



INTEGRATION JOINT BOARD

Report Title	Health and Social Care Partnership Prescribing Budgets
Lead Officer	Judith Proctor
Report Author (Job Title, Organisation)	Judith Proctor Chief Officer (covering paper) David Pflieger Director of Pharmacy & Medicines Management, NHS Grampian (Supporting Information and Data paper)
Date of Report	6 th February 2017
Date of Meeting	7 th March 2017

1: Purpose of the Report

The Aberdeen City Integration Joint Board (IJB) considered matters relating to its budget for 2017/18 at its meeting of the 31st of January. This session included discussion on the challenges in relation to prescribing budgets for the Health and Social Care Partnership (HSCP) and, in particular, the elements of that over which the IJB has limited control. The Board resolved (among other recommendations relating to the wider budget) to:

- (i) to request the Chief Officer to come back to the special budget IJB meeting sharing plans for controlling prescribing costs, including a financial risk assessment; and
- (ii) to cease all references to *uncontrollable prescribing* and replace with *limited control of prescribing* in future reports;

This paper provides that information for the IJB and provides information to the Board in relation to actions being taken, or planned by the Executive Team to address the identified risks.

Appendix 1 to this paper (*Health and Social Care Prescribing Budget Supporting Information and Data for 2017-2018*) provides more detailed information and background to the Health and Social Care Prescribing Budget, and also sets out the predicted growth and pressure in the budget arising from increasing volumes and costs of medicines. Agreement in relation to the predicted growth in prescribing budgets is set out in the finance paper – item 2 on the agenda.



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2: Summary of Key Information

Background

Appendix 1 - Health and Social Care Prescribing Budget Supporting Information and Data for 2017/18 provides considerable detail on the methods and assumptions that have been used to estimate prescribing needs in the HSCP for the next financial year.

The prediction of future medicines use is extremely complex with multi-factorial drivers and a wide range of external influences over which there is limited control. Spend on this budget is generated by a large number of health interventions for patients which result in a prescription and this is often done under agreed clinical guidelines. Whilst the average cost of a prescription item is around £11.30, the volume of medicines consumed means the overall budget is large.

Managing this budget is challenging as the 'control' sits with a large number of individual prescribers who have to meet the clinical needs of the local population in line with the appropriate clinical and professional standards and guidelines.

The prices paid for medicines used in Primary Care for branded medicines are set by the manufacturers within a UK wide pricing arrangement. The cost of most generic (unbranded) medicines are set in Scotland by the NHS based on the best prices that community pharmacies can purchase them at.

Most of the management of the prescribing budget concentrates on promoting the most cost effective treatment options, identifying and responding to prescriber variation, reviewing patients' treatment regimens to ensure that prescribing is appropriate and cost effective, and minimising waste.

Risk

The spend on prescription drugs is one of the single biggest budget lines after staffing. Predicted outturn for primary care prescribing for 2016/17 is £40,194,000. Key financial risks associated with the 2017/18 prescribing budget predictions are:

1. Prescription volume grows greater than the 0.79% used in the prediction (versus 0.83% in year)
2. Generic costs overshoot or undershoot prediction. The cost of generic medicines in 2017/18 is extremely hard to predict with the potential impact



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of currency fluctuation and supply chain issues providing an upward driver for cost and some intelligence indicating that recent short term reductions in community pharmacy purchase prices may operate to suppress tariff prices in year (updated information on this is anticipated in April this year)

3. The ability to extract the maximal savings associated with generic medicines, particularly pregabalin. Delivery of this saving will require a more assertive method than has previously been adopted within the HSCP. The IJB are asked to support this in principle at this stage and will be provided with some further detail later in the year (the patent expires in July 2017).

Actions – Agreed and Planned

The issues of risk in relation to Primary Care Prescribing have been well understood for a number of years and as such work to mitigate and manage this is either already in place, or being planned within the health and social care partnership. The following sets out work in place within the partnership, followed by a summary of work being considered by the Executive Team (and which may be subject to formal agreement by the IJB at a future meeting)

The following activities are already in place within the HSCP:

- A local Enhanced Service (LES) was agreed by the IJB at its November meeting. This sets out an enhancement to the GP contract in Aberdeen City that encourages practices to maximise the use of generic medicines. This is now in the process of being agreed by the enhanced services group;
- The HSCP already employs a number of pharmacy advisers whose role is it to support management of the contract with independent pharmacy contractors (local pharmacy businesses) and advise the HSCP in matters relating to good practice and efficiency in medicines management. These professionals already support a targeted approach to management of polypharmacy in GP practices;
- Some local GP practices directly employ pharmacists to support best practice and efficiency;
- The Transformation Programme has a number of workstreams which we anticipate will have a positive impact on people and communities and, potentially on prescribing costs. This includes the work agreed by the IJB to



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roll out Link Workers in Primary Care and the development of Primary Care Mental Health Workers and Psychological Therapies in Primary Care

The following are areas of work being considered by the Executive Team. Given the potential use of HSCP resources to develop some of these models there may be a need to take more detailed proposals to a future IJB for approval:

- Management of GP prescribing budgets notionally devolved and monitored at a Practice level by Localities. This will enable the closer monitoring of outliers in prescribing practice and pharmacist support where required to understand and offer potential, local actions to bring in line with average prescribing costs (it should be noted however that some outliers result from deprivation/demographic characteristics of a practice's population);
- Investment in further pharmacy capacity across the HSCP to enable a more targeted support to medicines reviews in all practices (case in development);
- Ongoing management and financial monitoring and engagement with the NHS Director of Pharmacy to ensure the benefits from moves to generics or new Tariff charges can be implemented timeously;
- Creation of a pan-Grampian HSCP Primary Care Prescribing Group to take forward areas of work that can be shared or are more efficient if done across all three North East HSCPs i.e. agreement on handling of cost pressures relation to secondary care prescribing decisions and impact in primary care.

3: Equalities, Financial, Workforce and Other Implications

There are no equalities or workforce implications arising from this report.

The financial implications are a predicted overspend on primary care prescribing at the end of the financial year of £1,029,000. This is a reduction from the figure of £1,201,000 overspend reported to the IJB in January. At the last IJB meeting a budget pressure of £1,500,000 was included in the 2017/18 provisional budget. Following receipt of a report from the Director of Pharmacy & Medicines Management this budget pressure has been reduced to £559,000.



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4: Management of Risk

Identified risk(s):

2 There is a risk of financial failure , that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend.

How might the content of this report impact or mitigate the known risks:

Risk will be mitigated by the actions set out in the paper to manage the budget and regular reporting through finance reports to the IJB and Audit and Performance Systems. The Executive Team and Clinical Leadership Team will review these budgets, and the impact of the agreed actions, regularly and will escalate risk appropriately.

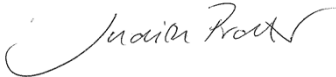

5: Recommendations

It is recommended that the Integration Joint Board:

1. Note the IJB will be following an assertive approach in pursuing medicines efficiencies including maximising the use of generic medication.
2. Note the level of financial risk associated with the assumptions of achieving the maximal savings used in the budget assessment, especially relating to Pregabalin for the 2017/18 financial year which presents the biggest savings opportunity and therefore risk to the Aberdeen City IJB prescribing budget; and
3. Endorse the approach set out in relation to local measures being put in place to maximise efficiency and local control on the prescribing budget.



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6: Signatures	
	Judith Proctor (Chief Officer)
	Alex Stephen (Chief Finance Officer)