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**Sent:** Tuesday, August 1, 2023 1:36 PM

**To:** [chiefofficer@leics-lpc.co.uk](mailto:chiefofficer@leics-lpc.co.uk)

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**Subject:** Community Pharmacy Leicestershire and Rutland - concerns regarding soaring procurement prices

**Importance:** High

Hi Rajshri,

Many thanks for taking the time to write to Janet, who is currently away on leave and has asked that I respond.

Your letter is helpful and adds to the concerns that we have heard from pharmacy owners in our pre-committee survey and what committee members raise. I have passed on to our funding team, who are involved in negotiations on a monthly basis and be assured that our negotiating team, and whole committee continue to discuss and monitor.

On the Atorvastatin issue specifically, the month end position ended on improved concession prices from Department of Health and Social Care (DHSC), after strong representation from Community Pharmacy England's dispensing and supply team. Despite the improvement, we could not agree the prices for 20mg and 80mg, and these are being **imposed** by DHSC, based on the data they have gathered. Further information, see <https://cpe.org.uk/our-news/july-2023-price-concessions-final-update/>

I know contractors must find the situation deeply frustrating when faced with losses on individual lines, trying to source medicines in a timely manner and facing significant financial risk due to greater uncertainty around expected reimbursement prices for many medicines. Having said all that, it is important that individual lines are however seen in the round about overall funding, and the overall retained margin position as reported by the margin survey, e.g. there are other individual with very healthy levels of margin in the mix. The overall margin levels in the last two full years (2020/21 and 2021/22), as measured by the Margin Survey of independent pharmacies, were in excess of the baseline allowance, meaning that an excess was accrued, see <https://cpe.org.uk/our-news/margin-and-fee-adjustments-for-2022-23-and-2023-24/>

We know that some concessions being imposed by the DHSC do not match the prices available to the majority of contractors throughout the month. Therefore, we are asking all contractors to continue to report pricing issues to us on a regular basis to help us to demonstrate the scale of the problem – and we are grateful for your efforts to continue to encourage contractors to do so. Thank you.

Last year we lobbied hard and sought agreement that [an urgent review of the price concession setting system](#) would take place. Following the review of the concessionary price process, a package of measures has been developed to improve the system, including removing discounts deduction from concession products, allowing a roll-forward for products requested late in the month, and perhaps most importantly working on a retrospective correction mechanism for prices subsequently demonstrated to be wrong.

The point you raise about confidence in the system is important and we are looking to do more to help inform contractors about this complex process, including an explanatory webinar and resources – Chief Officers and LPCs will be very welcome too. We plan to

cover the following, with a provisional date of Tuesday 5<sup>th</sup> September, further communications to follow, but here's an outline:

- Explain the current issues and pressures in the medicines market;
- Demystify the process on how the process of agreeing price concessions are granted;
- Outline how you can input and what happens when you report an item over Drug Tariff price;
- Explain the impact of price concessions on overall funding;
- Set out our ongoing concerns and our calls for improvements in the system ;
- Highlight recent changes to the system to be aware of; and
- Answer questions and hear feedback.

Let us know if you think that there are other things to add to this to help contractors and we will consider them for the webinar. I have copied Lindsey, as she may want to discuss further when she next meets with your committee.

Best

James

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