mpig.support@dh.gsi.gov.uk](mailto:mpig.support@dh.gsi.gov.uk).

Yours sincerely

A handwritten signature in black ink, appearing to read 'JH Howe'.

**Jeannette Howe**  
Head of Pharmacy

Copied to:

Ben Dyson, Director of Commissioning Policy and Primary Care, NHS England  
Deborah Jaines, Head of Outcomes and Primary Care, NHS England