



Integration Joint Board

1<sup>st</sup> February 2018

This Report relates to  
Item 10 on the Agenda

# Prescribing Financial Update 2017/18

*(Paper presented by Susan Roberts/  
Graham Stewart)*

*For Discussion and Noting*

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<b>List of Background Papers:</b>	Not Applicable
<b>Appendices</b>	Appendix 1 – Drugs Short Supply Impact Appendix 2 – Primary Care Prescribing Forecast Appendix 3 - Secondary Care Prescribing Forecast

## SECTION 1: REPORT CONTENT

**Title/Subject:** Prescribing Financial Update 2017/18

**Meeting:** Integration Joint Board

**Date:** 1<sup>st</sup> February 2018

**Submitted By:** Katy Lewis, Chief Finance Officer

**Action:** For Discussion and Noting

### 1. Introduction

- 1.1 This Report presents the summary financial performance of the Secondary Care and Primary Care Prescribing budgets delegated to the Integration Joint Board (IJB) as at end of month eight, and updated following the Pharmacy Cash Releasing Efficiency Schemes (CRES) workshop in October for 2017/18.
- 1.2 The delivery of a significant proportion of CRES targets has been achieved within a context of significant change, and gaps across the prescribing support team (PST) in terms of staffing. In addition the PST are heavily involved in clinically supporting priorities which compete with delivery of CRES for the organisation, such as the new hospital, transforming urgent care and primary care sustainability. The delivery of CRES reported is a positive achievement and a testament to the resilience of the Prescribing Support team. However, it is recognised that further work around delivery of CRES is required going forward. Within Acute and Diagnostics, discussions are well underway to improve links with clinicians around CRES, in particular around early identification of targets and in Primary Care, the provision of more usable data in form of CRES models to inform team discussions of priorities.
- 1.3 The Local Enhanced Service (LES) (a scheme to encourage GPs to focus on improving specific clinical outcomes) for 2018/19 is being remodelled to encourage better engagement through earlier consultation and more relevant targets. The four difficult decisions which formed a high risk part of the CRES plan were extremely challenging in terms of process and realistic delivery. This has impacted upon the delivery and achievement of the CRES target. Nationally, the pressures of Scottish Government policy around improved access to new medicines will increase the pressure on the prescribing budget in 2018/19. Dumfries and Galloway leads the way nationally in terms of cost per patient figures (with recent benchmarking putting the Board below the Scottish average cost per patient) and other Boards seek advice on strategy from Dumfries and Galloway on a regular basis.

## 2. Recommendations

The Integration Joint Board is asked:

- To discuss the latest year to date financial position
- To note the current CRES update for 2017/18 and the revised forecast position of the year end.

## 3. Executive Summary

- 3.1 The total budgeted resource available for Prescribing in 2017/18 is £48.9m, with £34m allocated to Primary Care and the remaining £14.8m spread across Secondary Care Services in Acute and Diagnostics (£13.5m), Mental Health (£715k) and Women and Children's' (£625k). The year to date position for both Secondary and Primary Care Prescribing is £1.26m overspent as at end November 2017, based upon eight months data for Secondary Care and six months data for Primary Care.
- 3.2 A total of £3.1m savings have been identified across both Secondary and Primary Care to date, leaving a balance of £1.38m still to find based on a target of £4.5m. This is a remarkable achievement considering the on-going growth of prescribing practices seen from a national perspective, with ever increasing numbers of high cost drugs approved by SMC and increasing pressures across GPs to meet public expectations.

## 4. Main Body of the Report

- 4.1 The month eight (position to 30 November 2017) summary update prescribing position for services delegated to IJB
- 4.2 The table below summarises the current year to date position which includes the forecast CRES position and forecast outturn position by directorate, based on the month eight assessment of the financial position.

Table 1

AREA	M8 YTD	CRES	Forecast
	Variance £000's	Variance £000's	Variance £000's
<b>IJB DELEGATED SERVICES</b>			
Acute and Diagnostics	36	0	0
Mental Health Directorate	(65)	(47)	(80)
Primary and Community Care	(1,207)	(1,298)	(1,900)
Women's and Children's Directorate	(25)	(39)	(40)
<b>IJB SERVICES TOTAL</b>	<b>(1,261)</b>	<b>(1,384)</b>	<b>(2,020)</b>

- 4.3 The key issues to note in the position year to date are as follows:

## CRES

- Acute and Diagnostics have £80k of remaining CRES to identify by the year end and are on track to identify this in full.
- Mental Health have yet to identify their £47k of CRES target, with a current year to date overspend of £65k. The lead pharmacist has met with all services within the community as well as with the prison and substance misuse teams to review current practices in light on increasing activity encountered this year compared to last year. As these services are variable in nature it is hard to predict from year to year how costs will be influenced.
- Women and Children's services have also seen a reduction in some areas of prescribing, due primarily to a less complex tranche of patients this year compared to last year so far. They are actively reviewing expenditure across all services with the lead pharmacist to identify specific savings that can contribute to their £46k CRES target.
- Primary Care still has £1,298k of CRES outstanding as at the end of month 8, after identifying £1.7m worth of schemes to-date.

### *Year to date position*

- Acute and Diagnostics have over achieved their CRES assumptions across certain areas, particularly within Ophthalmology and bio-similar, leading to an under spend year to date of £36k and a forecast of break-even.
- Mental Health is overspent year to date by £65k, mainly across the community services due to the level of activity undertaken and the increase in price across some drugs, together with little progress against identifying sustainable CRES schemes.
- Women and Children's are close to break-even, with an overspend of £25k year to date, but have struggled to identify any specific areas in year.
- Whilst Primary Care have identified almost £1.7m of savings, there still remains a gap of £1,298k still to be identified. This reflects the extremely challenging savings target which was set for this area and the escalating pressures in year relating to volume and prices changes, particularly across short-supply drugs currently estimated to cost in the region of £1.3m more by the year end. Reductions in Tariff prices for other drugs mean this will be offset by £500k, leading to an overall pressure of £800k by the year end (£195k year to date).

4.4 Primary Care drugs activity analysis runs two months behind the financial reporting timeframe, with only April to September actual data now available. September saw a volume reduction in month from -2.31% and -0.06% compared to the same period last year. October is a -1.01% reduction from the prior month but increase of 2.91% year from October prior year.

4.5 We have seen price increases of drugs on short supply/Drug tariff (drugs whose price is determined nationally) increase by a net of £195k. September

year to date price increases of £535k, offset by savings of £340k. There are some significant increases across a small number of drugs (the biggest impact to date is in Mental Health drugs Quetiapine £138k and Olanzapine £102k) which there are no suitable alternatives and as a consequence the increase has been quite marked as we source from different suppliers.

- 4.6 Activity Mix changes relating to a range of changes in prescribing practice across a wide range of drugs and conditions as well as marked differences in clinical variation across practices, has seen £172k of increases compared to the same period last year, across a range of drugs prescribed YTD.

#### *Short Supply Drugs*

- 4.7 We have previously reported additional cost pressures due to drugs on short supply (whereby the pharmaceutical industry have notified the NHS of specific shortages in certain ingredients required to make particular ranges of drugs, often resulting in the use of alternative higher cost drugs, or sourcing from higher cost suppliers, until the supply is re-established), the financial impact of this is expected to be in the region of £1.3m for 2017/18, with savings of £0.5m expected in respect of drugs previously on short supply in 2016/17 but no longer on short supply. Overall, this results in a net £0.8m increase in planned costs. In November, the only addition to this was Duloxetine, contributing additional costs £42k. Drugs in short supply produces pressures on the pharmacy service across the region and the wider clinical team in terms of time taken to identify other supply routes or switch therapies to those available which provide an equivalent therapeutic effect.
- 4.8 **Appendix 1** details the drug and the latest forecasts based on November Drug Tariff prices and market intelligence. This assumes that all of these drugs remain on short supply for the remainder of 2017/18 and is, therefore, a worst case scenario. However, it does not factored in that other new drugs could go on short supply in the remainder of the year.
- 4.9 These figures also assume the same usage as 2016/17 and we know that the Prescribing Support team is actively working to switch wherever possible to a cheaper alternative. Now that we have 6 months of actual, we can begin to assess the impact at 2017/18 usage levels.

#### *Efficiency Plans Update*

- 4.10 The target for 2017/18 prescribing CRES was set at £4.5 million (£3.0m primary and £1.5m secondary). As part of the midyear review, we undertook a detailed analysis to assess year to date savings and ensure all savings evidenced. An up to date forecast has been given (See **Appendix 2 and 3**) with evidence suggesting Primary Care will achieve £1.7m with identified Work streams, leaving a gap of £1.3m still to find. However of these schemes, £711k are one-off schemes, leaving a recurrent gap of £2m still to identify. Secondary Care remains on track to deliver £1.35m, leaving a gap of £93k to find from unidentified schemes within Women and Children's and Mental Health Services.

### *Primary Care Savings*

- 4.11 September year to date savings (6 months) of £0.7m been achieved. The work streams contributing to this include Community Pharmacist contract (£0.25m), Rebate (£0.1m) Volume reductions (£0.1m) and Pregabalin (£0.1m). A range of smaller projects make up the balance. With 6 months of data we project full year savings from identified work streams delivering £1.7m with a gap of £1.3m to fill. What has been challenging to the target was the fact there were difficult decisions in respect of Stop Prescribing over the counter drugs and stop gluten prescribing initiatives, also LES savings are coming in much lower than predicted. The Prescribing Support team need to continue to look at all areas of prescribing to see what efficiencies can be achieved to close this gap.

### *Secondary Care Savings*

- 4.12 November year to date savings (8 months of data available) of £0.8m year have been delivered. Work streams contributing include Ophthalmology where clinic lists for Lucentis have been reviewed resulting in 35% of the patients being discharged from the service (£0.25m), Imatinib going generic May 2017 (£0.2m), Switching to Zepatier (£0.13m) with a variety of smaller work streams making up the balance. This month the generic drug Tenofovir was added to the list. If savings flow through into the 2<sup>nd</sup> half of year at the same rate we are hopeful of achieving £1.35m of secondary target.

### *CRES Primary Care Drug Expenditure Model*

- 4.13 A CRES primary care drug expenditure model was developed to support the CRES work stream delivery. We dedicated a finance resource to work on this project and with the support of the Pharmacist Analyst it has now being rolled out to the Prescribing Support team. It allows better analysis of prescribing data, allowing specific analysis of drugs by chapter and practice. It enables volume and tariff mix to be analysed and identifies trends across practices and localities to drill down. This should highlight where further savings can be achieved through comparing changes to clinical prescribing practices across each area. Whilst it was developed on Excel 2007 we are looking to platform it to QlikView (a more user friendly reporting tool) which will allow faster analysis.

### *New Medicines' Fund (NMF)*

- 4.14 The New Medicines' Fund was set up in 2015/16 to fund the cost of high cost drugs, mainly associated with end of life conditions by the Scottish Government. It is funded through receipts from what is known as the Pharmaceutical Price Regulation Scheme (PPRS), which is an agreement between the UK government and the pharmaceutical industry to ensure that safe and effective medicines are available on reasonable terms to the NHS.
- 4.15 Historically the amount of funding provided through this scheme for NHS Scotland was as high as £90m (in 2015/16), but has fallen over recent times to around half of this level (£45m estimated for 2017/18).

4.16 The level of expenditure on NMF remains similar to that of 2016/17 at £3.5m against funding available of £1,025k. This area remains a significant risk due to the nature of the way in which the Scottish Medicines' Consortium (SMC) continue to approve new high cost drugs, against a background of falling PPRS receipts nationally.

4.17 This area will continue to present significant pressures for NHS Dumfries and Galloway in the future.

## **5. Actions and Recommendations**

5.1 The following actions are to be noted by IJB. Further updates will be brought back to future meetings:

- The updated year to date position and revised year end forecast position on prescribing costs reflects the level of outstanding CRES still to be identified in the main across Primary Care prescribing budgets.
- In the overall context of the IJB's total CRES target of £17.7m, there still remains an in-year gap overall of £2.1m, with £1.38m of this relating to Prescribing. However the recurring IJB gap remains at £8.2m, with prescribing accounting for £2.1m of this.
- Pressures with certain drugs that have been deemed to be on short supply have also impacted the position by £195k year to date, with potential costs of £800k if short terms supply issues continue.
- A CRES model has been developed by the Finance team that enables pharmacists to compare differences in prescribing across each practice and locality by every drug that is prescribed. A lot of work and effort is currently being put towards identifying clinical variations in prescribing to reduce drug costs even further.

## **SECTION 2: COMPLIANCE WITH GOVERNANCE STANDARDS**

### **6 Resource Implications**

- 6.1 Financial implications are considered as part of the overall financial plan for the IJB.

### **7 Impact on Integration Joint Board Outcomes, Priorities and Policy**

- 7.1 The financial plan has a key role in supporting the delivery of the Strategic Plan.

### **8 Legal & Risk Implications**

- 8.1 None identified.

### **9 Consultation**

- 9.1 Prescribing Support Team and other members of the Senior Pharmacy team.

### **10 Equality and Human Rights Impact Assessment**

- 10.1 As this report does not propose a change in policy/strategy/plan/project, it is not necessary to complete an impact assessment. Individual savings schemes and difficult decisions will be impact assessed.

### **11 Glossary**

CRES	-	Cash Releasing Efficiency Scheme
IJB	-	Integration Joint Board
LES	-	Local Enhanced Service
NMF	-	New Medicines Fund
PPRS	-	Pharmaceutical Price Regulation Scheme
PST	-	Prescribing Support Team
SMC	-	Scottish Medicines' Consortium
YTD	-	Year to date
PPRS	-	Pharmaceutical Price Regulation Scheme

## Drug Short Supply Impact

	2017/18 Drug Tariff		
	Costs	Savings	Net
<b>2017/18 Impact</b>			
quetiapine	317		317
olanzapine	239		239
sumatriptan	153		153
amlodipine	126		126
gabapentin	82		82
levetiracetam	101		101
Mefenamic Acid BP	59		59
terbinafine	37		37
Betahistine	16		16
zolmitriptan	2		2
<b>2016/17 Impact</b>			
digoxin		(33)	(33)
Duloxetine GR		41	41
paracetamol		(39)	(39)
carbocisteine		(4)	(4)
trimethoprim		(37)	(37)
Propranolol		(47)	(47)
Metformin		(73)	(73)
Omeprazole GR		(72)	(72)
Pregabalin		(103)	(103)
Phenytoin Sodium		(86)	(86)
Other		0	0
<b>Top 10 Total</b>	<b>1,134</b>	<b>(453)</b>	<b>681</b>
<b>Other Drugs not short supply</b>			
Citalopram	190		190
Perindopril Erbumine	29		29
Hydroxychloroquine	18		18
Chlorpromazine	22		22
Pramipexole	17		17
Exemestane	12		12
Sodium Cromoglycate	8		8
Lansoprazole GR		(16)	(16)
Hydrocortisone		(20)	(20)
Dexamethasone		(15)	(15)
Trimethoprim		(37)	(37)
Other		(50)	(50)
<b>Other Drugs not short supply</b>	<b>295</b>	<b>(139)</b>	<b>157</b>
<b>Revised Total</b>	<b>1,429</b>	<b>(591)</b>	<b>838</b>

## Primary Care Prescribing Forecast

Primary Care Prescribing idea	No	Pharmacy Lead	Original Target £000's	September Target Update £000's	Savings delivered August YTD £000's	Forecast £000's
16/17 Rebates received in 17-18	1	Graham		119	119	119
Community Pharmacist Contract	2	Graham		592	246	592
Generic Pregabalin	3	All	451	451	124	298
Reduce Volume by 1%	4	All	240	240	120	240
LES Diabetes Bundle	5	Lianne	175	131	3	131
Les Respiratory	6	Emily	64	64	0	64
LES PPI	7	Dot	47	35	28	35
LES Anticholinergics	8	Gordon	49	25	0	25
Stop prescribing certain over the counter products	9	Gordon	200	48	23	56
Liothyronine	10	Amy	172	0	7	17
Stop Gluten Free prescribing	11	Nikki	144	24	7	16
Stop Vitamin D	12	Sandra	83	22	11	27
Only prescribe Ibuprofen as non steroidal gels	13	Sandra	15	15	5	19
Stop Sun creams and other camouflage creams	14	Jen	20	20	0	0
Review Lymphoedema garments reduce by 30%	15	Jen	10	10	10	25
50g emollients instead of 500g	16	Sandra	10	10	16	37
Mesalazine: Asacol to Octasa	17	PST		13	0	0
Update specials	18	Sandra		17	0	0
GAP To Target			1,320	1,163	531	1,298
<b>Total</b>		<b>Total</b>	<b>3,000</b>	<b>3,000</b>	<b>1,250</b>	<b>3,000</b>

## Secondary Care Prescribing Forecast

Secondary Care Prescribing Initiative	Original Target £000's	Savings Delivered October YTD £000's	Forecast £000's
Generic Imatinib	197	208	356
Additional Price Reduction in Hep C Drugs - Zepatier	176	130	200
2017-2018 switching of Infliximab and Etanercept biosimilars	105	4	7
Ophthalmology	100	247	424
Rituximab Biologic	91	67	115
2016-17 Prior Yr Carry fwd , Infliximab and Etanercept biosimilars	87	87	149
HIV treated by homecare	62	4	7
Dermatology	50	26	45
Renal	50	26	45
Trastuzumab Biologic	24	17	30
Abiraterone homecare - report	11	4	6
Caspofungin to generic	9	0	0
Enzalutamide homecare - report	8	0	0
Unidentified DGRI	390	0	89
Unidentified Pharmacy	47	0	11
Unidentified Mental Health	46	0	10
Unidentified - now brought in Tenofovir	47	3	5
	<b>1,500</b>	<b>£824</b>	<b>£1,500</b>