
NORFOLK & WAVENEY LOCAL MEDICAL COMMITTEE

Dr Ian Hume Chairman
Dr Simon Lockett Medical Secretary
Mrs Susan Payne Principal Executive Officer

Wymondham Medical Centre
The Surgery, Postmill Close
WYMONDHAM, Norfolk NR18 0RF
Tel: 01953 608060 Fax: 01953 608061
E-mail: norfolklmc@btconnect.com
Website: www.norfolklmc.org.uk



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Dear Practice Manager

THE BUYING GROUP SEASONAL FLU VACCINE OFFERS 2012/13

Many of you may well have already placed your orders for next year's flu vaccines, but if not you may like to take a look at the Buying Group's negotiated discounts accompanying this letter.

We are not endorsing the use of any particular vaccine or recommending any particular product and are aware your choice of product is determined by a multitude of factors. The deals set out below, *which include the "minimum clawback"*, are out there so we are simply laying out facts.

The Buying Group has received offers of broadly equal merit, in terms of the overall package offered, from **Crucell**, **Pfizer** and **Abbott** respectively. You will note from the information enclosed that each company offers additional benefits which may appeal more to some of you than others. They are both offering prices for branded and generic drugs. Please see below the details of each company's offers, together with the appropriate contact details for your consideration.

Please note that all the companies mentioned will provide practices ordering from them with a written disclaimer ensuring that, should the DoH decide to bring forward the expected centralisation of flu vaccine procurement to 2012/13, orders made will be rendered null and void and practices will be freed of any legal obligation to purchase.

When choosing which product to use we would draw your attention to Annex 8 * -revision to GMS contract 2006/7 which lays out some principles in regard to excessive or inappropriate prescribing. It addresses the area of cost-effectiveness and affordability in the context of the overall use of NHS resources and, in particular, the principle that it is appropriate to prescribe the most cost effective product for the individual patient.

If you have already purchased your flu vaccines for next year and have negotiated a better deal, it would be really helpful if you could let the LMC office know details so we can try and incorporate this information into future Buying Group negotiations. We hope that some of you will find this offer beneficial.

Yours sincerely

Norfolk & Waveney LMC Buying Group

"representing all General Practitioners in Norfolk and Great Yarmouth & Waveney"

A guide to reimbursement of vaccine costs (how to calculate your profit per dose)

Changes to the rules governing reimbursement of the costs associated with purchase and supply of vaccines for personal administration by GP practices, contained in the Statement of Financial Entitlements (SFE), were introduced from April 2006, following a lengthy review of dispensing by the DoH and GPC. The main impact of the changes was to reduce the profits of dispensing practices, via the introduction of a new sliding-scale for dispensing fees, and the abolition of the on-cost and container allowances.

Since then reimbursement comprises the Drug Tariff cost *minus* an *assumed level of discount* listed in a sliding financial (bandwidth) scale (see table – Annex G, Part 1), based on the value of claims for reimbursement (exclusive of VAT) made for all vaccines ordered for personal administration, within a particular month. VAT on that figure plus a dispensing fee are then added to create the amount of *total NHS reimbursement*.

Now the first bandwidth shown in the table, which is contained in the attached extract from Schedule G to the SFE, is £0 - £2,000 per month, and shows a corresponding deduction of 3.17% from the tariff price of each vaccine. It is on this basis that we have calculated the maximum profit per dose you will be able to earn in future, as shown in the tables accompanying the Buying Group letter, utilising the discounts we have negotiated.

If, however, your claim for reimbursement during a particular month exceeds £2,000, the actual level of discount taken into account by the PPD is even higher, and will reduce still further your *actual* profit per dose. It is, therefore, impossible to be able to calculate with any degree of certainty the actual profit for dose you may earn, because it will vary from practice to practice and on what you claim from month to month.

One thing that is fairly obvious, is that claiming reimbursement 'in one go', as it were, may not be cost-effective. It may be that you will qualify for higher levels of reimbursement if you are able to spread the claims for reimbursement over several months. The credit period given to you by the vaccine companies may, therefore, become even more important, and is something you may wish to discuss with them individually.

However, we must make it clear that practices cannot transfer claims for vaccines *administered* during a particular month into subsequent months, as this would contravene the regulations and be viewed as fraud. The only way you can legitimately spread the reimbursement claims is if you actually spread the work, i.e. your flu clinics, over several months. The 'big bang' approach some practices adopt whereby they try to immunise all eligible patients in a single day or over a few consecutive days, may save on administration but is likely to reduce reimbursement considerably.

As regards the dispensing fee, you will note that there is a similar sliding scale of reimbursement. When calculating maximum PPD we assume that practices will not exceed the figure of 430 items a month, which yields the highest fee of £2.19 per dose (see table – Annex G Part 3) for a non-dispensing practice. Dispensing practices are, of course, more likely to exceed that number and are paid a lower rate (see table – Annex G Part 2). Unlike the discount scales shown in Annex G (part 1) to the SFE, where practices' figures are aggregated, the number of prescriptions used to qualify entitlement for the dispensing fee is based on the prescriptions claimed *for each individual practitioner* calculated separately. Consequently those practices, particularly the larger variety, who undertake large quantities of flu jabs in a particular month, face the prospect of a 'double-whammy', that is, a higher amount clawed back from the assumed level of discount, *and* a reduced level of dispensing fee as per that sliding scale. However, you may legitimately maximise your income from dispensing fees by spreading prescriptions of flu vaccines *between GPs within the practice* to keep each, or at least, as many as possible, below the threshold of 430 per month.

LMC Buying Groups Federation: Seasonal flu vaccines 2012/13

Crucell (Joint approved supplier)

Viroflu

NHS Price	6.59
Dispensing Fee*	2.19
VAT (20%)	1.32
TOTAL NHS REIMBURSEMENT	10.10
(TOTAL NHS REIMBURSEMENT WITH MINIMUM CLAWBACK**)	9.86
Actual cost after discount (59%)	2.70
VAT (20%)	0.54
Total cost to practice	3.24
TOTAL PROFIT PER DOSE (PPD) BEFORE CLAWBACK	6.86
(TOTAL PROFIT PER DOSE WITH MINIMUM CLAWBACK**)	6.62

* The dispensing fee illustrated is for guidance purposes only and is based on a non- dispensing practice dispensing up to 418 items a month under rules applying in 2011 (see separate table).

**Assumed discount (clawback) illustrated (3.17%) is for £1-£2,000 monthly band only (see separate table).

The Company's offer (on both Viroflu and Inflexal V) includes:

- Sale or return - 100% on full orders where Crucell is sole supplier to the practice
- 20% if the order is split between Crucell and another supplier.
- First deliveries scheduled for week commencing 24 September 2012.
- Delivery promise - price reduction of 10p per dose on any vaccines not delivered during the specified delivery week.
- Full campaign support materials.
- Payment expected by 31 December 2012 but extended credit arrangements at discretion of company can be discussed at individual practice level.
- Order can be varied or cancelled at any time up until 31 March 2012 but variations can be discussed at individual practice level.

Inflexal V (low cost alternative)

NHS Price	6.13
Dispensing Fee*	2.19
VAT (20%)	1.23
TOTAL NHS REIMBURSEMENT	9.55
(TOTAL NHS REIMBURSEMENT WITH MINIMUM CLAWBACK)**	9.32
Actual cost after discount (56%)	2.70
VAT (20%)	0.54
Total cost to practice	3.24
TOTAL PROFIT PER DOSE (PPD) BEFORE CLAWBACK	6.31
(TOTAL PROFIT PER DOSE WITH MINIMUM CLAWBACK)	6.08

LMC Buying Groups Federation: Seasonal flu vaccines 2012/13

Pfizer Vaccines (Joint approved supplier)

CSL GENERIC INFLUENZA VACCINE

NHS Price	6.59
Dispensing Fee*	2.19
VAT (20%)	1.32
TOTAL NHS REIMBURSEMENT	10.10
(TOTAL NHS REIMBURSEMENT WITH MINIMUM CLAWBACK**)	9.86
Actual cost after discount (59%)	2.70
VAT (20%)	0.54
Total cost to practice	3.24
TOTAL PROFIT PER DOSE (PPD) BEFORE CLAWBACK	6.86
(TOTAL PROFIT PER DOSE WITH MINIMUM CLAWBACK**)	6.62

* The dispensing fee illustrated is for guidance purposes only and is based on a non- dispensing practice dispensing up to 418 items a month under rules applying in 2011 (see separate table).

**Assumed discount (clawback) illustrated (3.17%) is for £1-£2,000 monthly band only (see separate table).

The Company's offer (on both the generic vaccine and Enzira) also includes:

- Sale or return - 100% on full orders where Pfizer is sole supplier to the practice
- 20% if the order is split between Pfizer and another supplier.
- Orders confirmed in writing can be varied or cancelled anytime up until end of March 2012 (orders can also be varied downwards by up to 10% so long as the amendment is made by end June 2012)
- Delivery promise - price reduction of 10p per dose on any vaccine not delivered within 5 days of scheduled date.
- 120 days credit.
- New blister pack two tray presentation
- Named day deliveries on all orders (deliveries start w/c 17/09/12).

ENZIRA (low cost alternative)

NHS Price	5.25
Dispensing Fee	2.19
VAT (20%)	1.05
TOTAL NHS REIMBURSEMENT	8.49
(TOTAL NHS REIMBURSEMENT WITH MINIMUM CLAWBACK)	8.29
Actual cost after discount (45%)	2.89
VAT (20%)	0.58
Total cost to practice	3.47
TOTAL PROFIT PER DOSE (PPD) BEFORE CLAWBACK	5.02
(TOTAL PROFIT PER DOSE WITH MINIMUM CLAWBACK)	4.82

LMC Buying Groups Federation: Seasonal flu vaccines 2012/13

Abbott (Alternative supplier)

Imuvac

NHS Price	6.59
Dispensing Fee*	2.19
VAT (20%)	1.32
TOTAL NHS REIMBURSEMENT	10.10
(TOTAL NHS REIMBURSEMENT WITH MINIMUM CLAWBACK**)	9.85
Actual cost after discount (53%)	3.10
VAT (20%)	0.62
Total cost to practice	3.72
TOTAL PROFIT PER DOSE (PPD) BEFORE CLAWBACK	6.38
(TOTAL PROFIT PER DOSE WITH MINIMUM CLAWBACK**)	6.13

* The dispensing fee illustrated is for guidance purposes only and is based on a non- dispensing practice dispensing up to 418 items a month under sales applying in 2011 (see separate table).

**Assumed discount clawback illustrated (3.17%) for £1-£2,000 monthly band only (see separate table).

The Company's offer (for both Imuvac and Influvac) also includes:

- Sale or return - 20%
- Vaccines suitable for adults and children over 6 months
- First delivery date w/c 24 September 2012
- Payment by 31 January 2013
- Full support materials
- No cancellation policy, however quantities can be changed by a maximum of up to 20% up to 6 weeks prior to delivery.

Influvac (low cost alternative)

NHS Price	5.22
Dispensing Fee	2.19
VAT (20%)	1.04
TOTAL NHS REIMBURSEMENT	8.45
(TOTAL NHS REIMBURSEMENT WITH MINIMUM CLAWBACK)	8.25
Actual cost after discount (43%)	2.98
VAT (20%)	0.60
Total cost to practice	3.58
TOTAL PROFIT PER DOSE (PPD) BEFORE CLAWBACK	4.87
(TOTAL PROFIT PER DOSE WITH MINIMUM CLAWBACK)	4.67