

What is Category M?

and why is it important to your business?

A brief and basic overview of the mechanics of Cat M.

For a more detailed description, please see the other resources available here on the Partner Platform



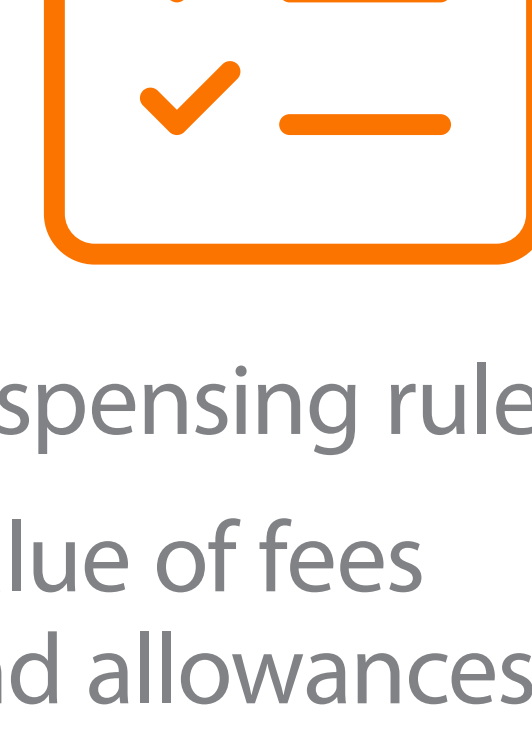
Drug tariff¹

Monthly publication

Supplied to

Sets out

Electronic



- Pharmacists
- General practitioners
- Dispensing staff
- Dispensing rules
- Value of fees and allowances
- Drug and appliances prices paid

Drug tariff Categories²



- Medicines are not as readily available as other generic medicines
- Based on a particular brand or manufacturer



- Readily available medicines
- Cost determined by a weighted average of list prices from
 - 2 wholesalers
 - 2 generic manufacturers



- Readily available medicines
- DHSC calculates the reimbursement price based on information submitted by manufacturers

Who is responsible for Category M medicines?³

NHS England

- Commissions pharmaceutical services
- Determines amount paid to pharmacy contractors for those services under the CPCF

Secretary of State

- Regulates NHS reimbursement prices for the products dispensed

DHSC & CPE with NHS England

- Assess the medicine margin *



* Achieved by pharmacy contractors (through a medicines margin survey)

Impact for Pharmacists⁴

Category M medicines

set the reimbursement price and ensure that pharmacists receive a total annual retained buying margin of

£800m

ACROSS ALL PRODUCTS DISPENSED IN ENGLAND



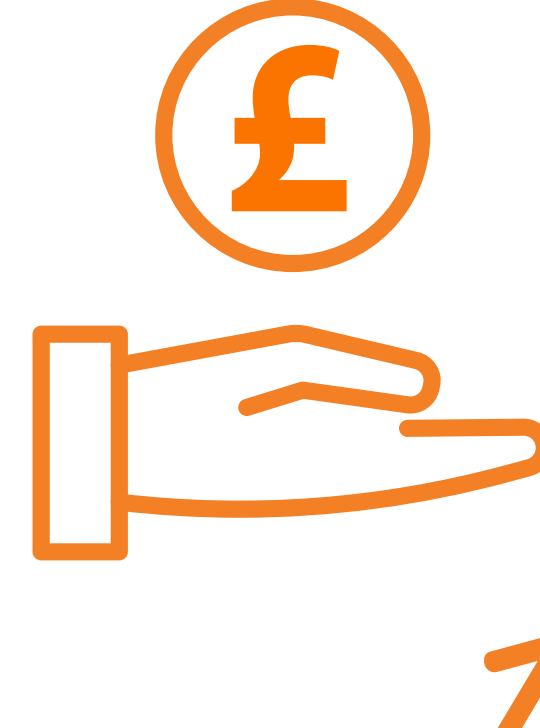
How DHSC calculates and sets reimbursement price^{4,5}



- Generic manufacturers and wholesalers provide information to DHSC
 - level of a specific molecule
 - strength
 - presentation
 - pack size



- DHSC elevates the average actual selling price at a granular product level
 - updates quarterly



- Pharmacies provide data monthly to Department of Health and Social Care
- If above retained margin figure
 - Tariff prices reduce



- If below retained margin figure
 - Tariff prices increase

What is a price concession?⁶



- When the purchase price of a medicine is higher than the reimbursement price then it can result in dispensing at a loss
- Price concessions are a temporary tariff set by the DHSC to avoid this. A price concession only applies for the month in which it is granted

EXAMPLE	
Product	Example A
Current drug tariff price paid for medicine	£1.20
Price paid for medicine via Wholesaler	£2.40
Price concession granted for the current month	£2.50
Reimbursement with price concession	£0.10



Abbreviations

- Community Pharmacy Contractual Framework – (CPCF)
- Department of Health and Social Care – (DHSC)
- Community Pharmacy England – (CPE)

References

¹ <https://www.nhsbsa.nhs.uk/pharmacies-gp-practices-and-appliance-contractors/drug-tariff> Last accessed: April 2024
² <https://cpe.org.uk/dispensing-and-supply/dispensing-process/drug-tariff-resources/virtual-drug-tariff/> Last accessed: April 2024
³ <https://www.england.nhs.uk/primary-care/pharmacy/medicines-reimbursement-prices/> Last accessed: April 2024
⁴ <https://cpe.org.uk/funding-and-reimbursement/pharmacy-funding/funding-distribution/retained-margin-category-m/> Last accessed: April 2024
⁵ Accord Partner Platform 'What is the Drug Tariff and why is Category M important?' <https://www.accordpartnerplatform.co.uk/learning-hub/category-matters/> Last accessed: April 2024
⁶ <https://cpe.org.uk/funding-and-reimbursement/reimbursement/price-concessions/> Last accessed: April 2024