

Sub-Committee of BSO Pharmaceutical Committee – APP Late Submission Contingency Arrangements and Business Rules

Background

The Accelerated Pharmacy Payment (APP) Project was initiated in order to accelerate the payment process to pharmacy contractors from 60 days to 30 days. This would enable payment to take place at the end of the month following receipt of prescriptions, instead of at the end of the second month.

For a 30 day payment to be made, a number of key deliverables are required:

Key Requirements for the APP

- Ability to process all prescription claims for payment at the end of the month following receipt
- Dual Submission of prescriptions by Contractors, with 60% of prescriptions being received on the 25th of the current month and the remainder on the 7th of the following month (or nearest working day as per agreed timetable)
- Increase in quality of submissions to at least 60% adherence with reasonable quality standards
- Changes to BSO processes and staffing capacity

In addition to these key requirements BSO, CPNI and HSCB recognised the need for contingency arrangements in the event of either a system failure, where no contractors could be paid (Global), or under specific circumstances where an individual contractor could not meet their prescription submission requirements for a particular month (Specific Contractor). In both these circumstances contingency arrangements would be invoked.

APP Contingency Arrangements

Global

The APP Business Continuity Plan (BCP) sets out how BSO will respond to serious threats to the continuity of services to Pharmacy Contractors. It seeks to determine preparatory actions to be taken in advance of potential scenarios, as well as, highlighting the actions to be taken when threats to business continuity arise.

If there is a system level event in the BSO resulting in failure or potential failure to make a payment to all or the majority of contractors then BSO shall

invoke its Business Continuity Plan including contingency payment arrangements if necessary.

Specific Contractor

It was agreed with CPNI that the Pharmaceutical Committee would develop business rules in relation to contractors who fail to submit their prescriptions by a set cut-off date in a particular month, whereby it is not possible for a payment to be made, or who repeatedly fail to meet submission dates. The Pharmaceutical Committee addressed this by convening an APP Contingency Sub-group which will monitor, manage and develop the business rules on an ongoing basis. This paper outlines the business rules developed by this group and the process of invocation of the rules.

BSO Payment Timelines and Processes

Specified dates have been identified and communicated to contractors for submission of prescriptions to BSO for the first and second submission for each month. Prescriptions should be ready for courier pick-up by 9am on the specified dates. BSO have introduced a monitoring process whereby contractors are allocated red, amber or green status depending on the date of submission, % submitted in first submission and time required to prepare 1000 forms.

In relation to submission **dates**, the following status is allocated, taking into account the 3 day courier collection period.

Green - if submitted before or within 3 days of the specified date.

Amber - if submitted 4 days after the specified date

Red - if submitted 5 or more days after the specified date

BSO have only a short period of time between the courier's final delivery date for the second submission and the payment close date, within which BSO must complete all processing of prescriptions for the month to ensure payment to all contractors.

If, due to late delivery of prescriptions to BSO, the processing of an individual contractor's total submission is not possible within the correct month, it will impinge significantly on workload in BSO and may impede BSO's ability to make a 30 day payment. In addition to this, individual contractor discount may be affected and manual adjustments will be required to be made to payment and prescribing information. BSO will make every effort to process a payment

in the correct month, however, only one month's payment file can be kept open at any given time and there is a set date each month when the payment system must close to allow Finance to make payments to contractors. The actual processing of an individual contractor's prescriptions takes up to 4 days, therefore there is a cut-off date in each month after which it is not possible for a contractor's complete submission to be processed before the payment system closes.

A list of cut-off dates for each month, after which it will not be possible for BSO to process a contractor's prescriptions, will be agreed with the Pharmaceutical Committee Sub-group. This list will be for the use of the Pharmaceutical Committee Sub-group only.

It is imperative that contractors notify BSO as soon as a delay with submission is anticipated, as BSO can then provide advice and support to individual contractors as appropriate.

Underlying Principles of Late Submission Business Rules

The Pharmaceutical Committee APP Contingency Sub-group have agreed the following principles which underpin the Late Submission Business Rules.

1. The purpose of the Business Rules is to **deter** contractors from making late submissions rather than act as a punitive measure.
2. BSO will always make every effort to process prescriptions in the correct month if at all possible
3. It is in the best interests of both parties that contractors inform BSO as soon as they become aware that they may have difficulty in submitting prescriptions on time. BSO will provide advice and assistance to individual contractors where possible.
4. If a contractor informs BSO of extenuating circumstances, as agreed by the Pharmaceutical Committee APP Contingency Sub-group, which result in submission of prescriptions beyond the cut-off date for processing, BSO will make a 100% estimated payment.
5. The application of the Business Rules will be the responsibility of the Pharmaceutical Committee APP Contingency Sub-group, who will take into

account the individual contractor's circumstances in order to inform their decision-making.

6. The Pharmaceutical Committee APP Contingency Sub-group will consider any extenuating circumstances highlighted to them by individual contractors.
7. The Business Rules will be reviewed on a regular basis and at 3 monthly intervals in the first year.

Late Payment Submission Business Rules (see Appendix i)

1. Length of Delay (outside cut-off day for payment)

a) Extenuating Circumstances

If a contractor submits prescriptions after the agreed cut-off date for a particular month and has contacted BSO to inform of extenuating circumstances, BSO will make a 100% estimated payment based on the previous month's cost per form (excluding adhoc payments e.g. Pre-registration grants, annual levy payment) multiplied by the number of forms that they have submitted for the current month. If data are not available on the number of forms submitted then an estimated payment will be calculated, based on the average of the last 3 months payment (excluding adhoc payments e.g. Pre-registration grants, annual levy payment). This payment will then be adjusted the following month.

b) Non-Extenuating Circumstances or BSO Not Informed

If a contractor submits prescriptions after the agreed cut-off date for a particular month and has contacted BSO to inform that the submission will be late but there are **no** extenuating circumstances or if they fail to contact BSO at all, BSO will inform the Pharmaceutical Committee Sub-group and the following process will be applied:

- a 100% **estimated** payment will be calculated, however, there will be a reduction in the payment made of 5% of net ingredient cost (based on the previous month's payment information.) This amount will be held by BSO and refunded once **two** consecutive prescription months achieve green status for all of the submissions.

If a contractor **repeatedly** makes second submissions beyond the agreed cut-off date, a reduction in estimated payment will be made each month that the contractor submits prescriptions after the agreed cut-off date, for up to a maximum of three months. The total amount will be held over until the contractor has achieved **two** consecutive prescription months with green status for all of the submissions.

BSO will provide advice and support to contractors each time that a reduction in payment is made, in order to assist the contractor to make subsequent submissions on time and prevent further reductions in payment.

2. Number of Late Second Submissions (three consecutive red second submissions)

a) Extenuating Circumstances

If a contractor is allocated red status for late second submissions but which are within the month cut-off dates, for **three** consecutive months, and has contacted BSO to inform of extenuating circumstances, BSO will make a 100% payment.

b) Non-Extenuating Circumstances or BSO Not Informed

If a contractor is allocated red status for late second submissions but which are within the month cut-off dates, for **three** consecutive months, without informing BSO or without extenuating circumstances, the following process will be applied:

- BSO will make a 100% payment. The contractor will be visited by BSO staff who will attempt to ascertain the reason for the late submissions and provide advice and support as appropriate.

A non-refundable Administration Fee of £75.00 will be charged to the contractor.

If a contractor continues to make late submissions after a visit from BSO staff, the Pharmaceutical Committee APP Contingency Sub-group will be informed and further action may be taken.

Process for Invocation of Business Rules

The Business Rules will be invoked for an individual contractor if BSO have not been informed of extenuating circumstances and either;

- a) the contractor makes a submission beyond the respective month payment cut-off date

or

- b) the contractor submits red 2nd submissions, which are not beyond the month cut-off date, for 3 consecutive months.

BSO will inform the members of the Pharmaceutical Committee APP Contingency Sub-group. The Pharmaceutical Committee APP Contingency Sub-group will convene, if necessary, to consider individual cases and will make a decision on how the Business Rules should be applied. A quorum of 3 members will be required before decisions can be made. The contractor will be informed in writing of the decision.

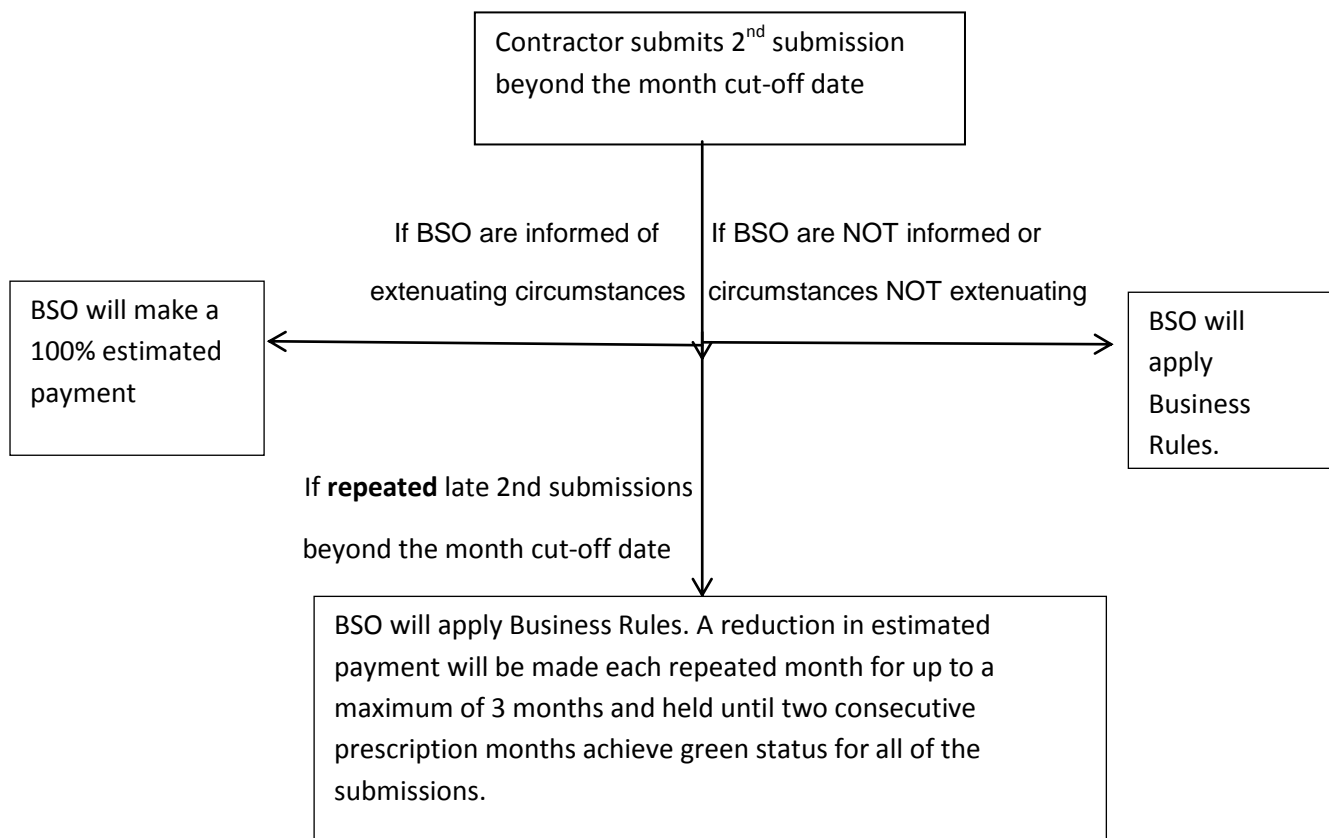
Extenuating Circumstances

Extenuating circumstances would include unforeseen situations such as a fire or a flood or a sudden illness etc. Holidays will not be considered to be extenuating circumstances.

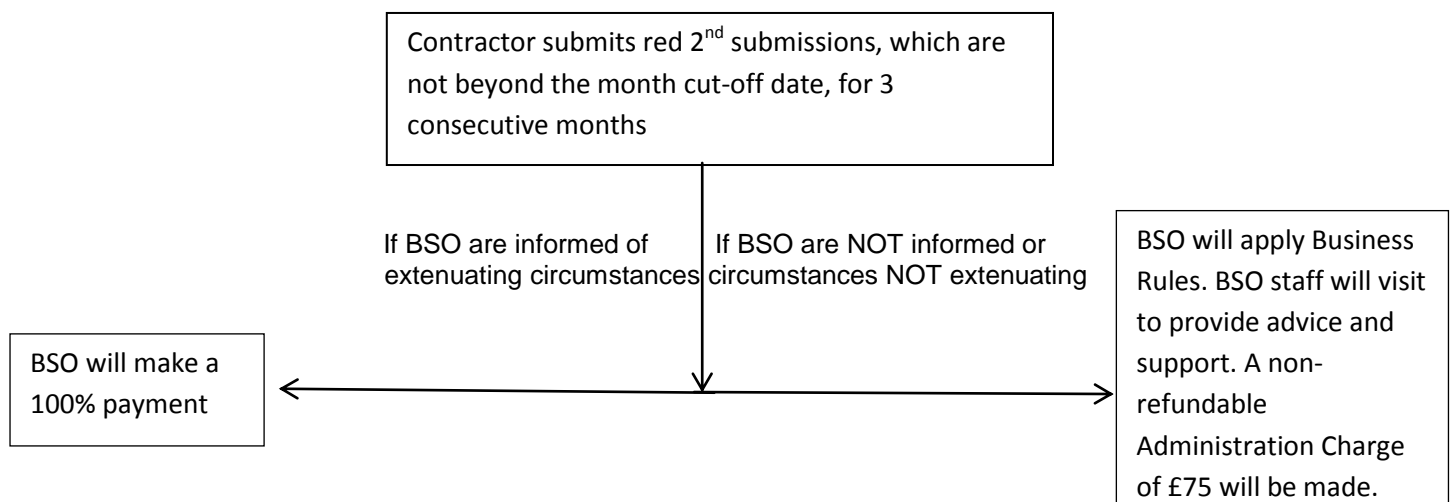
The Pharmaceutical Committee APP Contingency Sub-group will consider any extenuating circumstances highlighted to them by individual contractors. Meetings will be convened on a monthly basis as required.

Appendix (i) – Process of Application of Business Rules

a) Submission After Cut-off Date



b) Repeated Red 2nd Submissions



N.B. – the Pharmaceutical Committee sub-group will consider any extenuating circumstances highlighted by individual contractors