

Health impact assessment of pharmacy funding changes in 2017

Introduction

At the North Yorkshire Scrutiny of Health Committee meeting in January 2017 the changes to Government funding for community pharmacies were discussed. This was in response to a Notice of Motion that went to County Council in November. The committee recommended that 'it maintains a watching brief on the impact of the reduced funding over the next 2 years. Also, that the committee works with Public Health and others to better understand what the impacts could be.' The public health team at NYCC has considered those changes, current effects and potential methods that could be used to monitor impacts. This paper reports those findings.

Summary of the changes to the Pharmacy Contract

In 2015, the Department of Health launched a consultation with the Pharmaceutical Services Negotiation Committee, pharmacy stakeholders and others on community pharmacy in 2016/17 and beyond. Key proposals included:

- Simplifying the NHS pharmacy remuneration system to phase out the establishment payment received by all pharmacies dispensing 2,500 or more prescriptions per month, which incentivises pharmacy business to open more NHS funded pharmacies;
- Helping pharmacies to become more efficient and innovative through more modern dispensing methods; including hub and spoke models to deliver economies of scale in purchasing and dispensing and reducing operating costs;
- Encouraging longer prescription durations where clinically appropriate e.g. 90 day repeat periods instead of 28 days.

The results of the consultation and a final package of changes to the contractual framework were announced in 2016. The Government imposed a two-year funding package on community pharmacy, with a £113 million reduction in funding in 2016/17, taking total funding to £2.687 billion for 2016/17. A further 3.4% reduction in 2017/18 to £2.592 billion for the financial year saw funding levels from April 2017 reduce by around 7.5% compared with November 2016 levels.

In addition to the overall reduction of funding, key changes to the regulations include:

- *Changes to payment of fees*
- *The Pharmacy Access Scheme (PhAS)*
- *A new quality payments scheme*

Pharmaceutical Needs Assessment (PNA)

North Yorkshire's Health and Well-being Board has a statutory duty to produce a Pharmaceutical Needs Assessment (PNA) every three years. A PNA describes what pharmacy services are currently available in North Yorkshire and what services might be needed in the future. The document is used to inform decisions on whether changes need to be made to opening times of pharmacies or if new pharmacies or services are required. NHS England make commissioning decisions about pharmacies in North Yorkshire.

We are currently consulting on the 2018-2021 Pharmaceutical Needs Assessment (PNA). Another PNA will be drafted in 2020 and published in 2021. This robust process involves consultation with local people and organisational stakeholders as well as mapping access. It ensures that changes to provision are monitored in a systematic way.

Potential impacts of these changes

A number of concerns have been raised at both national and local level. These include pharmacy closures and stopping services such as free home delivery. It has been suggested that pharmacies may "play a less tangible role in promoting welfare and social cohesion in local communities". Patients may increase their use of distance-selling alternatives.

Department of Health calculates that if 1,000 pharmacies close, there would be an increase of 3,152 tonnes of carbon emissions from patients travelling further, assuming 64% of journeys are made by car.

In considering the wider context of these changes it is important to note the radical changes in the health and social care landscape as part of public sector reforms. Equally pharmacies operate as commercial enterprises so market forces are significant.

Current status

Community Pharmacy North Yorkshire (CPNY) indicates that, as of June 2017, 27 North Yorkshire pharmacies have qualified for the PhAS. NHS England have reported that in the last year there have been two pharmacy closures:

- in Knaresborough due to lease on premises ending and no alternative premises to move to, so not linked to the pharmacy changes
- in Haxby due to low volume and impact of pharmacy reforms. However, there is an alternative pharmacy directly over the road that operates 100 hours per week.

Potential impacts and assessment methods

NHS England and Public Health England have advised that they are not currently planning any assessment of funding impacts.

It is technically challenging to measure the impact of these funding changes. For example when an owner retires a pharmacy may close or may be taken over by a chain. Impact could be measured to a limited extent via a range of methods including:

| Potential impact | Potential measure | Supporting information |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Access to services | <p>PNA assesses this on a three year basis. Next one will be in 2020 for publication in 2021.</p> <p>Regular liaison with Healthwatch and other groups representing potential pharmacy users by the Scrutiny of Health Committee to assess levels of public concern.</p> <p>Equalities impact assessment possibly focusing on particular at-risk communities such as those covered by PhAS pharmacies, via Area Committees, Parish Councils and Stronger Communities to assess impacts using Strategic Health Asset Planning and Evaluation (SHAPE) tool, and where appropriate supported by range of approaches including social media, surveys and/or focus groups.</p> | <p>Existing mechanism established.</p> <p>Links exist but may need to be formalised.</p> <p>Will require resources.</p> |
| Quality of services | <p>PNA assesses this on a three year basis. Next one will be in 2020 for publication in 2021.</p> <p>Regular liaison with Healthwatch and other groups representing potential pharmacy users by the Scrutiny of Health Committee to assess levels of public concern</p> | <p>Existing mechanism established.</p> <p>Links exist but may need to be formalised.</p> |

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| | NYCC Public Health Team monitor uptake of NYCC commissioned pharmacy activity (stop smoking, emergency contraception, needle exchange, falls medication reviews and alcohol identification and brief advice (IBA). | Existing mechanism established. Does not include NHS commissioned services |
| Choice of services | NYCC Public Health Team monitor uptake of pharmacy activity as above. | Existing mechanism established. Does not include NHS commissioned services |
| On other parts of health and social care system including GPs and hospitals | Surveys across North Yorkshire of stakeholder groups such as GPs, primary care staff and A&E, local people. | This could produce information but may be potentially biased. Systematic surveys would be costly. |

Conclusion

The Scrutiny of Health Committee delivers a vital, statutory function in scrutinising healthcare provision to the population of North Yorkshire. As part of this they are keen to consider any impacts of funding changes on pharmacy access. However, these impacts are not readily assessed and the technical challenges of doing so may not be feasible given resource limitations. It is important to note the important potential contribution that the PNA could make to this assessment, being mindful of the timescales involved.

Recommendation

It is recommended that the Committee engage with the PNA process and maintain a watching brief with input from Healthwatch and other similar groups in the interim period between consultation on PNAs.

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Appendix 1: Community pharmacy in 2016/2017 and beyond: final package

The stated vision from the DoH was: *‘for community pharmacy to be integrated with the wider health and social care system. This will aim to relieve pressure on GPs and Accident and Emergency Department, ensure optimal use of medicines, and will mean better value and patient outcomes. It will support the promotion of healthy lifestyles and ill health prevention, as well as contributing to delivering seven day health and care services’.*

In the context of delivering £22 billion in efficiency savings by 2020/21, the review and consultation aimed to examine how community pharmacy could contribute to this financial challenge. The proposals state that: *‘efficiencies could be made without compromising the quality of services or public access to them because:*

- *There are more pharmacies than necessary to maintain good patient access;*
- *Most NHS funded pharmacies qualify for a complex range of fees, regardless of the quality of service and levels of efficiency of that provider;*
- *More efficient dispensing arrangements remain largely unavailable to pharmacy providers.’*

Changes to payment of fees

A range of fees including the professional or ‘dispensing’ fee, practice payment, repeat dispensing payment and monthly electronic prescription payment service payment will be consolidated into a single activity fee. Community pharmacists currently receive an establishment payment as long as they dispense above a certain prescription volume – this has been gradually phased out over a number of years, starting with a 20% reduction in December 2016 and reduced by 40% on 1 April 2017.

The Pharmacy Access Scheme (PhAS)

A new Pharmacy Access Scheme will be introduced with the aim of creating efficiencies without compromising the quality of services or public access to them. The PhAS is designed to ensure populations have access to a pharmacy, especially where pharmacies are sparsely spread and patients depend on them most. A national formula will be used to identify those pharmacies that are geographically important for patient access, taking into account isolation criteria based on travel times or distances, and also population sizes and needs. Qualifying pharmacies will receive an additional payment, meaning those pharmacies will be protected from the full effect of the reduction in funding from December 2016. A payment is made to pharmacies that are more than a mile away from another pharmacy (until March 2018).

A new quality payments scheme

Quality criteria have been introduced which, if achieved, will help to integrate community pharmacy into the wider NHS/Public Health agenda. These include the need to have an NHS email account and ability for staff to send and receive NHS mail; an up-to-date entry on NHS Choices; ongoing utilisation of the Electronic Prescription service; and at least one specified advanced service e.g., Healthy Living pharmacy level 1 status, 80% of staff trained as Dementia Friends etc.

Full details of the final report “Community pharmacy in 2016/2017 and beyond: final package” available online at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/561495/Community_pharmacy_package_A.pdf