

# Publication Report



## **Quarterly update of prescription charges**

**Financial Q1 (April to June) 2009/10 to financial Q3 (October to December) 2010/11**

**Publication date – 29 March 2011**

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## About ISD

Scotland has some of the best health service data in the world combining high quality, consistency, national coverage and the ability to link data to allow patient based analysis and follow up.

Information Services Division (ISD) is a business operating unit of NHS National Services Scotland and has been in existence for over 40 years. We are an essential support service to NHSScotland and the Scottish Government and others, responsive to the needs of NHSScotland as the delivery of health and social care evolves.

**Purpose:** To deliver effective national and specialist intelligence services to improve the health and wellbeing of people in Scotland.

**Mission:** Better Information, Better Decisions, Better Health

**Vision:** To be a valued partner in improving health and wellbeing in Scotland by providing a world class intelligence service.

## Official Statistics

Information Services Division (ISD) is the principal and authoritative source of statistics on health and care services in Scotland. ISD is designated by legislation as a producer of 'Official Statistics'. Our official statistics publications are produced to a high professional standard and comply with the Code of Practice for Official Statistics. The Code of Practice is produced and monitored by the UK Statistics Authority which is independent of Government. Under the Code of Practice, the format, content and timing of statistics publications are the responsibility of professional staff working within ISD.

ISD's statistical publications are currently classified as one of the following:

- National Statistics (ie assessed by the UK Statistics Authority as complying with the Code of Practice)
- National Statistics (ie legacy, still to be assessed by the UK Statistics Authority)
- Official Statistics (ie still to be assessed by the UK Statistics Authority)
- other (not Official Statistics)

Further information on ISD's statistics, including compliance with the Code of Practice for Official Statistics, and on the UK Statistics Authority, is available on the [ISD website](#).

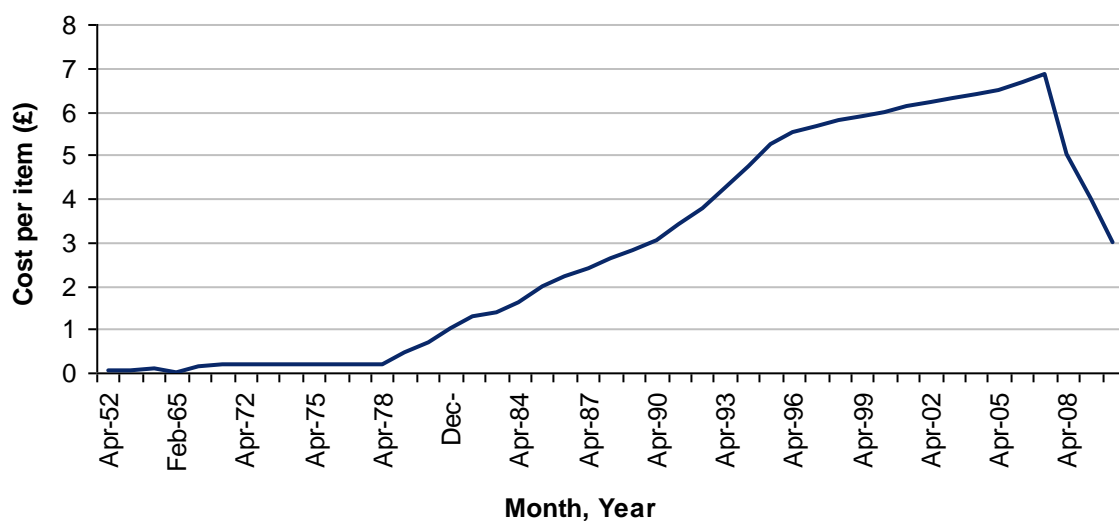
## Introduction

Prescriptions in the National Health Service (NHS) in Scotland were dispensed free at the point of delivery from the official inception of the NHS in July 1948 to June 1952, when a small charge was introduced.

The charge was then abolished in February 1965 and re-introduced in July 1968. It remained in force since then and, as at 1 April 2010, was £3.00 per item.

All NHS boards are kept informed of pending changes via Scottish Government circulars. [PCA \(P\) 6 M7 \(2010\)](#), was published in March 2010. Figure 1 shows the trend of a cost of an individual prescription from 1952 to 2010.

**Figure 1 – Prescription charges per individual items, 1952 to 2010**



In 2007 the Scottish Government published a proposal to [abolish prescription charges](#) by April 2011. Since then the cost of a single prescription item and [prepayment certificate](#) (PPC) has been reduced as follows:

Month and Year	Cost per individual prescription	Cost of 4 month PPC	Cost of 12 month PPC
April 2007	£6.85	£35.85	£98.70
April 2008	£5.00	£17.00	£48.00
April 2009	£4.00	£13.00	£38.00
April 2010	£3.00	£10.00	£28.00

A PPC covers the cost of all NHS prescription items dispensed while the certificate is still valid. PPCs can be purchased for a four or twelve-month period and are most beneficial to patients who need more than three prescription items in a four month period, or more than nine prescription items over twelve months.

This publication is a quarterly update of a [yearly publication](#).

## Key points

- Since April 2008, total income generated by sales of prescriptions continues to steadily decrease.
- The volume of prescription items dispensed where the patient holds a pre-payment is increasing, as is the volume of prescription items dispensed where the patient is exempt from paying any charge.

## Results and Commentary

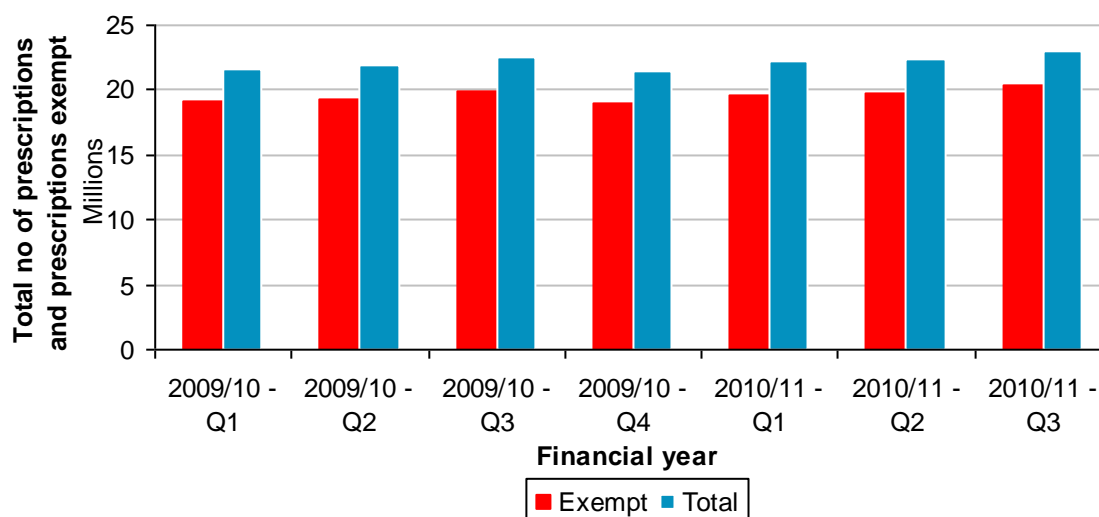
The statistics shown herewith are a quarterly update of the annual [Prescription Charges](#) publication. Statistics are presented by financial quarter from Q1 2009/10 to Q3 2010/11 to monitor the effect of the decreasing cost of single prescriptions and pre-payment certificates (PPCs) in Scotland. Data are shown by the volume and GIC of prescriptions dispensed by exemption category (holds a valid PPC, pays for single prescription items at the point of issue, or is exempt from paying any charge). Income generated by pre-payment certificate and prescription sales is shown by financial year from 2004/05 to 2009/10, and by financial quarter from Q1 2009/10 to Q3 2010/11. Results and commentary are shown below under the relevant sub-headings.

### Number of items dispensed<sup>1, 2</sup>

In the first three financial quarters of 2010/11, the total number of prescription items dispensed in Scotland continues to increase.

Figure 2 shows the total number of items dispensed in Scotland (excluding Minor Ailment Service and Stock Order forms), per quarter from Q1 2009/10. Between the first three quarters of 2009/10 and the first three quarters of 2010/11, the total number of prescription items dispensed in Scotland increased by 2.4% from 66.0 million to 67.6 million.

**Figure 2 - Total number of items dispensed in Scotland (excluding Minor Ailment Service and Stock Order forms), and number of items dispensed where a patient is exempt from paying a charge, Q1 2009/10 to Q3 2010/11**



Source: Prescribing Information System, ISD Scotland

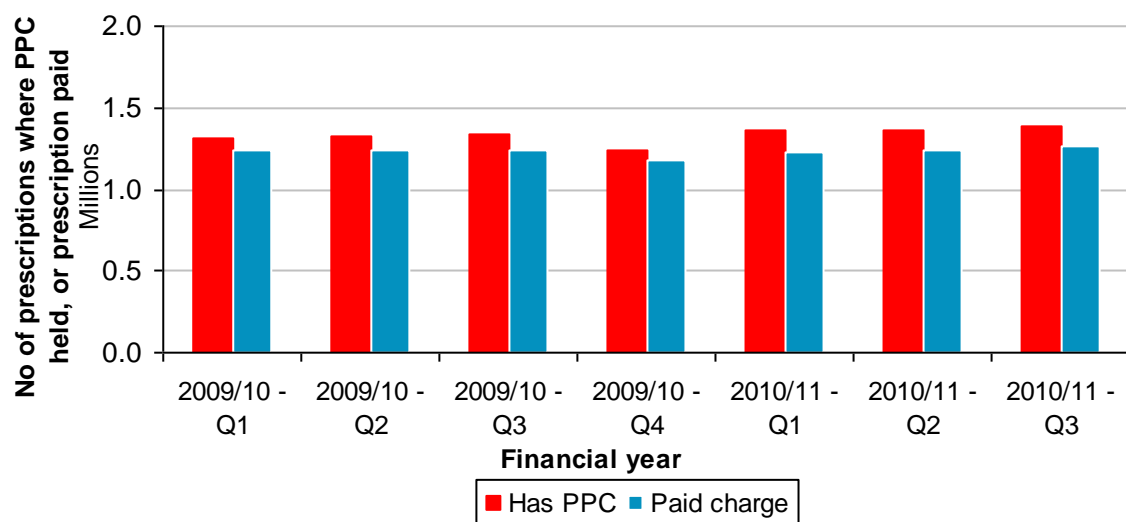
When compared to the first three quarters of 2009/10, the number of items dispensed where the patient is exempt from paying any charge<sup>3</sup> increased by 2.4% to 59.8 million in the first three quarters of 2010/11.

Over the same time period, the overall total of non-exempt items dispensed i.e. where the patient paid the full charge at point of issue or purchased a pre-payment certificate (PPC), increased by 2.1% to 7.8 million in the first three quarters of 2010/11. The number of non exempt prescription items accounted for 11.6% of the total volume dispensed in the first three quarters of both 2009/10 and 2010/11.

Figure 3 details the number of prescription items dispensed each quarter where the patient was not exempt from paying charges. In first three quarters of 2010/11, 4.1 million prescription items were dispensed where the patient held a valid PPC; 3.4% more than in the first three quarters of 2009/10, when 3.97 million items were dispensed where the patient held a valid PPC. This demonstrates that that people are continuing to take advantage of the lower priced PPCs.

The number of prescription items dispensed where the patient paid the single prescription charge for the items at point of issue increased by 0.6% (almost 24,000 items) to 3.7 million in the first three quarters of 2010/11.

**Figure 3 - Number of items dispensed in Scotland where the patient paid a charge, Q1 2009/10 to Q3 2010/11**



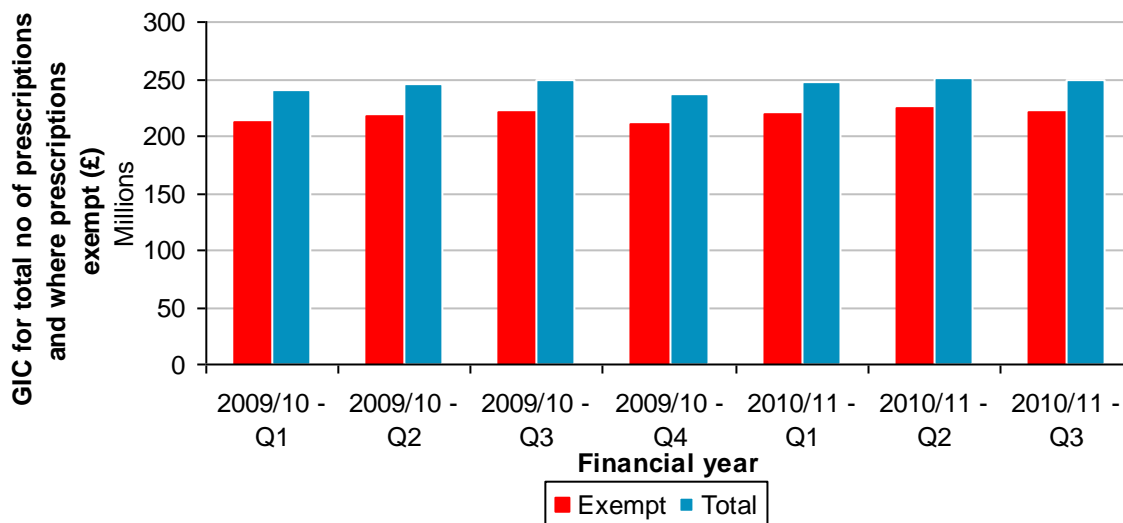
Source: Prescribing Information System, ISD Scotland

### Gross ingredient cost

The gross ingredient cost (GIC) is the gross cost to the NHS for an individual drug, before any discount is applied. The charge for an individual prescription item, or a PPC, is not related to the GIC of the item dispensed.

Figure 4 illustrates the fluctuations in GIC paid for all prescription items dispensed<sup>1,2</sup> and for all exempt prescription items dispensed<sup>3</sup>. Between the first three quarters of 2009/10 and the first three quarters of 2010/11, the total GIC for all prescription items dispensed increased by 1.7% to £747.4 million.

**Figure 4 - Total gross ingredient cost (GIC) of items dispensed (excluding Minor Ailment Service and Stock Order forms), and GIC where a patient is exempt from paying a charge, Q1 2009/10 to Q3 2010/11**



Source: Prescribing Information System, ISD Scotland

Where the patient is exempt from paying any charge at all, the GIC has increased by 2.3% to £664.6 million.

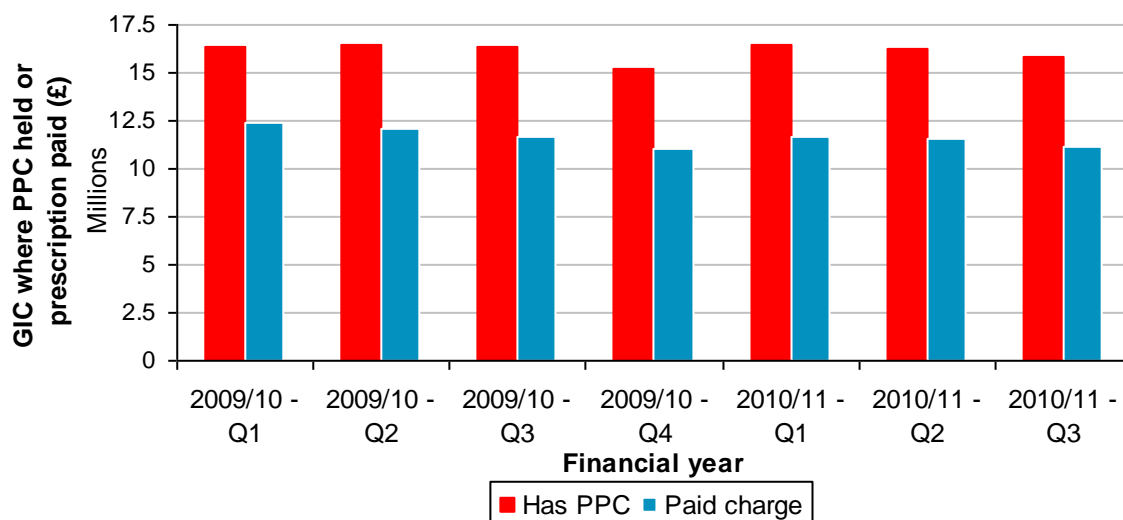
The overall total of GIC paid for items dispensed from non-exempt prescriptions i.e. PPC plus paid charge prescriptions, decreased by 2.8% from £85.2 million to £82.9 million in the first three quarters of 2010/11.

The quarterly GIC totals for prescription items which were not exempt from charges are shown in Figure 5. Between the first three quarters of 2009/10 and 2010/11, where a patient pays a charge for their prescription item at point of issue, the gross cost of items issued decreased by 4.7% to £34.4 million.

Over the same time period, where the patient holds a valid pre-payment certificate, the gross ingredient cost of the items dispensed decreased, by 4.4% to £48.5 million.



**Figure 5 – Gross ingredient cost (GIC) of items dispensed where the patient has paid a charge, Q1 2009/10 to Q3 2010/11**



Source: Prescribing Information System, ISD Scotland

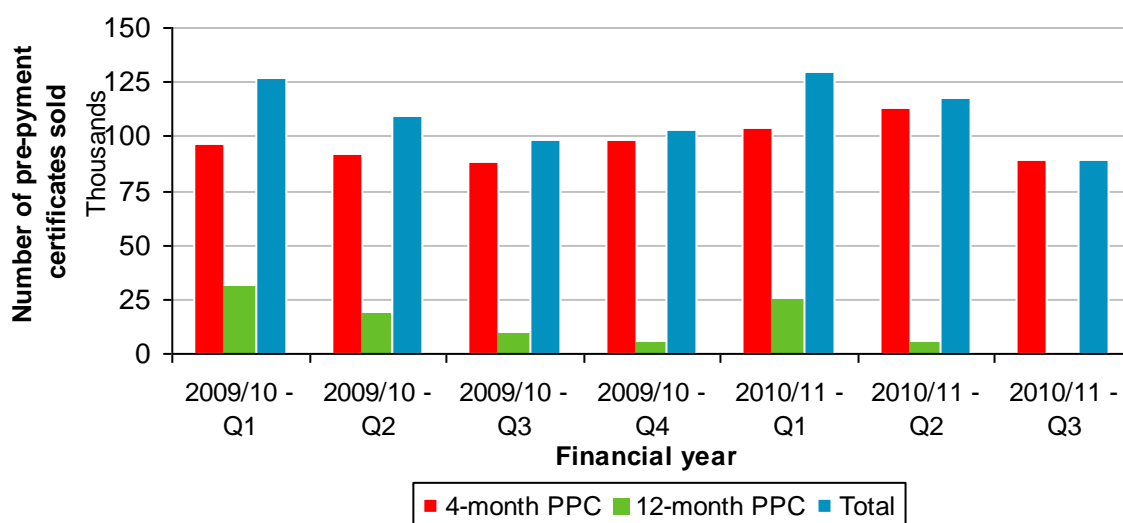
### Pre-payment certificate (PPC) sales by contractors and regional offices

PPCs can either be purchased direct from [Practitioner Services Division](#) (PSD) regional offices or from the dispensing contractor.

Figure 6 shows that total volume of PPCs sold to patients fluctuates on a quarterly basis. In the first three quarters of 2010/11, just under 337,000 PPCs were sold. This is an 0.7% increase when compared to the first three quarters of 2009/10, when just less than 335,000 PPCs were sold.

During this period, the number of 4-month prepayment certificates sold increased by 11.0% to just over 307,000; and the number of 12-month certificates sold decreased 48.8% from just under 58,000 to less than 30,000.

**Figure 6 - Number of pre-payment certificates sold, Q1 2009/10 to Q3 2010/11**



Source: Practitioner Services Division, Financial Reporting

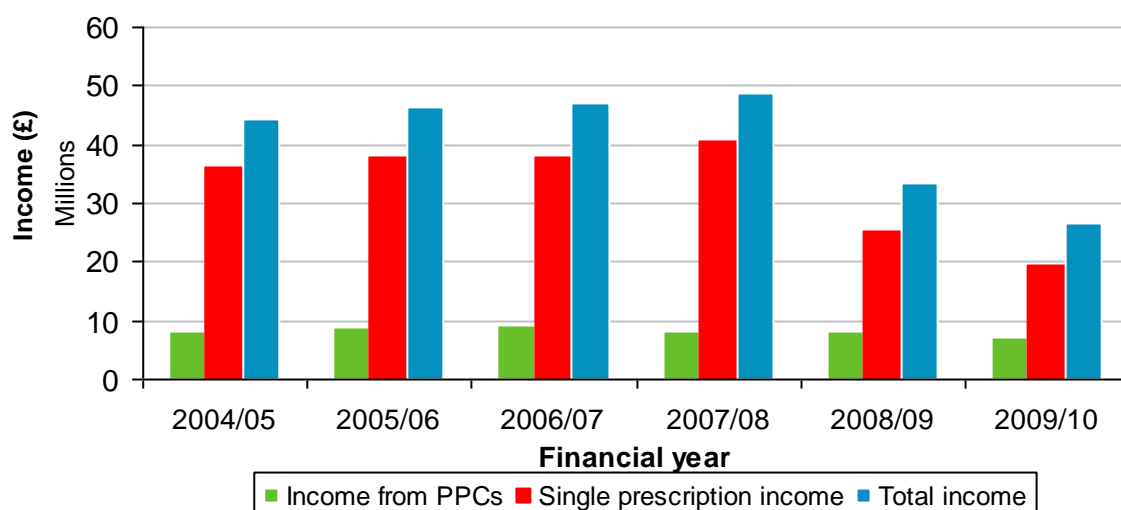
## Income generated by pre-payment certificate and single prescription sales

The figures shown as income generated by pre-payment certificates are the value of certificates supplied to contractors plus the amounts received from patients by PSD regional offices. Figures classed as income generated by single prescription sales are the value of charges paid by patients when prescriptions were dispensed.

Figure 7 illustrates the annual trend of total income generated by prescription sales, which was increasing from 2004/05 until the first [price cut in the cost of prescriptions and pre-payment certificates](#) (PPCs) was implemented in April 2008. The effect of the price reductions was that the total income decreased by 31.2% to £33.5 million between 2007/08 and 2008/09<sup>4</sup>.

It should be noted that the 2008/09 total income from PPCs does not reflect £0.5 million of refunds made to patients where a PPC had been purchased at the higher price and was still valid after the price was reduced.

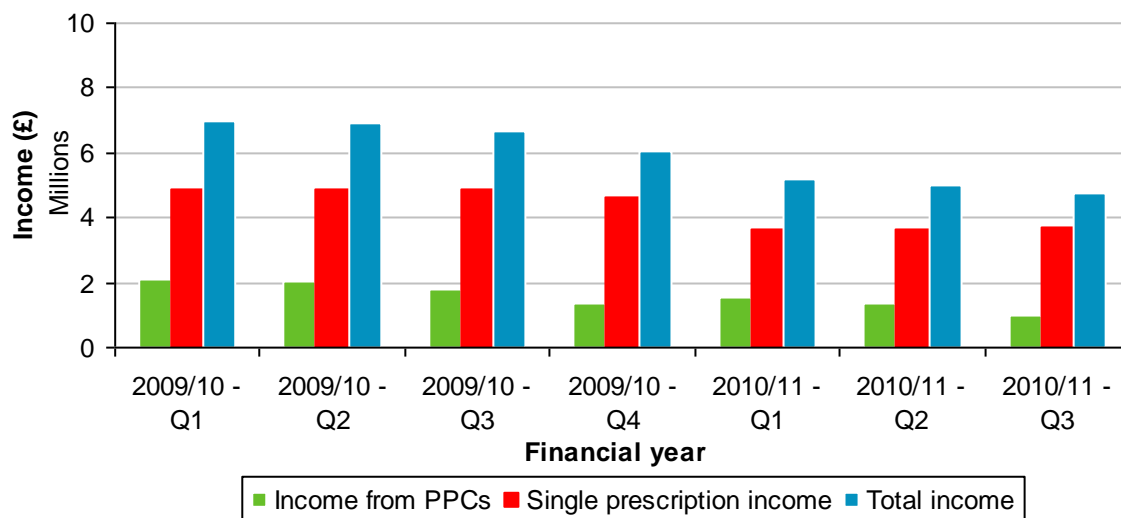
**Figure 7 - Income generated from pre-payment certificate and single prescription sales, 2004/05 to 2009/10**



Source: Practitioner Services Division, Financial Reporting, and Prescribing Information System, ISD Scotland

The decreasing trend in total income has continued into 2010/11, as shown in Figure 8. Compared to the first three quarters of 2009/10, total income in the first three quarters of 2010/11 decreased by 27.2% from £20.5 million to £14.9 million.

**Figure 8 - Income generated from pre-payment certificate and single prescription sales, Q1 2009/10 to Q3 2010/11**



Source: Practitioner Services Division, Financial Reporting and Prescribing Information System, ISD Scotland

The reductions in income can be attributed mainly to the reduction in the price of a prescription and PPC, and to a shift towards more people using PPCs and not paying the individual prescription charges.

## Footnotes

1. The number of items relates to the number of ingredients dispensed, not the number of products written in a prescription.
2. Stock Order forms are generally written by GPs to order a stock of vaccines. [Minor Ailments Service](#) is a service only open to patients who are exempt from any prescription charge. As there is no charge applicable to these forms, they are excluded from these analyses.
3. Exemption categories. The patient doesn't have to pay at the point of issue because he/she:

Exemption category	Exemption grouping used in analyses	
A	Is under 16 years of age	Exempt
B	Is 16, 17, or 18 and in full time education	Exempt
C	Is 60 years of age or over	Exempt
D	Has valid maternity or medical exemption certificate (EC92)	Exempt
E	Has a valid pre-payment certificate	Has PPC
F	Has a VALID War Pension exemption certificate	Exempt
G	Gets, or has a partner who gets Income Support	Exempt
H	Has a partner who gets 'Pension Credit guarantee Credit' (PCGC)	Exempt
I	Gets, or has a partner who gets, income based Jobseekers Allowance	Exempt
J	Is entitled to, or named on, a valid NHS Tax	Exempt

	Credit Exemption Certificate	
K	Is named on a current HC2 charges certificate	Exempt
L	Was prescribed free-of-charge contraceptives	Exempt
M	You or your partner receives 'Income-related Employment and Support Allowance (from 27 October 2008)	Exempt
N	Was prescribed free-of-charge medicine to treat tuberculosis	Exempt
	Not exempt therefore pays for each prescription item at point of issue	Paid charge

Further details of [patient exemptions are available from PSD](#) website.

- The value of certificates supplied to contractors has been adjusted in 2007/08 and 2008/09 by £0.4 million being credits to contractors in 2008/09, representing the decrease in the value of certificates held by them at 1<sup>st</sup> April 2008 as a result of the price reduction.

## Glossary

Gross Ingredient Cost (GIC)	Cost of drugs and appliances reimbursed before deduction of any dispenser discount (note this definition differs from other parts of the UK)
Net Ingredient Cost (NIC)	Cost of drugs and appliances reimbursed after deduction of any dispenser discount (note this definition differs from other parts of the UK)
Community Pharmacy	A retail pharmacy outlet holding a contract with a Health Board to provide NHS pharmaceutical services
Dispensing Doctor (practice)	Dispensing practices exist in those areas of Scotland where the population density is considered too low to support a pharmacy and where the NHS Board has determined that a dispensing service should be supplied.
Appliance Supplier	Appliance suppliers are a specific sub-set of NHS dispensing contractors who are contracted to supply approved medical devices on prescriptions (e.g. stoma).
Essential Small Pharmacy	Not all areas of Scotland that have a need for a pharmacy can support one due to the surrounding population density. The population may be such that insufficient business would be generated to make the business economically viable. The Essential Small Pharmacy Scheme (ESP) was introduced to help maintain a pharmacy service in such localities.
Number of Stock Order Forms	Number of stock orders placed directly by a prescriber e.g. influenza vaccinations. Stock Order Form GP10A is issued by a GP practice to top up items used by the practice for the immediate treatment of patients.
Patient Charges	Income generated from paid prescriptions (£3.00 per item as at April 2010, please note that this amount changes yearly and will be ZERO as of 1 April 2011) - excludes prepayment certificates.
Gross cost	Net Ingredient Cost plus dispensing fees plus other fees and allowances centrally paid.
Minor Ailment Service (MAS)	Minor ailments are generally described as common, often self-limiting, conditions. They normally require little or no medical intervention and are usually managed through self-care and the use of products that are available to buy without a doctor's prescription. The Minor Ailment Service (MAS) is for patients who are exempt from paying a charge on their prescriptions.

## List of Tables

Table No.	Name	Time period	File & size
1	<a href="#">Prescriptions Charges</a>	2004/05 – Q3 2010/11	Excel [45kb]

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## Further Information

Further information can be found on the [Prescribing and Medicines](#) area of the ISD website.

Further information on other ISD publications and datasets can be found the on the [ISD website](#).

## Appendix

### A1 – Background Information

#### How the data is obtained

[Practitioner Services](#), a division of NHS National Services Scotland, processes all NHS prescriptions for payment of pharmacists, dispensing doctors and appliance suppliers. Hospital dispensed prescriptions are NOT included in the figures. The Information Services Division (ISD) cannot say what proportion of the drug dispensed is actually consumed. These data do NOT include products purchased "over the counter". Prescriptions processed internally by Boards for payment purposes are NOT included in these data.

#### Items

An item relates to the number of ingredients dispensed, not an individual product written on a prescription i.e. if one product is an amalgamation of two ingredients this is counted as two items, not one. Where the patient is eligible to pay the prescription charge he/she is charged £3 per individual product written on a prescription (from April 2010).

#### Data exemptions

All prescriptions written on Stock Order (SO) forms and for Minor Ailment Service (MAS) are excluded from these analyses. These items are excluded because they are fundamentally exempt from any charge.



## A2 – Publication Metadata (including revisions details)

Metadata indicator	Description
Publication title	NHS Scotland Prescribing - Prescriptions Charges
Description	Prescription Charges looks at the volume and gross ingredient cost of prescription items dispensed by patient charge exemption grouping and volume of pre-payment certificates sold and income generated. Dispenser remuneration looks at reimbursement and remuneration of payments made to Scottish dispensers of pharmaceuticals in the community.
Theme	Health and Social Care
Topic	Health Care Personnel, Finance and Performance
Format	Excel workbooks
Data source(s)	Prescribing Information System (PIS). All data held in PIS is sourced from Practitioner Services Division (PSD) within NHS National Services Scotland who are responsible for the remuneration and reimbursement of dispensing contractors within Scotland.
Date that data is acquired	Data is acquired on a monthly basis from PSD following payment approximately 2 calendar months after the end of the month being claimed for payment by contactors
Release date	29 March 2011
Frequency	Quarterly
Timeframe of data and timeliness	Data covering year to 31 December 2010.
Continuity of data	Data is held in PIS for the most recent 10 years and is stored in archive files back to 1993/94. The definition of the main measures such as gross ingredient cost and number of items are unchanged over this period. Types and value of dispensing fees are agreed the Scottish Government and set annually. Details can be found in the Scottish Drug Tariff and in <a href="#">Primary Care circulars</a> issued by the Government. Drug products are first licensed as proprietary medicines but generic versions often appear once the original patent expires. This can affect the price and uptake of these drugs. The Scottish Government sets the reimbursement price of generic drug products via the <a href="#">Scottish Drug Tariff</a> which is updated and issued quarterly.
Revisions statement	Data are sourced from monthly pharmacy payments data on an ongoing basis therefore once published there is no routine requirement to revise historical data. However occasionally adjustments are made to pharmacy payments retrospectively by PSD for example due to an administrative error. Retrospective revisions can also occur the classification of drugs in the <a href="#">British National Formulary</a> (BNF). Where either of these occur and are deemed to be significant in line with ISD's Revisions policy, a revision will be made to published data. This will be notified on the website.
Concepts and definitions	The data published in all these releases correspond to prescriptions that have been dispensed in the community in Scotland, i.e. dispensed by a pharmacy, dispensing doctor or appliance supplier. This includes prescriptions which were issued

	in another UK country but dispensed in Scotland. These data do not include prescription drugs that were supplied and administered to patients in a hospital setting. Prescriptions issued in hospital to patients on discharge and dispensed in the community are included. Each excel workbook contains further detailed definitions of the main measures and links to a glossary.
Relevance and key uses of the statistics	These statistics are the primary source of data used to monitor the national community drugs bill within Scotland and the pharmacy contract agreed with dispensing contractors. They are also used to monitor national and local prescribing indicators covering both the quality and efficiency of prescribing in general practice.
Accuracy	The data is sourced from a payment system and routine monthly checks are carried out by PSD on a random sample of approximately 5% of prescription payments. These check all data captured for payment and the accuracy of the payment calculation and have a target accuracy of 98% which is routinely met. Data that is captured but is not mandatory for payment purposes can be of lower quality; principally this includes the prescriber code which links a prescription back to the individual prescriber e.g. GP and their organisation including NHS Board. Routine monitoring of unallocated prescriptions is carried out and correct codes are applied before publication. This ensures that unallocated prescriptions account for under 2% of all prescriptions. For remaining unallocated prescriptions, the prescribing NHS Board is assumed to be the same as the dispensing NHS Board.
Completeness	The Prescribing Information System holds information on 100% of NHS Scotland prescriptions dispensed within the community and claimed for payment by a pharmacy contractor (i.e. pharmacy, dispensing doctor or appliance supplier). It does not include data on prescriptions dispensed but not claimed (likely to be very small) or prescriptions prescribed but not submitted for dispensing by a patient. Some research has estimated these latter prescriptions to account for around 6% of all prescriptions issued to patients. Of course it is not possible to determine from payment data how much of the medicine dispensed to patients is actually taken in accordance with dosage instructions.
Comparability	The main measures of drug ingredient cost and volumes of items dispensed in the community are comparable across the UK countries. However it should be noted that the Gross Ingredient Cost (GIC) within Scotland is equivalent to the Net Ingredient Cost (NIC) in England, i.e. the reimbursement cost of drugs before any pharmacy discounts are applied. Also each country determines its own dispensing fees based on separate contractual arrangements with dispensing contractors in each country. A common formulary called the <a href="#">British National Formulary</a> (BNF) is used to classify drugs based on therapeutic use.
Accessibility	It is policy of ISD Scotland to make its websites and products accessible according to <a href="#">published guidelines</a> .
Coherence and clarity	All prescribing tables are accessible via the <a href="#">ISD website</a> . Prescribing statistics are presented within excel spreadsheets for NHS Scotland and where appropriate broken down by NHS Board.

Value type and unit of measure	The main units of measure of drug reimbursement costs are Gross Ingredient Cost (GIC) and Net ingredient cost (NIC) quantity. The latter takes account of pharmacy discounts, the rates for which are set by the Scottish Government in the Scottish Drug Tariff. There are a large number of individual dispensing remuneration fees paid to dispensing contractors details of which can be found in the Scottish Drug Tariff. The main measures of drug volume are items (the number of individual drug items on a prescription form), quantity (the total number of tablets, capsules etc), and defined daily doses (DDDs - estimated average daily maintenance doses for a total quantity of prescribed). Further details and definitions can be found in the glossary.
Official Statistics designation	National Statistics (Legacy designation, awaiting final designation by UK statistics Authority).
UK Statistics Authority Assessment	<a href="#">Assessment</a> by UK Statistics Authority completed and assessment report issued.
Help email	<a href="mailto:NSS.isdprescribing@nhs.net">NSS.isdprescribing@nhs.net</a>
Date form completed	24-Mar-11

## **A3 – Early Access details (including Pre-Release Access)**

### **Pre-Release Access**

Under terms of the "Pre-Release Access to Official Statistics (Scotland) Order 2008", ISD are obliged to publish information on those receiving Pre-Release Access ("Pre-Release Access" refers to statistics in their final form prior to publication). The standard maximum Pre-Release Access is five working days. Shown below are details of those receiving standard Pre-Release Access and, separately, those receiving extended Pre-Release Access.

Standard Pre-Release Access:  
Scottish Government Health Department  
NHS Board Chief Executives  
NHS Board Communication leads

### **Extended Pre-Release Access**

Extended Pre-Release Access of 8 working days is given to a small number of named individuals in the Scottish Government Health Department (Analytical Services Division). This Pre-Release Access is for the sole purpose of enabling that department to gain an understanding of the statistics prior to briefing others in Scottish Government (during the period of standard Pre-Release Access).

Scottish Government Health Department (Analytical Services Division)