



REPORT TO: MORAY INTEGRATION JOINT BOARD ON 25 MARCH 2021

SUBJECT: PRESCRIBING BUDGET REQUIREMENTS FOR 2021-2022

BY: ACTING LEAD PHARMACIST

1. REASON FOR REPORT

1.1. To inform the Board of the predicted budget resource requirements for 2021-2022.

2. RECOMMENDATION

2.1. It is recommended that the Moray Integration Joint Board (MIJB):

- i) consider and note the recommendations made in this paper with regard to volume, costs, risks and the net predicted need for budget resource of £18.094m as part of the overall health and social care partnership budget setting process for 2021-22;**
- ii) consider and note the estimated budget requirements linkage to the locally enhanced services / Service Level Agreements (SLAs); and**
- iii) ensure that final prescribing budget allocations are notified to the pharmacy teams by support finance staff.**

3. BACKGROUND

- 3.1. Current forecasting indicates Moray will end the 2020-21 year with a prescribing deficit, which will be further affected, by identified factors and estimates for these factors in 2020-21.
- 3.2. Resource assessment for prescribing has been undertaken for 2021-22 using the approach adopted in previous years which estimates growth in volume and spend in the coming year and offsets these with generic savings and approved efficiency plans. The key themes and data presented here are taken from the more comprehensive 'Health and Social Care Prescribing Budget Supporting Information and Data for 2019-2020' which has been scrutinised and approved by the multidisciplinary / cross sector Grampian Medicines Management Group. A breakdown of the components of the requested budget for 2020-21 is provided in **Appendix 1**.

- 3.3. During 2020-21, there have been variations in prescription volume related to COVID-19 impact. Cumulatively this results in a 4.25% reduction in Grampian from April to October 2020. Volume growth for 2021-22 is still variable due to multiple factors including changes in volumes and treatment as a result of COVID-19.
- 3.4. Previous years showed some consistency in cost per item as a number of significant medicines lost patent protection and generic equivalents became available. Since COVID-19 costs per item spiked in April to £11.33 in Grampian and then settled in October to £11.07 and remains unpredictable due to drug shortages and changes in treatments e.g. Warfarin changed to NOAC (newer anticoagulant) treatment.
- 3.5. Some examples of generic medication shortages have had significant cost increases e.g. sertraline 100mg from £1.21 to £17.95, and mirtazapine from £2.98 to £24.22.
- 3.6. New drugs moving into primary care as a result of Scottish Medicines Consortium (SMC) approval. It is noted that impacts of the EU exit on UK regulatory approval of medicines may have an effect on budget. It is expected that a small number of new medicines identified could have a significant financial impact on primary care e.g. SGLT2 drug class in treatment of diabetes. The budgetary risk has not been quantified.
- 3.7. Use of NOAC treatment in place of warfarin has increased vastly. Since COVID-19 NOACs monthly items increased by 24% at a 33% cost increase of £20,873 **every** month in Moray in 2020-21. Growth in this area is now expected to slow but patients will remain on the NOAC treatment.
- 3.8. During 2020 we saw the increased use of FreeStyle Libre®. The Diabetes Managed Clinical Network (MCN) are recommending to extend provision to further diabetes patients at an anticipated 26% cost increase (present costs in Grampian are £945,000 per annum).
- 3.9. Prescribing cost efficiency work has been adversely affected throughout 2020 due to the pandemic with GP and pharmacotherapy teams work focussed on essential care. In addition, factors to be considered are: Early/Additional medication ordering, an increase in serial prescriptions, therapeutic switching to reduce need for interventions during COVID-19.
- 3.10. The community hospital budget in Moray has a predicted underspend in 2021 and a small reduction in budget is recommended.

4. KEY MATTERS RELEVANT TO RECOMMENDATION

The following are the main financial risks, which are not included in the recommended uplifts summary:

- 4.1. The risk that the future prices for generic medicines, and associated reimbursement levels set within the Scottish Drug tariff, remain difficult to predict. The Scottish Government has committed to rebalancing community pharmacy contractor payments by reducing the emphasis on margin share and moving these payments to within the guaranteed global sum.

- 4.2 The global supply chain remains fragile. Shortages in supply continue to be a significant problem for community pharmacy and dispensing doctor practices with the most recent examples including a wide range of medicines for a variety of conditions e.g. sertraline, metformin and hormone replacement therapy. Such shortages can lead to unpredictability in the cost per item during the year. There is potential for a significant worsening in shortages if border disruption occurs due to the EU exit.
- 4.3 The growth in consumption of medicines had been stabilising. Anecdotally this has been linked to the end of Quality and Outcomes Framework (QOF), strengthened approaches to medication review and associated reductions in polypharmacy. The variations in volume in 2020/21 are related to COVID-19 and changes in capacity within primary care. Repeat prescribing has continued however acute prescribing, outpatient/medication requests had reduced corresponding to service provision and patient flow
- 4.4 Primary care rebates, the system that provides the NHS in Scotland with post use discounts on spend for specific medicines, has remained generally stable but there remains a risk that these rebates change or are removed. N.B. These discounts accrue to the individual Health and Social Care Partnerships (HSCPs) based on spend.
- 4.5 The introduction of new medicines/new treatment modalities has resource implications above and beyond the costs of just the medicine. Whilst no significant impact for newer primary care medicines are anticipated there are a number of newer medicines and devices already on the market that have yet to achieve their steady state usage; NOAC oral anticoagulants and the flash glucose monitoring device, FreeStyle Libre are two examples.
- 4.6 Diminution in the new General Medical Services (GMS) contract support for medicines management activities focussed on the cost effective use of medicines and the transition to pharmacotherapy services between now and 2021 present a significant potential risk to finance as capacity to pursue cost effective prescribing diminishes. Such loss of medicines management activity was evidenced in the Inverclyde pilot forerunner of Pharmacotherapy.
- 4.7 Macroeconomic effects related to currency fluctuation and broader impacts of Brexit.
- 4.8 Expansion of Minor Ailments Service (MAS) to the entire NHS Grampian population. Minor ailments service and Pharmacy First was launched in July 2020 extending the service to all patients registered in Scotland. The potential effects of this expanded service should be considered a budgetary risk and has not been fully quantified.
- 4.9 The COVID-19 pandemic has had significant effects both in the short and longer term regarding patient pathways, the ordering and use of medicines. This will continue to have effects into 2021/22.

Summary of Risk Mitigation

- 4.10 Reinstate Cost Effective Review of prescribing by pharmacotherapy workforce.
- 4.11 Swift chasing of any overpricing bureau errors by lead technician.

- 4.12 Regular review of High Value Items Report by lead technician then forwarded to pharmacotherapy pharmacists for investigation.
- 4.13 Regular review of Generic Savings Report by the pharmacotherapy team for potential savings.
- 4.14 Tighter control of Specials items. With automatic authorisation of items £100 or less now removed.
- 4.15 Therapeutic equivalent drug switches are now recommenced in line with priorities at the Grampian Primary Care Prescribing Group (GPCPG).
- 4.16 A Grampian formulary tool is being trialled in Moray to steer appropriate cost effective prescribing choices.
- 4.17 Medication reviews by GPs and Polypharmacy reviews by Pharmacists which had lapsed during pandemic are currently being reinstated

5. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Commissioning Plan

As set out within Moray's Integration Scheme.

(b) Policy and Legal

There are no policy or legal implications arising from this report.

(c) Financial implications

Primary Care prescribing remains a material financial risk area and this paper identifies the anticipated requirements for additional investment. This is described in **Appendix 1**.

(d) Risk Implications and Mitigation

There is a risk of financial failure, that demand for medicines outstrips budget and the MIJB cannot deliver priorities, statutory work, and project an overspend. Risk will be mitigated by actions set out in this report to manage the budget, but the key financial risks are highlighted above.

At the time of writing, there is still uncertainty as to whether there will be a 'no deal' Brexit, which could have a negative impact upon medicine supply and costs.

(e) Staffing Implications

There are no workforce implications arising from this report.

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

There are no equalities/socio economic implications arising from this report.

(h) Consultations

Consultations have been undertaken with the following partnership members who are in agreement with the content of this report where it relates to their area of responsibility:

- Lead Pharmacist, Health and Social Care Moray
- Chief Financial Officer, MIJB

6. CONCLUSION

6.1. This report recommends the MIJB:

- **consider the recommendations made in this paper with regard to volume, costs, risks and the net predicted need for budget resource of £18.094m as part of the overall HSCP budget setting process for 2021-22;**
- **note the estimated budget requirements linkage to the locally enhanced services / SLAs; and**
- **ensure that final prescribing budget allocations are notified to corporate finance and pharmacy teams.**

References:

Health and Social Care Prescribing Budget Supporting Information and Data for 2021-2022. NHS Grampian Pharmacy & Medicines Directorate, Grampian Area Drug & Therapeutics Committee & Finance Directorate.

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www.cps.scot/nhs-services/remuneration/drug-tariff/adjusted-prices

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Background Papers: with author