

Fact Sheet

Are you getting enough income for your Personally Administered Items?

Our research reveals that most practices are not claiming for all of their Personally Administered Items (PAI). We explain how you can check whether your PAI income is on-track, and what to do if it's not.

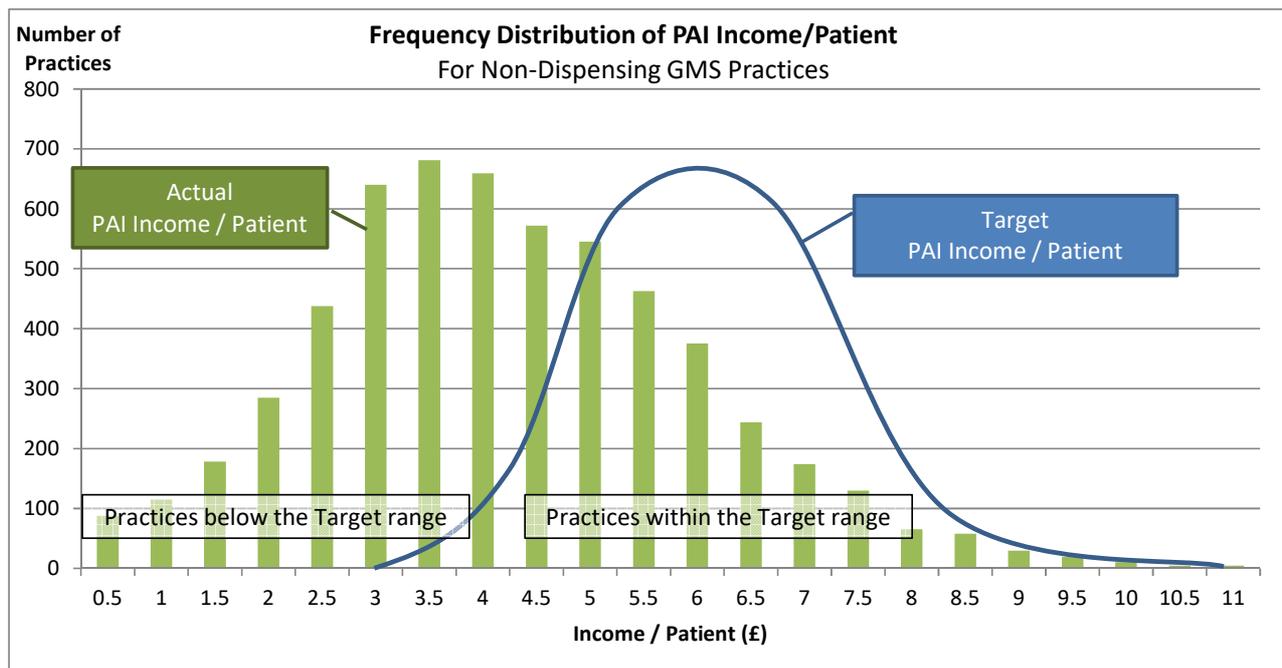
How PAI Income is calculated

Personally Administered Items are the drugs and devices used within the practice for which income is claimed from Prescription Services.

$$\text{PAI income} = \text{NHS Refund price} - \text{Discount} + \text{Prescribing Fee} + \text{VAT}$$

Practice Earnings for PAIs

We have analysed the 2015/16 PAI income of 5,800 non-dispensing practices and calculated the Actual PAI Income/Patient they received. The green graph shows the number of practices that occur at each band of PAI income. The average is £4.04, with most practices falling in the range of £3.00 - £5.00 per patient per annum.



We know from extensive research and individual in-depth practice reviews that most practices do not have the systems and processes in place to ensure that they receive all the PAI income they are due, and as can be seen on the graph, most are below the target range. For the surgeries we have worked with, we have increased the income per patient to the target levels indicated by the blue line above.

From all the reviews we have undertaken, we have found that the typical shortfall between the Actual and Target Income is £0.50 - £2.00 per patient per annum

Where do you fall on the graph?

Your PAI income for 2015/16 will have been reported in your accounts. Divide the figure by your patient list size to calculate the PAI income per patient and then see where you are on the blue curve.

Things that affect your income per patient

There are any number of factors that will affect your PAI income per patient, and therefore where you should be on the blue curve. These include:

- PMS or GMS: some PMS practices negotiated for the prescribing fee to be part of their baseline payment and so when the individual PAI payment is calculated, no prescribing fee is included. Since April 2016 this has changed and all practices now receive prescribing fees of up to £2.40 per PAI as part of their drugs payment.. (Please note that these practices have been excluded from the graph above).
- Cancer drugs (ie Decapetyl, Prostag, Zoladex): Some practices prescribe these drugs whilst other buy them in. Our data shows that practices typically have one-two patients per thousand on these drugs which, if the drugs are bought, will equate to a PAI income of £1-£2/patient for your whole patient list.
- The number of flus vaccinations administered: Flus result in an income of around £10 per vaccination. The percentage of patients who have flu vaccinations is typically 14%-25%, although some practices are over 35%. Therefore, this has a significant impact on the resulting PAI income figure.

Our Recommendations

Practice Managers and their accountants should calculate their PAI Income/Patient and compare the figure with those on the graph. If they are at the lower end of the Target range, they should take action. Here are our tips on how to increase the PAI income and profit:

- Know what is claimable. If you are unsure, check items at www.dmd.medicines.org.uk
- Claim for everything, even the very low value items. For example, a 12 pack of sutures costs less than £2, but along with the dispensing fee, can generate an income of £43 per pack
- Buy in drugs that would otherwise be sent to the pharmacy for patients to collect. For example, purchasing Zoladex cost £1,000 per patient per annum, but results in an icome of £1,200pa. NB: not all drugs are profitable, so check carefully
- Run effective flu vaccination campaigns. Flus account for around 40% of your annual PAI income, and 70% of your PAI profits. Over the last two years, community pharmacies have ramped up their marketing of flu vaccinations. This is helping reach more people, but is also directly impacting practice income. Get ready for the next vaccination season, and ensure you reach as many patients as possible
- Implement an end to end process with checks and balances from ordering to payment to ensure nothing is missed

And don't forget, whilst this will increase income, in order to maximise profit you also need to ensure you are not paying too much for the items you buy. Over the past 18months we are aware that suppliers are increasing the price of reimbursable items above the NHS Refund Price. There is little you can do about this, and so you must ensure you are buying at the lowest available price. We recommend using The Surgery Network (www.surgerynetwork.org) to achieve this.

Following these steps will result in an immediate and lasting increase in practice income and profits.

About Ash Lane Consulting

The Surgery Network

We deliver systems, advice and training to dramatically improve the business performance of GP surgeries. We are the leading experts in the recovery of unclaimed income for Personally Administered Items. We are Licensed Associates of The Surgery Network and utilise their unique business platform to streamline processes and reduce costs. To find out more contact Tracy Hole on 07779 124386 or tracy@ashlane.co.uk