

Is the new contract good or bad news?

Pharmacists have now had a week to digest the details of the new community pharmacy contract. What is the verdict? **Clare Bellingham** reports

Contractors have two weeks to decide which way to vote in the ballot on the new community pharmacy contract in England and Wales.

Last week, they were sent a book that described the funding structure and the service specifications for the new contract (*PJ*, 30 October, p637). Now, the Pharmaceutical Services Negotiating Committee has embarked on a programme of roadshows at which contractors have an opportunity to ask questions and air their views.

At one of the first of these roadshows, in Maidstone on 31 October, two major areas of concern emerged: consultation areas and repeat dispensing (p669). But although practical issues such as these are dominating the debate, the general feeling about the new contract appears to be positive. In fact, when two organisations that together represent the majority of both independent and multiple pharmacies — the National Pharmaceutical Association and the Company Chemists' Association — are both supportive of the new contract, it is difficult not to feel optimistic about pharmacy's future.

"We think overall it is pretty good news," says John D'Arcy, the NPA's chief executive. He says that new contract is strategically important in giving pharmacists a more clinical role and establishing them as NHS players. "This recognition of what pharmacists can do is particularly important," he comments.

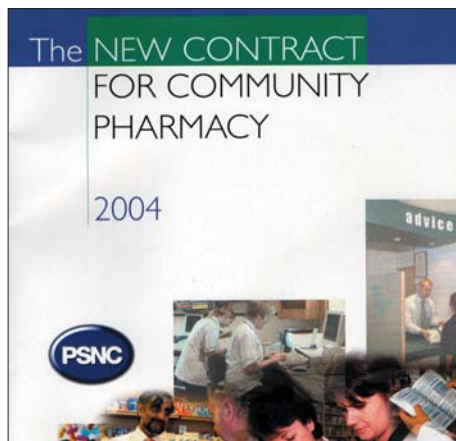
Similarly, Colin Baldwin, chief executive of the CCA, says: "Our view is that it is good news for contractors in so far as that it is a start. But it does require them to seize the quality agenda and to deliver advanced and enhanced services."

Of course, under any contract, there will be some contractors who fare less well than others. But Mr Baldwin says: "The vast majority will do better under the new contract compared with the current one, even if they just provide essential services." This is not about multiples faring better than independent pharmacies: he points out that within each multiple chain, there is a huge diversity of individual pharmacies, from small to large.

Striking a balance

It is impossible to make everyone happy so it is inevitable that the new contract will be criticised. What is clear is that a balance has to be struck between a contract that is so far-reaching that it puts some pharmacists off and one that does not go far enough in developing pharmacy's role. Mr D'Arcy believes that the new contract provides a structure that will allow the profession to evolve. "It is a very significant and positive step in the right direction," he says.

"A good compromise" sums up how Steve Dunn, group managing director of AAH



Pharmaceuticals, sees the new contract. "It does not go as far as I think it should have," he says. Mr Dunn would have liked the new contract to do more to develop community pharmacy's role in providing high quality services and its integration into the NHS. He explains that initially remuneration concentrates on dispensing volume rather than service delivery, but adds: "In year two, we expect the Government will start to shift the emphasis on to service delivery by ratcheting up the focus on quality and ratcheting down the focus on bulk dispensing. Pharmacists who are already displaying a willingness to adapt and deliver additional services to their customers, truly embracing their health care role, will be the ones who survive."

Andy Murdock, Lloydspharmacy's pharmacy director and superintendent pharmacist, says: "It is a contract that is very workable across a whole range of pharmacies." But he adds that there will be an enormous amount of change to go through. Contractors undoubtedly will need support through this change. The NPA is currently working on a "new contract survival kit" that it will be launching within the next few weeks.

Perhaps one of the most difficult questions for contractors is working out how they will fare financially under the new contract compared with the existing arrangements. The problem is that it is hard for contractors to work out exactly how much they make now from retained purchase profits, explains Mr D'Arcy. "The current system is so convoluted in terms of the way contractors source products and are remunerated for them that it is difficult for them to say at one point where their business is." Contractors will also need to make additional investment in their business, to fund consultation areas, increase staffing levels and to train staff.

Kirit Patel, chief executive of the Day Lewis Group, says that from a financial point of view the contract is good news. "The new contract brings stability so contractors can make a proper projection and know that the

money will be there." He points out that under the current system, the Government recently sucked £300m out of purchase profits by cutting the Drug Tariff price on just four generic medicines. "That was £25,000 per contractor," he says. "You can't invest in your infrastructure when someone can take money away like that." But Mr Patel says that it goes beyond this: "Because of the new contract, we got Government help with the Office of Fair Trading and got a good settlement on control of entry."

Mr Dunn says that, in the first year of the new contract, most pharmacists will receive roughly the same remuneration as they do now. But after the first year, things might change. He explains that under the new contract the Government is pharmacy's paymaster and, now that it has agreed that a certain return can be made from profits on drugs purchasing, if profits were to go beyond this there is a strong possibility that the Government would take this money away.

Hemant Patel, secretary of North East London Local Pharmaceutical Committee, believes that the new contract is underfunded. "From the work I have done in recent weeks, it appears that the money which is now being included as profits for purchasing does not fully recognise the current situation," he says.

Moving away from the financial side, another key area of change is the increased level of primary care trust involvement in community pharmacy that the new contract will bring. "It is of fundamental importance to have proper communication with PCTs in implementing the new contract," Mr Baldwin comments. Reassuringly, he says that CCA members will work with their independent colleagues through local pharmaceutical committees. "It is crucial that collaboration occurs at LPC level so that pharmacy provides the services PCTs want," he says.

An issue highlighted at the Maidstone PSNC roadshow is that PCTs are negotiating funding for next year's services now. The PSNC advice is to negotiate funding for services under the current models rather than waiting for the enhanced services to be available. Otherwise, PCTs might get the impression that pharmacy is not interested and this could influence future commissioning.

Yes or no?

When it comes to the crunch will contractors vote "yes" or "no" in the ballot? Mr D'Arcy thinks it will be a "yes". "The general mood from the people I have spoken to is that, although there are concerns about how it will happen, underneath there is a feeling that this is a reasonable starting point in the process of getting pharmacists recognised for their role in health care," he says.