

# Tackling Declining PPA Drugs Reimbursements

Hints, tips and strategies

10 September 2024

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# Tackling Declining PPA Drugs Reimbursements

## Hints, tips and strategies

11 September 2024

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# Who are we

- Formed in 2012 by Tracy and Richard Hole
- We increase Drugs Payments income and profits
- We serve GP Surgery clients across the country
- What we deliver:



**Tracy**

Former GP Practice Manager  
BEng (Computer Science)  
Emis and SystemOne expert



**Richard**

Compass System  
Architect  
+10 years in primary  
care  
MBA, BEng

**Julie**

Dispensary Manager  
Career in pharmacy, both  
hospital and dispensing GP

**Harriet**

Finance & Ops.  
Chartered  
Accountant.  
Experience in  
primary care

**Andrea**

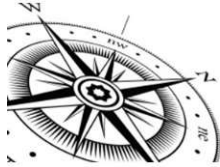
Dispensary Manager  
+20 years experience.  
Passion for increasing  
practice profits

**Mirlinda**

Compass Manager  
Master degree in  
Applied Computing

**Natalie**

EMR Data Analyst  
+9 years GP Surgery



# Compass PPA Revenue Assurance

PRACTICE INDEX

APPROVED SUPPLIER

Rating ★★★★★

I am delighted to be not just a customer, but a business 'partner' with Ash Lane Consulting. The working relationship has been excellent. ...full review

Verified Review

Review by Martin, Business Manager in County Durham on 2nd November 2018

Rating ★★★★★

I attended a recent event regarding Personally administered items that Ash Lane provided. ...full review

Verified Review

Review by Alison, Practice Manager from South Tyneside on 2nd October 2018

Rating ★★★★★

We received an excellent, professional service from our PPA review which I ...full review

Verified Review

Review by Allison, Practice Manager in Peterborough on 2nd July 2018

Rating ★★★★★

Excellent PAI review process. The review process from stock taking, to the final report we claim fully. We had several ...full review

Verified Review

Review by Helen, Practice Manager in ...

Rating ★★★★★

Ash Lane found that recent steps taken by the practice had improved the accuracy of our claims process but we still ...full review

Verified Review

Review by Doug, Practice Manager in Fareham on 6th June 2018

Rating ★★★★★

Saved over £5,000 on my purchases! Just had a great review with Ash Lane Consulting. ...full review

Verified Review

Review by Emmy, PM in Wiltshire on 30th October 2017

Rating ★★★★★

With Ash Lane's help, we have for the first time been able to fully reconcile payments. ...full review

Verified Review

Review by Andrea, PM in Glastonbury on 26th September 2017

Rating ★★★★★

We have recently signed up for the first quarter the figures are so good that Ash Lane forecast before ...full review

Verified Review

Review by Andrea, PM in Glastonbury on 26th September 2017

Rating ★★★★★

Recently went to a seminar afternoon with Ash Lane Consulting. Very informative and really interesting. At last some ...full review

Verified Review

Review by Pam, PM in Norwich in 21st September 2017

Rating ★★★★★

We engaged Ash Lane to undertake a comprehensive audit of our PAI processes and reclaim ...full review

Verified Review

Review by Marilyn, Healthcare Team Member in Exeter on 3rd August

Rating ★★★★★

Really useful, I have been in post for nearly 2 years and the PPA workshop was ...full review

Verified Review

Review by Debbie, Assistant PM in Bristol on 28th July 2017

Rating ★★★★★

I have utilised the services of Ash Lane to improve the cost effectiveness of reimbursement of Personal ...full review

Verified Review

Review by Christina, PM in Bournemouth on 28th July 2017

Rating ★★★★★

Using Surgery Network has enabled us to simplify our ordering process, free up time for clinical staff and improve ...full review

Rating ★★★★★

Ash Lane undertook an extensive review of our PPA work and gave very helpful feedback. ...full review

Rating ★★★★★

As well as cost savings, ordering is so much easier using The Surgery Network. ...full review



# Drugs Profits Hints, Tips & Strategies

- Profits are under pressure
- Ensure everything is claimed
- Ensure everything is paid: 'Revenue Assurance'
- Optimise drugs and suppliers



# Drugs Profits are under pressure

$$\text{Drugs Gross Profit Margin} = \frac{\text{PCSE Drugs Payment} - \text{Drugs Costs}}{\text{PCSE Drugs Payment}}$$

- Target is 25% - 30%
- What is yours?
- If it is less, what has gone wrong?

**GP Payments** FREEMINGHELY TRACKS

Payment Date: 2019/03/31  
Contract ID: 000000  
Net: £19,954.00

Invoice Total: £3.00  
Over/Under: £3.00  
Invoice Cost: £19,954.00  
Over/Under: £3.00

Statement: No number  
Ref no: 000000

**Description:**

Drug			
Group	Description	Source	Total
Payment			£19,954.00
DRUG	Prescribing GP - Cost of Drug	COM	£19,954.00
DRUG	Prescribing GP - Professional Fee	COM	£3.00

Supplier Payment Date: 2019/03/31  
Supplier ID: 000000  
Supplier Name: 000000  
Supplier Address: 000000

Total Costs: Total: £20,000.00



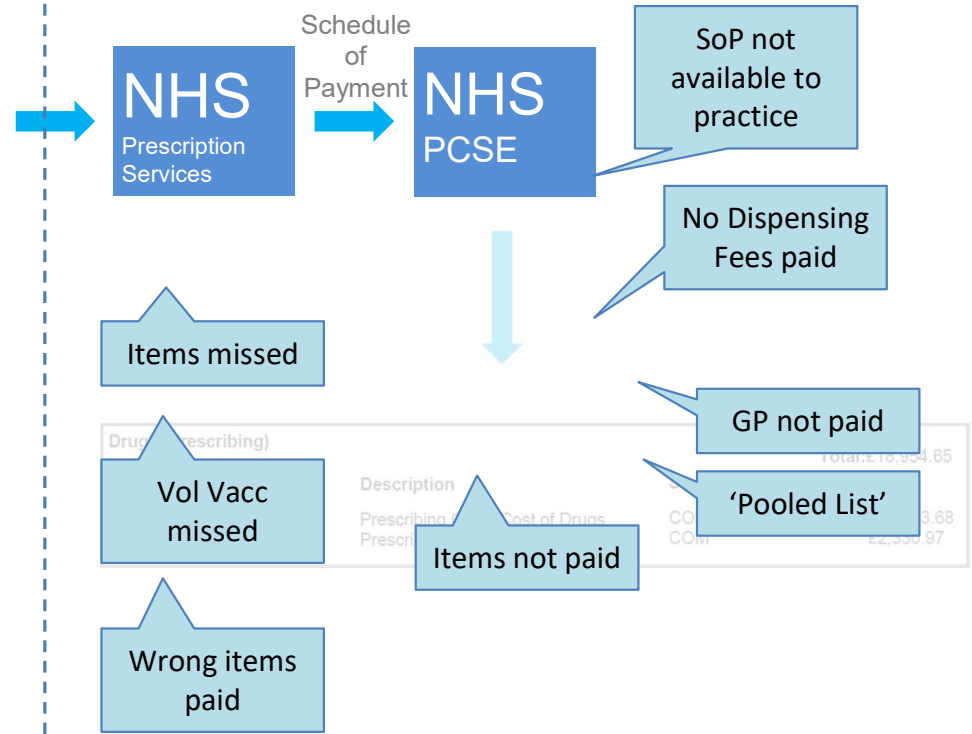
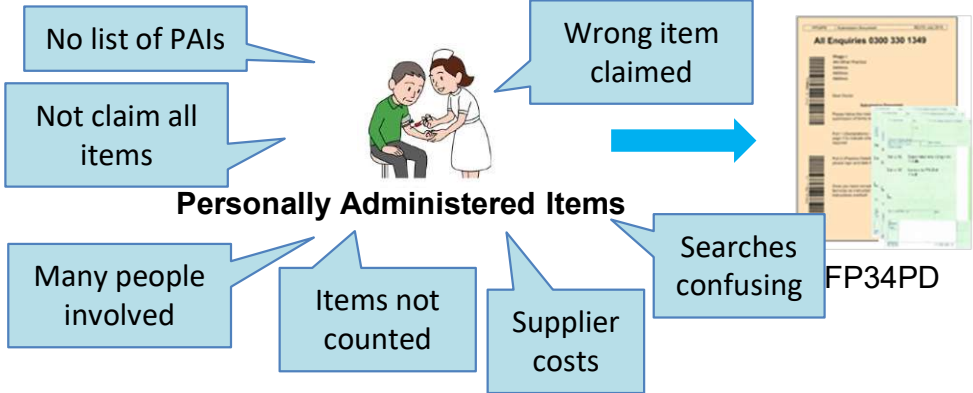
# FP34 Claims and PCSE Drugs Payments: Issues

PRESCRIBING-ONLY PRACTICES

Claimed

Processed

Paid



*Issues within the practice*

*Issues outside of the practice*

**What is the reason for a drop in profits?**

# FP34 Claims and PCSE Drugs Payments: Issues

DISPENSING PRACTICES



Personally Administered Items

Claimed



FP34D

Processed



Schedule of Payment

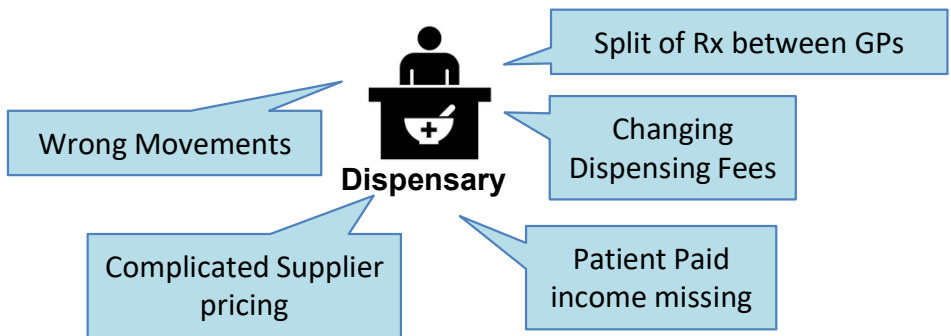
Paid



Drugs (Dispensing)		Total: £35,220.89	
Paycode	Description	Source	£
DRGD	Dispensing GPs - Cost of Drugs	CCG	£27,227.10
DRGDPF	Dispensing GPs - Professional Fees	CCG	£10,349.99
DRGPRX	Prescription charges collected and remitted by GPs - contra	CCG	-£2,356.20

PCSE Drugs Payment

Payment includes both PAIs and Dispensed items



Issues within the practice

Issues outside of the practice

**What is the reason for a drop in profits?**

# FP34 Claims and PCSE Drugs Payments: Issues



Personally Administered Items

Claimed

Processed

Paid

# How fix?

**1. Ensure everything is claimed:  
Improved FP34 process**

**2. Ensure everything is paid:  
'Compass Revenue Assurance'**

**3. Optimise drugs and  
suppliers**

Wrong movements

Dispensary

Dispensing Fees

Complicated Supplier pricing

Patient Paid income

GROUP DRGPRX	Dispensing Fees - Professional Fees	CCG	7,227.10
	Prescription charges collected and remitted by GPs - contra	CCG	10,349.99
		CCG	-£2,356.20

PCSE Drugs Payment

Payment includes both PAIs and Dispensed items

## eg 10,000 patient practice

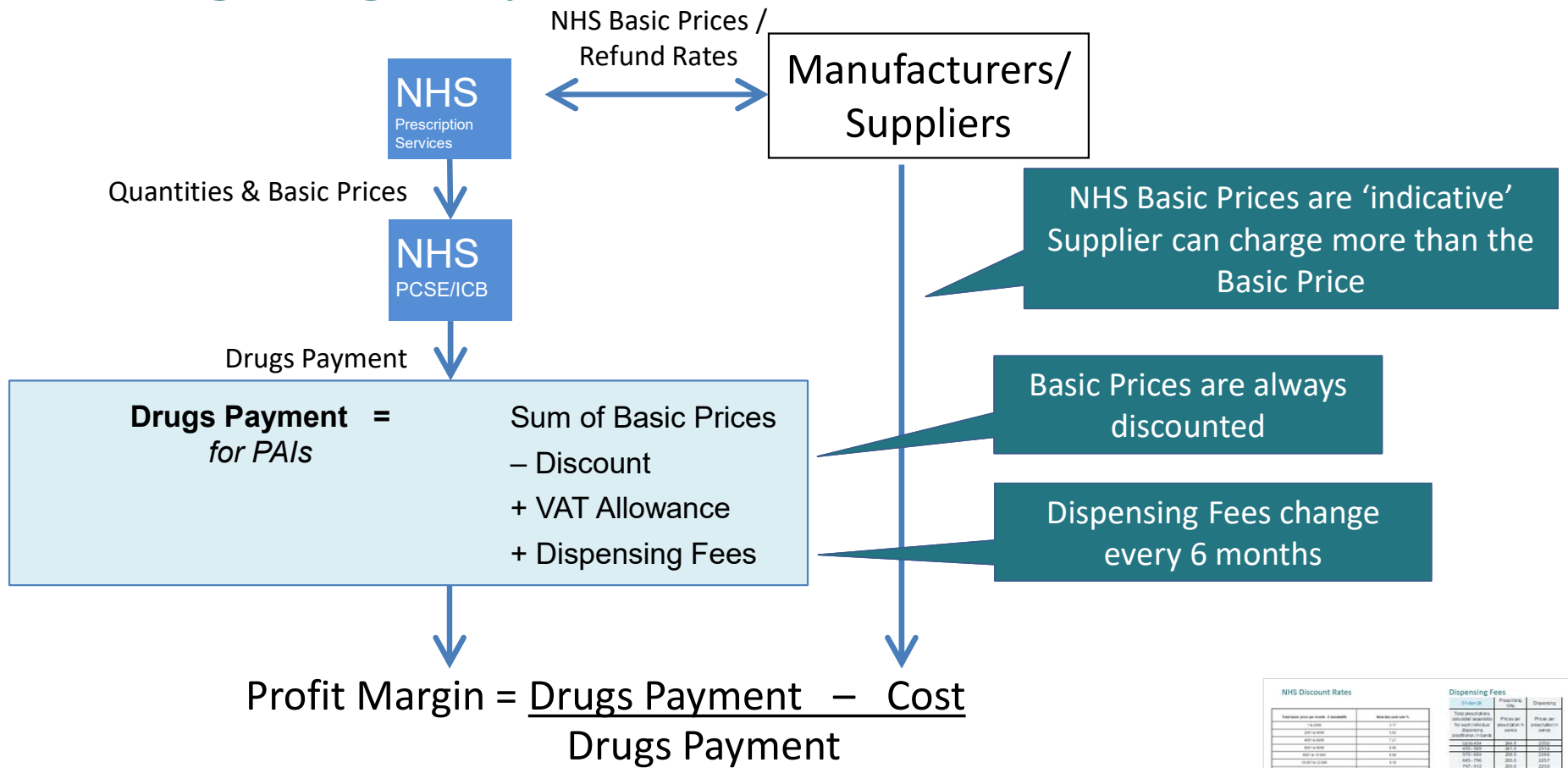
**Issue:** Accounts show a loss on reimbursable drugs of -£9,445

Drug Category	Income	Cost	Profit
Flus Vaccines	£37,138	-£41,952	-£4,814
Cancer	£15,346	-£19,330	-£3,984
Vitamin B12 Inj	£4,142	-£3,658	£484
Womens Health	£3,036	-£4,242	-£1,206
High Cost Drugs	£1,188	-£1,263	-£75
Vaccines	£1,079	-£1,137	-£58
Cortisone Inj	£545	-£477	£68
Minor Surgery	£203	-£62	£140
	<b>£62,677</b>	<b>-£72,122</b>	<b>-£9,445</b>

### Issues:

- Not claiming everything
- Not being paid for everything
- Ordering flus late, and too many ordered (wastage)
- Being overcharged
- Ordering loss-making drugs

# Calculating Drugs Payment and Profit for PAIs



NHS Discount Rates		Dispensing Fees		
Drug Code	Discount Rate (%)	Drug Code	Price per Unit	Dispensing Fee
000000	0.00	000000	0.00	0.00
000001	0.00	000001	0.00	0.00
000002	0.00	000002	0.00	0.00
000003	0.00	000003	0.00	0.00
000004	0.00	000004	0.00	0.00
000005	0.00	000005	0.00	0.00
000006	0.00	000006	0.00	0.00
000007	0.00	000007	0.00	0.00
000008	0.00	000008	0.00	0.00
000009	0.00	000009	0.00	0.00
000010	0.00	000010	0.00	0.00
000011	0.00	000011	0.00	0.00
000012	0.00	000012	0.00	0.00
000013	0.00	000013	0.00	0.00
000014	0.00	000014	0.00	0.00
000015	0.00	000015	0.00	0.00
000016	0.00	000016	0.00	0.00
000017	0.00	000017	0.00	0.00
000018	0.00	000018	0.00	0.00
000019	0.00	000019	0.00	0.00
000020	0.00	000020	0.00	0.00

Source: NHS Business Services Authority, Prescription Services

## Take care when drugs > £30

$$\begin{aligned} \text{Drugs Payment for PAIs} &= \text{Sum of Basic Prices} \\ &\quad - \text{Discount} \\ &\quad + \text{VAT Allowance} \\ &\quad + \text{Dispensing Fees} \end{aligned}$$

- If Drug Cost and Basic Price are £30 or more, check carefully before ordering eg:

Cost Price £30 *c/f*                      Basic Price £30 (ex VAT)

NHS Discount: 6% → - £1.80

VAT: On the cost £6.00 *c/f*    On the Basic Price £4.80

Dispensing Fee £2.45

**Profit = zero**

## Claim for low-cost items

- Even though there is no discount on the supplier cost, they are profitable

Item	NHS Refund Price each	Income per Item	Income per pack	Cost per pack (inc VAT)	Profit per pack	Profit Margin
Sutures W320BG 12pk	£1.24	£3.89	£46.64	£17.83	<b>£28.81</b>	62%
Steri-strips 6x75 12pk	£0.76	£3.33	£40.02	£10.99	<b>£29.03</b>	73%
Instillagel 6ml 10pk	£1.05	£3.67	£36.68	£12.60	<b>£24.08</b>	66%
Xylocaine 10mg spray*	£6.29	£6.29	£48.78	£7.55	<b>£41.23</b>	85%

*\*1 bottle used on 5 patients*

- Over 12months, the total increase in income and profit is several £000s

# B12s 'Loading Dose' incorrectly claimed

- All on 1 script – Incorrect

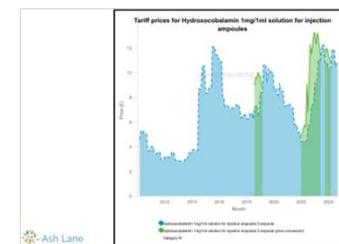
Pharmacy Stamp	Age	Title, Forename, Surname & Address
	D.o.B	
Please don't stamp over age box		
Number of days' treatment	NHS Number:	
Endorsements		
1ml	Hydroxocobalamin 5 amps	

- Profit is **-£0.66**

- 1 Script per injection – Correct

Pharmacy Stamp	Age	Title, Forename, Surname & Address
	D.o.B	
Please don't stamp over age box		
Number of days' treatment	NHS Number:	
Endorsements		
1ml	Hydroxocobalamin 1 amps	

- Profit is **£9.13**





### Tariff prices for Hydroxocobalamin 1mg/1ml solution for injection ampoules



- Hydroxocobalamin 1mg/1ml solution for injection ampoules 5 ampoule
  - Hydroxocobalamin 1mg/1ml solution for injection ampoules 5 ampoule (price concession)
- Category M

# Supplier Management

- Check prices regularly. Compare with NHS Basic Price
- Calculate the profit. If there isn't any, consider not purchasing
  - Sometimes you have to, eg Viatim £35.76
  - Remember patient Prescription Charges may apply
- Low cost drugs: highly profitable
- High cost drugs: only profitable if supplier discount available
- Be careful when temporarily switching due to stock shortages

# High-cost drugs

- Only purchase if a supplier discount is available

Item	NHS Refund Price each	Supplier Cost (ex VAT)	Income per Item	Cost each (inc VAT)	Profit per Item	Profit Margin
Nebido	£87.11	£87.11	£103.67	£104.53	<b>-£0.87</b>	n/a
Denosumab 120mg Xgeva	£309.86	£281.97	£362.49	£338.36	<b>£24.13</b>	7%
Prostap 11.25mg	£225.72	£124.14	£267.17	£148.97	<b>£118.21</b>	44%
Zoladex 10.8mg	£235.00	£182.13	£275.51	£218.56	<b>£56.95</b>	21%

- Eg Nebido with no supplier discount = loss
- Eg Xgeva with 9% supplier discount = profit
- Good discounts available on GnRH drugs = profit

## Coils eg Mirena

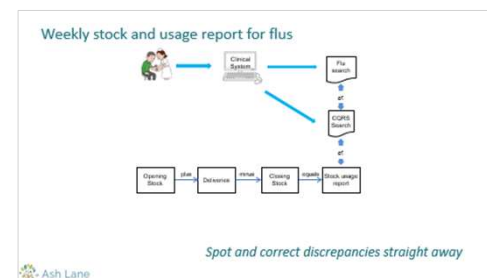
- Basic Price: £88.00 less NHS Discount 5.93% = £82.78
- VAT Allowance: 20% → £16.56
- Dispensing Fee: £2.448
- Drugs Payment = **£101.79**                      **£101.79**
- Cost: £88.00+vat = ~~£105.60~~                      **£92.40**
- Profit =**                                      ~~- £ 3.81~~                      **£9.39**
- No! The vat on contraceptions is 5% and PAI 'VAT Allowance' remains at 20%**



# Let's talk about your Flu Vaccination Programme



- Flus make up 30-50% of your PAI income
- Profit margins now 20-25%
- Order early to get the best price
- Be careful when reviewing supplier quotes: they often omit the NHS Discount
- Weekly usage reports to check claimed quantity
- Unused stock can wipe out profits
- Make sure everyone is involved in delivery
- “Revenue Assurance” checks to confirm payments



Item	NHS Refund Price each	Supplier Cost (ex VAT)	Income per Item	Cost each (inc VAT)	Profit per Item	Profit Margin
Seqirus QIVc	£12.50	£10.30	£16.56	£12.36	<b>£4.20</b>	25%
Seqirus aQIV	£13.50	£11.20	£17.69	£13.44	<b>£4.25</b>	24%
Sanofi QIV-HD	£24.00	£21.30	£29.54	£25.56	<b>£3.98</b>	13%

# Payment Issues

  
**Personally Administered Items**

Claimed



FP34PD

Processed

**NHS**  
 Prescription Services

Paid

**NHS**  
 PCSE

Schedule of Payment

SoP not available to practice

No Dispensing Fees paid

Items missed

Vol Vacc missed

Wrong items paid

Items not paid

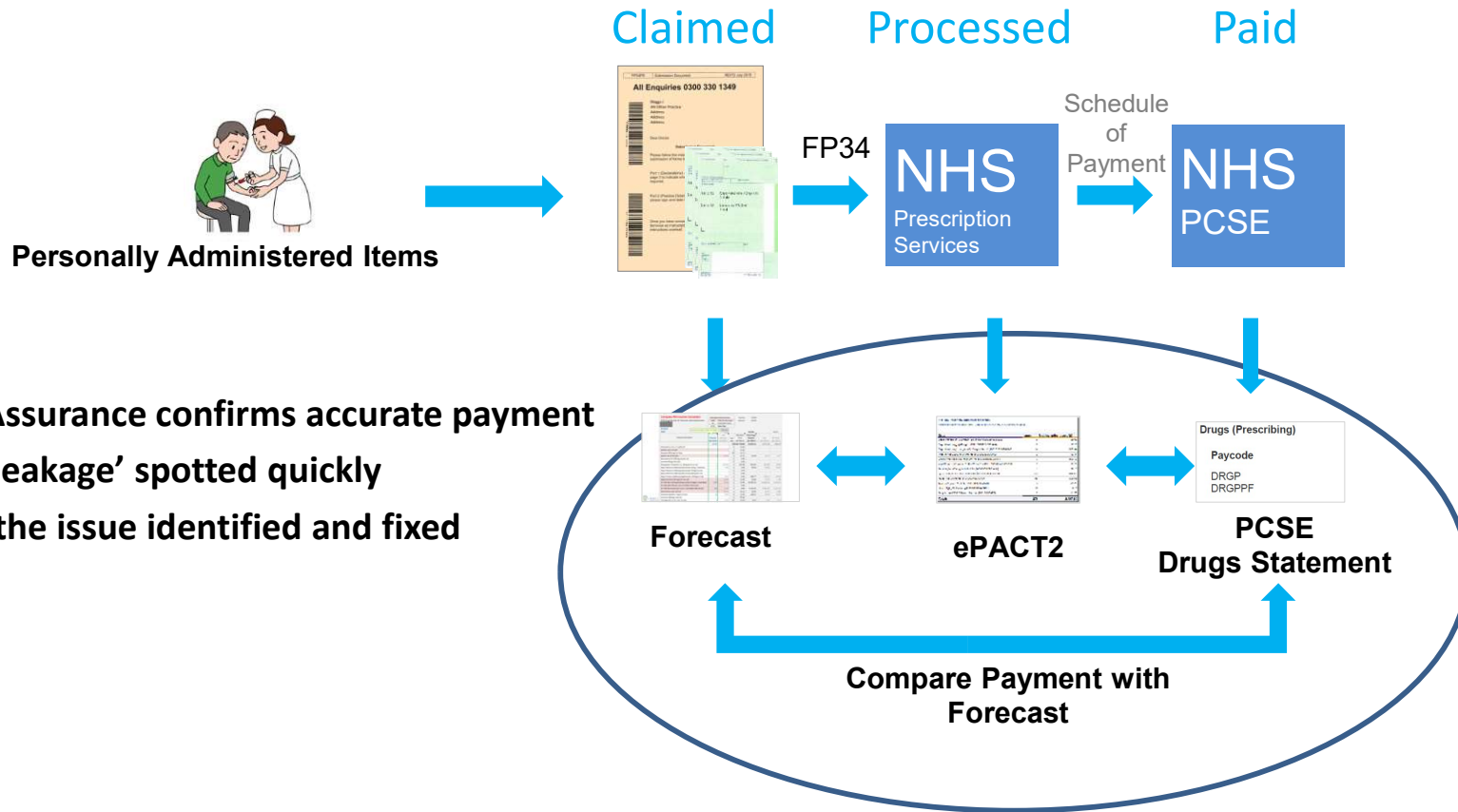
GP not paid

'Pooled List'

Drug (prescribing)	Description	Cost of Drugs	CO	COm	Total
					18,954.65
					3,68
					2,330.97

*Payment issues often go un-noticed*

# The importance of 'Revenue Assurance'



Revenue Assurance confirms accurate payment  
'Revenue leakage' spotted quickly  
Source of the issue identified and fixed



**Compass**  
PPA Revenue Assurance

## Dispensing Practices profits under pressure

- Supplier management is crucial to profitability
- Many drugs above tariff
- Diminishing MDS deals. Sign-up to all that are available
- Use short-line wholesales. Takes more work, but big savings possible
- Avoid high-value drugs: the impact of clawback is too great
- ‘Wrong movements’ – constant vigilance required
- Maximise Dispensing fees – look at split between GPs
- Minimise sundry costs – shop around
- PAls just as important, but often ‘lost’ in the Dispensary
- Payment issues can occur, and go unnoticed - ‘Revenue Assurance’ is vital
- More pressure on resources – less time to shop around
- Value your Dispensary Team. Ensure they have the time to manage suppliers and the incentives to increase profits



# What practices need to do

- Claim everything and ensure everything is paid
  - Improved FP34 claims process
  - Revenue assurance to ensure payments are correct
- Strategy for flus
  - Order early. Don't over-order
  - Effective campaign to ensure all given
- Supplier management
  - Ensure supplier costs are checked against NHS Refund Rate
  - Don't get stuck with expensive suppliers. Shop around
  - Don't purchase drugs that lose money
- Dispensing practices
  - Supplier management is a significant part of the Dispensary Manager's job
  - Revenue assurance even more important
  - Constant vigilance of the processing of scripts and the FP34 claims
  - PAIs require their own focused attention

## In summary

- Reimbursable drugs are profitable
- Flus are particularly important
- There are many pit-falls, constant vigilance is required
- 'Revenue assurance' is vital ensure end-to-end claims and payment success
- Remember the golden rules:

### Golden rules

1. Ensure everything is claimed
2. Ensure everything is paid
3. Optimise drugs and suppliers

- We can help!



**Compass**  
PPA Revenue Assurance

## Prescribing-Only Practices



# Compass PPA Revenue Assurance



- Are you confident you are being reimbursed for all your Personally Administered Items?
- Do you have a process that alerts you to errors in your claims and payments?
- Would you like to recover income for missed PAI drugs claims?

### PCSE Drugs Payments are at risk

The FP34 claim for Personally Administered Items is extremely complex, and checking for payment errors is difficult and seldom done.

Drugs (Prescribing)				Total: £2,489.16
Paycode	Description	Source		£
DRGP	Prescribing GPs - Cost of Drugs	CCG		£2,320.75
DRGPFF	Prescribing GPs - Professional Fees	CCG		£168.41

The PCSE report contains little information that enables the claim to be reconciled.

PAIs are often missed, payment errors can go undetected, and when discovered it can be difficult to identify the underlying cause.

### Compass PPA Revenue Assurance

Ash Lane's online Compass platform supports the monthly FP34 claim and then combines this information with data on the items processed and paid by PCSE. Ash Lane provides a monthly 'Revenue Assurance' report to confirm successful payment, or flag if issues have occurred and what action is needed to resolve them.

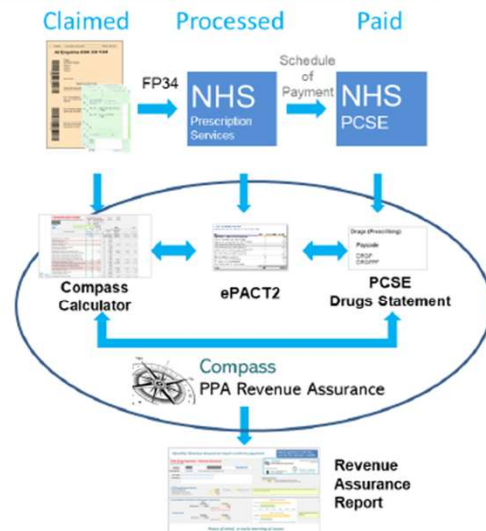
We provide training on the 'Ash Lane' process for raising the FP34 claim and ensuring all PA items are included.

### Support from our expert team

We provide training and support to answer queries, and provide help if errors are discovered.

### Recovering missed income

Ash Lane will review the practice's historic claims and recover missed income. To-date, we have recovered over £2m for Compass practices.



### Fees

- Fixed monthly fee
- No minimum term
- No up-front cost
- Back-claim fee: 21%+vat of the value recovered

£60+vat per month (2024)

### Contact

Contact Richard for a no-obligation consultation and Compass demonstration.  
07980 800615

## Dispensing Practices



# Compass Dispensary Revenue Assurance



- Are you confident you are being reimbursed for all your Dispensed and PA Items?
- Do you have a process that alerts you to errors in your claims and payments?
- Would you like to recover income for missed PAI drugs claims?

### PCSE Drugs Payments are at risk

Reconciling the PPA income received via PCSE with the FP34 claims is complex. Payment issues are common, but many go undetected.

Drugs (Dispensing)				Total: £72,849.79
Paycode	Description	Source		£
DRGD	Dispensing GPs - Cost of Drugs	CCG		£36,657.06
DRGDFF	Dispensing GPs - Professional Fees	CCG		£15,429.96

PCSE report contains only limited information.

Dispensary profits are impacted, but it is difficult to know where to make improvements.

### Compass Dispensary Revenue Assurance

The online Compass platform reconciles the practice's FP34 claims with data on items processed and paid by PCSE. Ash Lane provides a monthly 'Revenue Assurance' report to confirm successful payment, or flag if issues have occurred and what action is needed to resolve them.

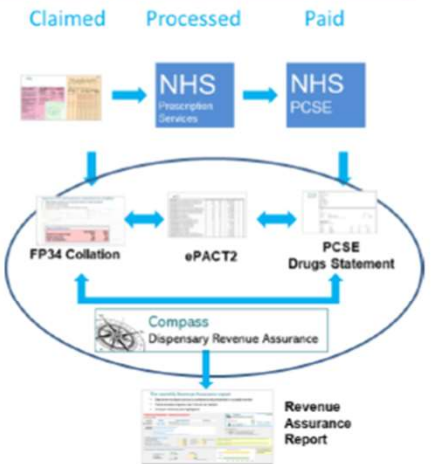
Training and support is provided to improve claims performance, and management information provides focus on where profits can be increased.

### Support from our expert team

We provide training and support to answer queries, and provide help if errors are discovered.

"Every practice in the country should have this service"

Ed Kennedy, Managing Partner, Wickham Surgery and IGPM National Dispensing Lead



### Recovering missed PAI income

Ash Lane will review the practice's historic claims and recover missed income. To-date, we have recovered over £2m for Compass practices.

### Fees

- Monthly fee, based on Dispensary size
- No minimum term
- No up-front cost
- Back-claim fee: 21%+vat of the value recovered

From £99+vat per month (2024)

### Contact

Contact Richard for a no-obligation consultation and Compass demonstration.  
07980 800615  
richard@ashlane.co.uk

# We'd love to hear your feedback

