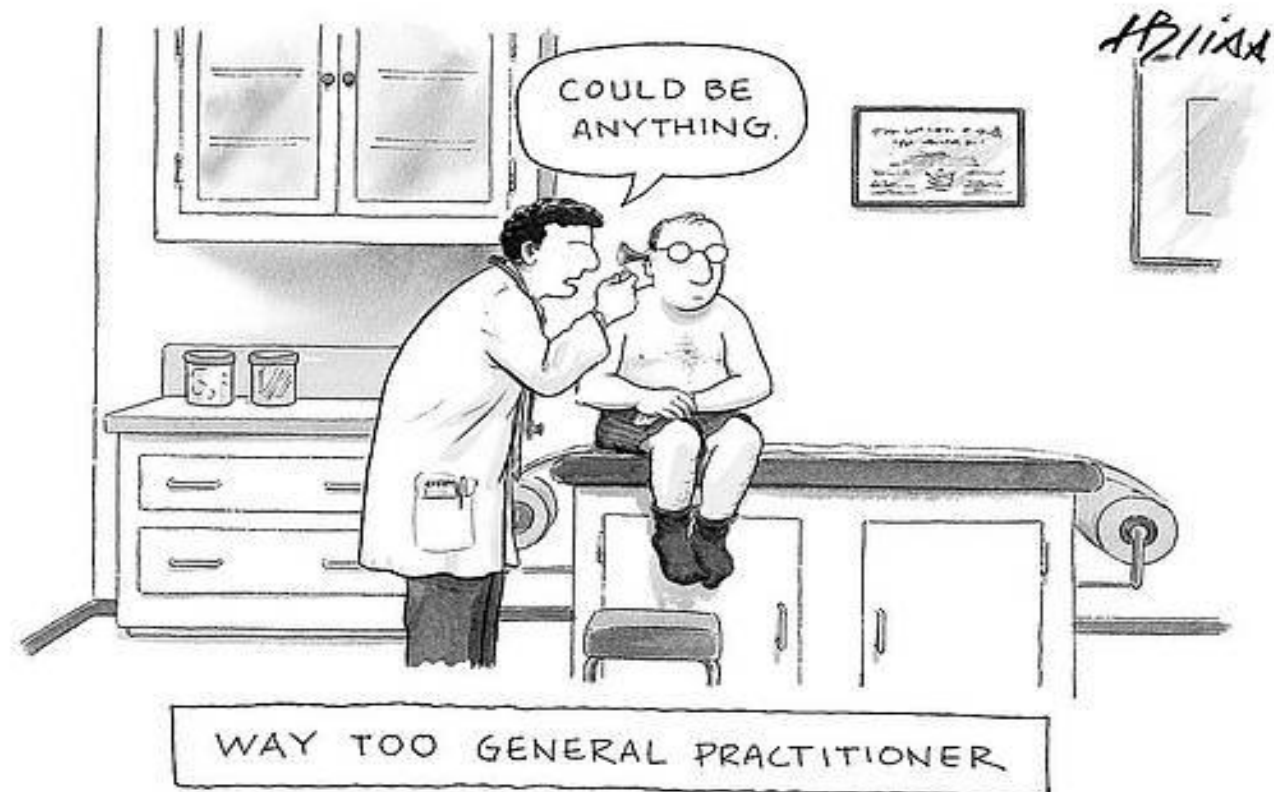


All you (n)ever wanted to know about your drug statement & VAT

DR MIKE BARSTOW

GP PARTNER AND DDA BOARD MEMBER

Beginners guide to the Drug Statement



What we will cover in this section

- Payment date Vs Submission date
- “Cost of Drugs” how this is worked out
- “Wrong script movements” what they are and how to monitor
- Mythical/ retired prescribers still appearing on drug statement
- Dispensing fee scale and ensuring greatest efficiency of prescribers.

GPP PaymentsPayment Date: **31/01/2024**Contractor ID: **D69096**Net: **£48,148,35**INVOICE NHSE: **£0.00**Credit NHSE: **£0.00**Invoice COM: **£49,419.95**Credit COM: **-£1271.60**

Statement: January- St Elsewhere Surgery (D69096)

Ref: 220399

Description**Drugs****Drugs (Dispensing)****Total:**£48,148.35

Paycode	Description	Source	£
DRGD	Dispensing GPs- Cost of Drugs	COM	£36,346.05
DRGDPF	Dispensing GPs- Professional Fees	COM	£13,073.90
DRGPRX	Prescription charges collected and remitted by GPs-contra	COM	-£1271.60

Quarter Payment Date: 01/02/2024**Number of Forms:**2210**Number of Prescriptions:**4768**Number of Items Referred Back/Diasallowed:**6

Total Credits

Paycode	Description	Source	Unit Cost	Total:£88,966.42 £
DRGD	Basic Prices	COM		£34,631.87
DRGDPF	On Cost	COM	0.00	£0.00
DRGPPF	Additions	COM	0.00	£0.00
DRGPPF	Dispensing Fees	COM	269.30	£7,712.75
DRGPPF	Dispensing Fees	COM	279.00	£3,560.04
DRGPPF	Dispensing Fees	COM	286.80	£1,801.11
DRGPPF	Container Allowance	COM		£0.00
DRGDPF	Oxygen, Basic Prices	COM		£0.00
DRGPPF	Oxygen, Rents & Fees	COM		£0.00
DRGD	VAT	COM		£767.67
DRGD	Adjustments for Description	COM		£0.00
DRGD	Advances for Prescriptions	COM	5641.00	£40,492.98

Total Debits

Total:£40,818.07

Paycode	Description	Source	Unit Cost	£
DRGD	Discount	COM	11.18	£3871.84
	Advance No. Charges Item		135.00	£0.00
	Amt Elastic Hosiery		0.00	£0.00
	Amt Elastic Hosiery		2.00	£18.70
	Amt Current Charge Rate		11.00	£102.85
	Amt Current Charge Rate		25.00	£233.75
	Amt Current Charge Rate		16.00	£149.60
	Amt Current Charge Rate		19.00	£177.65
	Amt Current Charge Rate		22.00	£205.70
	Amt Current Charge Rate		12.00	£112.20
	Amt Current Charge Rate		29.00	£271.15
DRGD	Advance Recover for	COM		£35,674.63

Month	Dispensed Month	Charges taken by NHSBSA	Charges declared by Practice	Charges Difference	Cost to Practice
Feb-23	Dec-22		81		
Mar-23	Jan-23	121	67	-54	-£521.10
Apr-23	Feb-23	75	62	-13	-£125.45
May-23	Mar-23	83	57	-26	-£250.90
Jun-23	Apr-23	48	46	-2	-£19.30
Jul-23	May-23	82	45	-37	-£357.05
Aug-23	Jun-23	17	15	-2	-£19.30
Sep-23	Jul-23			0	£0.00
Oct-23	Aug-23			0	£0.00
Nov-23	Sep-23			0	£0.00
Dec-23	Oct-23			0	£0.00
Jan-24	Nov-23			0	£0.00
Feb-24	Dec-23			0	£0.00
				TOTAL	-£1,293.10

Charges taken by NHSBSA are in month following charges declared by practice-> need to be dealt with in same month accruals basis

999999- Bevan N

GP Code: 999999

Employee PM:

Month of Claim: 11/2023

CTP Payment Date: 01/02/2024

Prescribing/Dispensing (P/D): D

Number of Forms: 286

Number of Prescriptions: 671

Number of Items referred Back/ Disallowed: 0

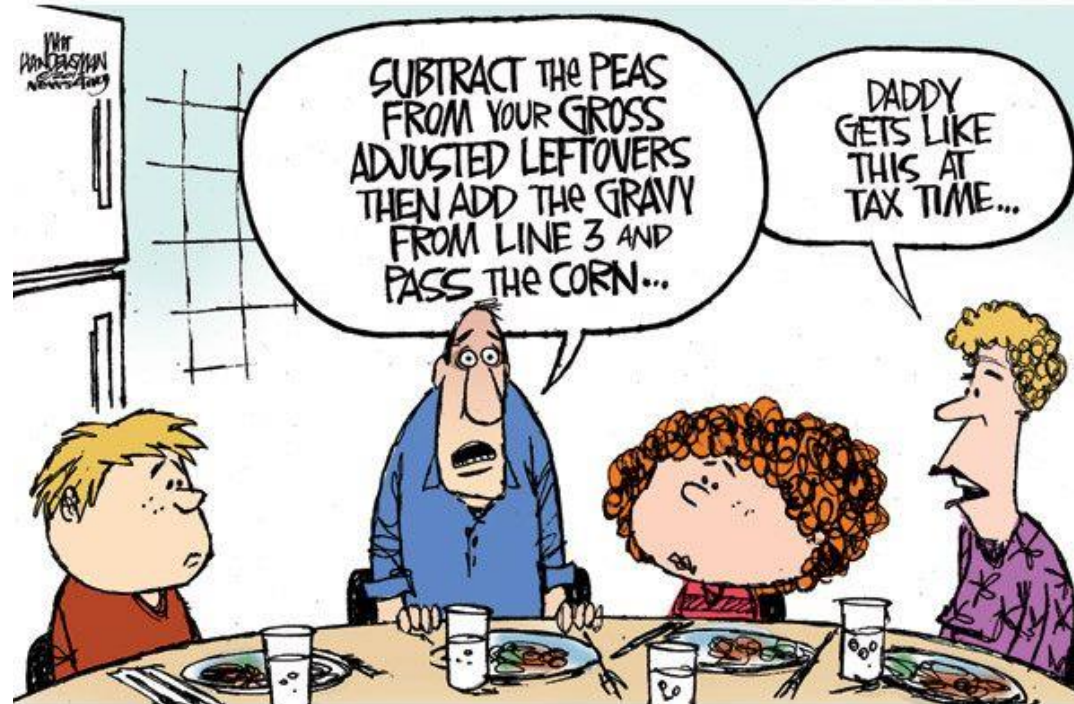
Dispensing Fee Scale

Total prescriptions calculated separately for each individual dispensing practitioner, in bands	Apr-23
Up to 457	247.7
458 – 573	244.1
574 – 689	241
690 – 802	237.9
803 – 918	235
919 – 1031	232.6
1032 – 1433	230.1
1434 – 2006	228
2007 – 2292	226
2293 – 2866	224.2
2867 – 3438	222.6
3439 – 4012	221.3
4013 – 4583	220.2
4584 and over	219.3

Any Questions?



VAT and Dispensing



Anyone know
who this is?

And why we want to avoid the same
outcome!



What we will cover in this section

- What does “partial exemption” mean re VAT for dispensing drs.
- What is considered a “PA” by -NHSBSA, HMRC and why this matters
- What about private scripts/ travel medicines.

Dispensing Drs have a **PARTIAL EXEMPTION** from VAT

NHS Scripts

- ▶ Primarily, the confusion here comes from VAT on PA items!
- ▶ The first thing to remember is to **IGNORE ALL LOGIC** (as there simply isn't any!)
- ▶ (and PA rules don't apply to pharmacies!)

PAs as considered by PPD

- ▶ All injectables, anything with a local anaesthetic in, sutures and ring pessaries.
- ▶ To double check if NHSBSA considers a PA or not, you can use the DM+D website, if it is marked as "*attracts admin fee*" then is a PA and NHSBSA will reimburse VAT equivalent on the item
- ▶ All patients (both dispensing and non dispensing) can have PAs dispensed to them, and the patient does not pay a prescription charge
- ▶ E.g insulins, scheriproct metoject, instillagel

PAs as considered by HMRC

- ▶ HMRC consider only those things “*Actually Administered*” as PAs
- ▶ Common “*Actually administered*” items:
 - All Bulk claimed vaccines
 - All IUCDs inc including hormonal IUDs (although Mirena reimbursed at 20% and charged at 5%!)
 - All shelf pessaries
 - GnRH (zoladex, prostap)
 - Hydroxocobalamin, Nebido, Depo-provera

PAs as considered by HMRC

- ▶ For these items you will NOT be able to reclaim VAT from HMRC and each month the VAT paid on these items must be identified on the VAT return

- ▶ This means that there are essentially 3 possible situations.....

PPD and HMRC BOTH consider to be a PA

- ▶ This is likely to be the vast majority of items (e.g. Flu jabs, steroid injections, B12 injections)
- ▶ For these **PROFIT**= Reimbursement – Cost
- ▶ Reimbursement=Basic Price (BP)- CLAWBACK (DA) +(VAT on 88.88% BP)
 - ▶ = (BP x106.6%)
- ▶ Cost= BP + VAT

PPD and HMRC BOTH consider to be a PA

Reimbursement for PA costing £10 (no discount)

- ▶ Reimbursement = BP-DA+(VAT on 88,8% of BP)
- ▶ = £10 - £1.12 + (20% x £8.88)
- ▶ =£8.88 + £1.78
- ▶ = £10.66
- ▶ Profit = Reimbursement - Cost
- ▶ Profit =(BP x106.6%) – (CP + VAT)
- ▶ = £10.66- £12
- ▶ = **Loss of £1.34**
- ▶ Offset by the Dispensing Fee

PPD and HMRC BOTH consider to be a PA

- ▶ Reimbursement for PA costing £20 (No discount)
- ▶ Profit = Reimbursement - Cost
- ▶ Profit = (BP x106.6%) - CP + VAT)
- ▶ = £21.32- £24
- ▶ **= Loss of £2.68**
- ▶ **Not offset by the Dispensing Fee!!**
- ▶ Nb: IUCDs as contraceptives AND PAs attract a 5% rate of VAT equivalent, but are reimbursed at 20% by NHSBSA
- ▶ Important to try and use PAs that reduce losses or improve profitability

PPD consider to be a PA, but HMRC does not!

- ▶ E.g:Clexane, instillagel, insulins etc; items which are considered PAs by PPD, but HMRC considers these items to be taken away in a bag not ACTUALLY ADMINISTERED by the practice.
- ▶ On these items VAT equivalent is reimbursed by the PPD, but the VAT IS RECLAIMABLE from HMRC
- ▶ On a PA whose BP is £10 (no discount)
- ▶ Profit = Reimbursement - Cost
- ▶ Profit = (BP x 106.6%) - CP
- ▶ = £10.66 - £10
- ▶ = Profit of £0.66

PPD consider to be a PA, but HMRC does not!

- ▶ A good example of this is Clexane
- ▶ Basic price of Clexane 80mg pre-filled syringes = £55.13 for 10 injections. Often patients need a month supply at a time ie. 30 injections = £165.39
- ▶ Reimbursement = BP – DA + VAT (on BP-DC)
- ▶ = 165.39 – 18.49 + (VAT on 146.90= 29.38)
- ▶ =176.28
- ▶ Cost = 165.39 (no discount)
- ▶ Profit = 176.28-165.39
- ▶ **=£10.89**

PPD considers NOT to be a PA, but HMRC DOES!!

- ▶ One of the biggest culprits here is Nexplanon, but dressings/bandages also fit in this category.
- ▶ As PPD don't consider a PA, then if eligible to pay prescription charge, then must, as this will be removed from your reimbursement!

For item whose BP is £10

- ▶ Reimbursement = BP-DA
- ▶ Profit = (BP x 88.82%) – (CP + VAT)
- ▶ = £8.88 - £12
- ▶ = **Loss of £3.12**

PPD considers NOT to be a PA, but HMRC DOES!!

For Nexplanon it looks even worse!

- ▶ basic price of Nexplanon = £83.43 – note 5% VAT as it is a contraceptive
- ▶ Profit = (BP x 88.82%) – (CP + VAT)
- ▶ = (83.43 x 88.82%) – (83.43 + (83.43 x 5%))
- ▶ = 74.10 - 87.60
- ▶ = -13.50
- ▶ ie. **LOSS** of £13.50 for each Nexplanon dispensed

Dispensing Drs have a **PARTIAL EXEMPTION** from VAT

Private Scripts

- DD's have to charge VAT on private scripts EXCEPT treatment e.g Vaccines (**IF** administered by us in the surgery)
- VAT **IS** chargeable on medication issued to be taken by the patient whilst away (eg Malarone, or PTE scripts for other treatments issued (eg extended courses of antihypertensives not covered by NHS script))

VAT take home message!

- ▶ It is vital that your PM/ Dispensary manager/ Finance understands which items you can and cannot claim VAT back on.
- ▶ DON'T simply believe the wholesalers invoice- they often don't understand the rules and are allocated according to PPD NOT HMRC
- ▶ This can easily result in you under reclaiming VAT that you are entitled to reclaim and/or reclaiming VAT that you are not entitled to (and no one wants a VAT inspection!)

Any Questions?

