Part VI

Net Ingredient Cost Scale For Chemist Contractors

From January 2024 prescriptions, the discount deduction applied to pharmacy contractors monthly total of reimbursement prices will be transitioning to new arrangements.

Under the new arrangements, which will be fully in place by April 2025, there will be three product groups each with their own fixed deduction rates which will be applied to monthly reimbursement prices of the products in that group, as set out in the table 1 below:

Table 1: Discount deduction rates

Group	Definition and products covered by the definition	Discount Deduction rate
Discount rate 1: Generics	**Products listed in Part I, Category A and M of the Drug Tariff** (excludes products granted price concessions for the given dispensing month)	18.48%
Discount rate 2: Appliances	**Products listed in Part II or Part III of the Drug Tariff** This includes: • Appliances listed in Part III e.g. dressings, elastic hosiery • Incontinence Appliances listed in Part III • Chemical Reagents listed in Part II The Appliances deduction rates applies whether the appliance is prescribed by brand name or generic name.	0%
Discount rate 3: Brands	**Products not covered by Appliances and Generics definition above. This includes:** • Products listed in Part I, **Category C** of the Drug Tariff • Products prescribed by brand name, including **branded generics** • Products **NOT** listed in Part I of the Drug Tariff i.e. non-Part I	5.27%

To note, those products which are listed on the “Zero Discount” list, Drug Tariff - Business Services Organisation (BSO) Website, are exempt from the revised discounting arrangements, as they are from the current arrangements

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