

Maximising profits from personally administered items

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Whenever dispensing by doctors is mentioned, 90% of practices think it has nothing to do with them. However, they are wrong. All practices can do some dispensing through personally administered items, and depending on the list size can potentially earn thousands of pounds a year from this.

Any practice may dispense vaccines, injections, anaesthetics, sutures and skin closure strips, diagnostic reagents, intrauterine contraceptive devices and pessaries, if they are personally administered and listed in the NHS Electronic Drug Tariff. (Be careful about hormone implants, as these are not allowed.)

Practices can also claim back the cost of these personally administered drugs and devices from [the NHS Business Services Authority \(NHSBA\)](#) at a price that is set monthly in [the Drug Tariff](#).

Most practices already dispense the flu vaccine. They consider different suppliers and brands to ensure they have the best vaccine for the patient and the most cost-effective option for the practice. These practices are optimising their costs and driving revenue for the practice. But many stop here, and do not dispense any of the other items.

Real time information on the items that currently attract the NHS PA allowance can be found in the [Dictionary of Medicines and Devices \(DM+D\)](#), annotated as 'Personally Administered Indicator – attracts an administration fee.'

Claiming your payments

Claiming for personally administered items is very simple. Submit [a form called an FP34PD](#) to the [NHS BSA Prescription Services](#) by the fifth day of the month following the administration of the drug. If you have dispensed a considerably high volume of drugs in that month, such as flu vaccines, you will need to include an appendix explaining this.

You will be paid a dispensing fee and an amount to reimburse you for the cost of the drug. Payment should be received a month after the forms have been sent, however the exact date will depend on your CCG. The dispensing fee is approximately £2 per item that you have dispensed. This value depends on the number of items that you dispense in that month – there is a scale with those who dispense very little getting a slightly higher fee than those who dispense a lot.

For reimbursement, you will be paid the cost as listed in the drug tariff minus the NHS clawback, which is a reduction to offset anticipated discounts. The clawback ranges from 0.0% to 11.18%, depending on the value of the drugs you have dispensed in that month.

The amount of profit that you can make will depend on how well you purchase them.

Conduct an audit

To see how you might make cheaper purchases, the first thing you need to do is conduct an audit to find out how many patients you have on each medication and how you are currently obtaining the medications. After that, you can identify the top medications and set up an account directly with the wholesalers, such as Williams Medical, AAH, Alliance and Phoenix.

There tends to be high patient demand for B12 injections, depot contraceptives and LHRH injections for prostate carcinoma, making these the most common personally administered drugs.

For most of the generic drugs your wholesaler will sell them to you at a price which is less than your reimbursement. For the drugs that are still in patent – branded drugs – you need to talk to the company representative who will often be able to explain how you can purchase their drug for less than the drug tariff price.

Get the best price

One of the most important factors determining the price you pay is the volume of goods that you order from any supplier. In general, the larger the volume you order, the better the price.

Some tips for ordering in bulk:

- Group together your orders so that you meet your supplier's thresholds for maximum discount and free postage.
- Have a formula and ensure all prescribers stick to it – the greater the volume of a particular personally administered drug or device the more likely you are to get a better price.
- Spend enough on any particular order and you will often be able to get free carriage.

Bear in mind there are numerous pharmaceutical wholesalers supplying general practices, and their prices for different products may vary considerably. It is well worth comparing different suppliers to get the best deal.

Create a list of the pharmaceuticals that you use in a typical month, along with their volumes. Contact three or four wholesalers and ask them what best price they can offer on this basket of products, and what their terms are. Each practice will be different in their choice and volume of items. Try to repeat this process every 18 months to two years.

Don't hold too much stock

You will lose out if you keep large amounts of stock on your shelves: the drug tariff is published monthly and the prices you will be reimbursed at can change dramatically month by month. Buy too much, too far in advance, and you may find that the reimbursement will not cover your costs.

Look for discount schemes

Generics will tend to be high volume and low cost. Brands will tend to be lower volume but higher cost. Some manufacturers will offer you a discount on top of any wholesale discount, depending on who you buy their drug from and what volume you are buying.

Contact the manufacturer and ask them if they have a discount scheme and how you access it. The manufacturer is an excellent source of information to find out what is the most cost-effective route to purchase their drug. It is important to ensure that your prescribers are aware of the practice's preferred drug in each particular class, to maximise the volume.

Join a buying group – a group of practices that have come together to increase the volume of drugs they purchase and therefore their buying power. For most practices, this will either be the LMC buying group or your local federation. However, there are others available in some areas, and this can mean extra discounts. Make sure that the extra discount that you receive is greater than the cost of the buying group's fee.

Use your federation or network

Some manufacturers will offer bigger discounts to larger networks of practices than to individual practices. A federation or other practice grouping may have a good deal with one of the pharmaceutical wholesalers as well. It is worth asking your federation what deals they have negotiated.

A federation or other network can negotiate a deal for its member practices, but in most cases practices will still need to buy the drugs themselves. Federations cannot buy and distribute the drugs without [a wholesaler's licence](#). The cost and complexity of getting a licence means that it is not worth it for most.

Guide URL:

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