

**CCG Board**  
**PART I**  
**MEETING ON 22<sup>nd</sup> June 2016**

<b>Title of Report:</b>	<b>Medicines Management: Rebate Scheme Policy</b>
<b>Board Sponsor:</b>	Ade Olarinde, Chief Finance Officer Denise Rabette, Head of Medicines Management
<b>Prepared by :</b>	Nicola Meeks, Head of Corporate Governance
<b>Committees previous consulted:</b>	Integrated Governance Group, Virtual review March 2016 Medicines Management and Safety Committee, 19 <sup>th</sup> February 2016 Finance and Performance Committee 20 <sup>th</sup> April 2016, 15 <sup>th</sup> June 2016
<b>Executive Summary:</b>	<p>Within the NHS, medicines are generally purchased in one of two ways:</p> <ul style="list-style-type: none"> <li>▪ In primary care, medicines are paid for through the Prescription Pricing Division of the NHS Business Services Authority who reimburses pharmacists for the drugs they dispense on the NHS at drug tariff prices.</li> <li>▪ In hospitals drugs are purchased direct from the manufacturers (or through purchasing hubs) and as a result are able to tender their business and obtain discounts through therapeutic tendering.</li> </ul> <p>Over the past few years the pharmaceutical industry has sought to emulate the hospital model through offering retrospective discounts to commissioners based on sales in the community that is on volume of drug prescribed and dispensed on NHS prescriptions.</p> <p>In recent years commissioners within primary care have seen the introduction, and significant increase in numbers, of rebates offered within primary care. At present there are tens of schemes offered by companies ranging from the smallest to the largest, with schemes varying in composition and size.</p> <p>The Department of Health (DH) 'Strategies to Achieve Cost-Effective Prescribing (2010)'<sup>1</sup> is in line the principle that any medicine should only be agreed for use within a rebate scheme if it is believed to be appropriate for a defined cohort of patients within a population. It is important that all patients continue to be treated as individuals, and acceptance of a scheme should not constrain existing local decision making processes or formulary development.</p> <p>Primary care rebates could provide significant efficiency savings if correctly and transparently governed. Failure to ensure transparency and governance could perversely affect local prescribing. It is therefore paramount to ensure compliance with relevant legislation when partaking in such schemes such as the reimbursement for pharmaceutical services according to the Drug Tariff, the duty to comply with the DH's controls on pricing made under the 2006 Act, the Medicines Act, the Human Medicines Regulations 2012, the</p>

<sup>1</sup> Strategies to Achieve Cost-effective Prescribing. DH Gateway Reference 14802.

[http://www.dh.gov.uk/prod\\_consum\\_dh/groups/dh\\_digitalassets/@dh/@en/@ps/documents/digitalasset/dh\\_120213.pdf](http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/@ps/documents/digitalasset/dh_120213.pdf)

	<p>Bribery Act, EU Law and the public law principles of reasonableness and fairness.</p> <p>To address the issues of transparency and governance NHS Thurrock CCG has developed this policy. The overarching principle of which is that only drugs which are currently on the primary care formulary will be considered.</p>	
<b>Financial / Resource Implications:</b>	Potential income for the CCG.	
<b>Fit with CCG strategy/objectives:</b>	<p><b>Financial Management:</b> Operate within the financial envelope set by NHS England, meeting key statutory targets by acting efficiently, effectively and economically to support the delivery of care and managing the CCG to achieve its aims and vision.</p>	
<b>Risks identified / Outcome / Link to BAF:</b>	<p>Failure to deliver QIPP target resulting in financial pressure to meet statutory target to break-even / achieve surplus, leading to loss of reputation and unplanned restrictions in commissioned services.</p>	<b>BAF Ref:</b> FM01
<b>Actions Required:</b>	<p>If approved, communicate to staff and publish on CCG Intra and Internet.</p>	<b>When By:</b> July 2016
<b>Recommendation to the Committee:</b>	The Board are asked to approve the Rebate Scheme Policy.	

\* Delete as appropriate