2020

THE IMPACT OF 'PSEUDO' DISTANCE SELLING PHARMACIES

FAILURE TO REGULATE ROGUE BUSINESSES IS LEADING TO PHARMACY CLOSURES

CCA | COMPANY CHEMISTS' ASSOCIATION

THE IMPACT OF 'PSEUDO' DISTANCE SELLING PHARMACIES

Evidence indicates that most Distance Selling Pharmacies (DSPs) are operating in breach of their NHS contractual obligations.

Over 70% of DSPs dispense more than 50% of their prescriptions to patients from a single postcode area located within 10 miles of the pharmacy.

This is compounding financial pressures on local pharmacies, leading to closures, and risking essential face-to-face access to pharmacy care.

There is clear evidence that the majority of Distance Selling Pharmacies (DSPs) are operating in breach of their NHS contracts. By only operating in small geographical areas, they are starving local community pharmacies, who are meeting their contractual obligations, of vital trade. This evidence has been presented to NHS England, but we are yet to see any change in activity.

The NHS in England commissions the delivery of pharmaceutical services from community pharmacies. As such they are responsible for ensuring that the pharmacies they commission, are delivering services for patients in accordance to the terms of service. The Terms of Service for DSPs differ from those that apply to traditional 'Bricks and Mortar' pharmacies (see Appendix 1).

DSPs are intended to provide medicines to patients remotely, for example by post or by courier. One condition of their terms of service is that they must offer their services and deliver prescriptions across the country, rather than just to local patients. DSPs are not allowed to dispense medicines, or deliver other essential pharmaceutical services, to anyone present on their premises. The financial savings that come from not providing patient access at their premises are off-set by the requirement to operate on a national footprint.

However, a detailed review of DSPs in England shows that over 70% are only providing prescriptions to local patients. These **'pseudo-DSPs'** can operate with lower overheads and keep other operating costs down by only marketing their businesses, and delivering medicines, locally.

The financial situation for traditional community pharmacies is dire, with each one underfunded by at least £67,000 per year. [1] Since 2015 there have been 720 net closures, with 41% of these in the most deprived communities. [2] By removing core dispensing work (and associated funding) from local pharmacies, these 'pseudo-DSPs' are placing the physical network of pharmacies in jeopardy. Patient access to essential face-to-face care is at risk.

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Background

DSPs provide alternate access routes to pharmaceutical services (e.g., dispensing of prescriptions). Unlike Bricks and Mortar pharmacies, these services are not location specific, and must be provided nationally. Patients cannot 'walk-in' to DSPs with their prescriptions. Nor do they provide face-to-face care linked to these prescriptions. This means their costs and requirements are quite different from traditional Bricks and Mortar pharmacies.

DSPs offer valuable access to medicines for many patients. It is important that patients have a choice in how they access their medicines and can change this according to their needs.

The NHS is responsible for ensuring there is appropriate access to pharmacies, and to do this it controls the entry to the market. To open a new pharmacy the owner must prove there is a need at that specific location for a new pharmacy to open. The NHS will consider the impact of new pharmacies on the viability of existing pharmacies when considering new applications. **Gaining permission to open a DSP is much easier than it is for a Bricks and Mortar pharmacy, as there is no requirement to demonstrate a local need. DSPs should provide prescriptions to everyone in the country, meaning their impact on the local market is negligible.**

As with any business, there are many costs to operating a pharmacy, including premises and labour costs. DSPs are not required to provide any face-to-face services for patients and so often employ fewer staff. Not needing a pharmacy that patients can access means these businesses also avoid the need to pay the high rents and rates associated with prime high street locations. Traditionally, these lower costs are offset by the additional costs of having to provide care across the entire country (postage, marketing etc.).

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The local impact of DSPs

Research proves that many DSPs are not following the terms of their contract which requires them to serve patients nationwide, instead choosing to only market their service to patients in the local area.

Bricks and Mortar pharmacies offer essential local care, including urgent prescriptions, services, and advice. Patients attending often use the opportunity to discuss other healthcare issues, something missed when exclusively using DSPs.

80% of NHS funding for community pharmacies is used to supply medicines. DSPs operating locally reduce the number of prescriptions available to local pharmacies, risking their viability.

> *This local targeting of patients creates an 'uneven playing field', disproportionally impacting local Bricks and Mortar pharmacies.*

As 'pseudo-DSPs' don't have to pay high street rates, or provide face-to-face care for patients, this local targeting of patients creates an 'uneven playing field', disproportionally impacting local Bricks and Mortar pharmacies.

The evidence

Public data [3] shows there were 374 'active' DSP contracts in England at the end of 2022. The prescriptions dispensed by each were analysed to determine which GP surgery prescribed them.

- **268 (72%) are not following their NHS DSP contractual requirements.** More than 50% of their prescriptions come from GPs in a single postcode area that is located within 10 miles of the pharmacy.
- 28 (7%) receive more than 50% of their prescription from GPs in a single postcode area. However, more than 50% of their prescriptions come from more than 10 miles from the pharmacy.
- 15 (4%) receive up to 50% of their prescriptions from GPs in a single postcode area. However, fewer than 50% of their prescriptions come from more than 10 miles from the pharmacy.
- Only 63 (16%) receive prescriptions from across the country and provide the service expected of DSPs.

Additional detail is set out in appendix 2.

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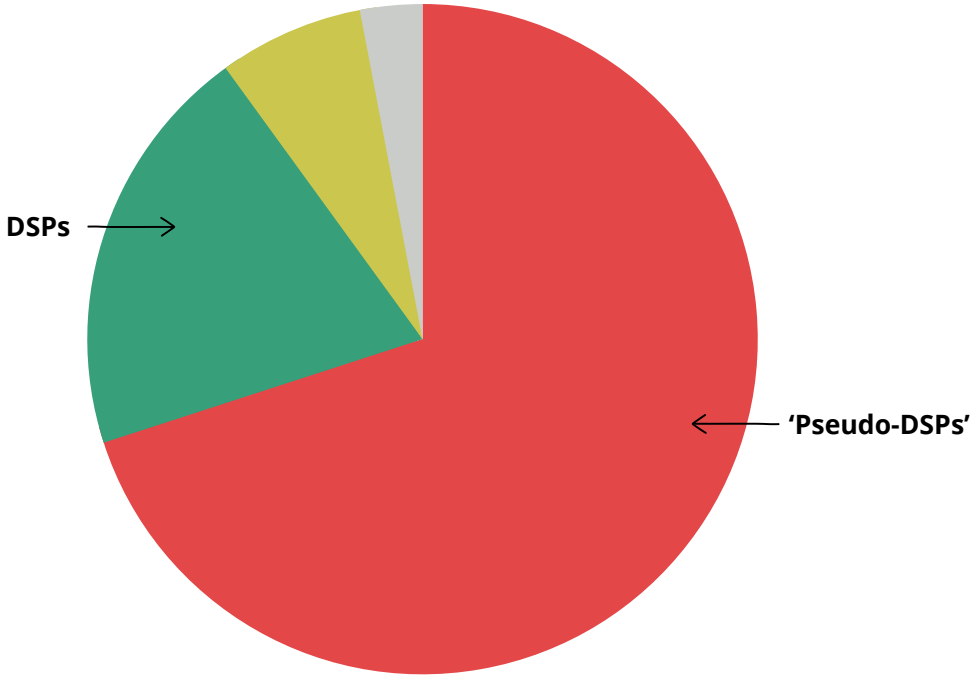
Over 70% of DSPs are not following their NHS contractual requirements



What does this mean?

'Pseudo-DSPs' put access to local care for patients at risk. This was highlighted by the pharmacy regulator in 2021. [5] Patients with greater needs, such as deprived populations or older people, often do not have access to online services. A rise in digital poverty makes consistent access to Bricks and Mortar pharmacies essential. Without this, access to pharmaceutical care is at risk. Despite this, early in the year the government acknowledged that there has been **no assessment of DSP's impact on face-to-face care.** [6]

Community pharmacies are suffering a shortfall in funding following a 30% real term funding cut. This is more than £67,000 per pharmacy. [1] At the same time Bricks and Mortar pharmacies have had to disproportionately contend with rapidly increasing costs including staffing and premises.

Despite this the NHS is asking pharmacies to do more work that it can afford to pay for. Since 2017 pharmacies have seen clinical service volumes increase by 77%. Prescriptions volumes have increased by 8% since 2015. [3]

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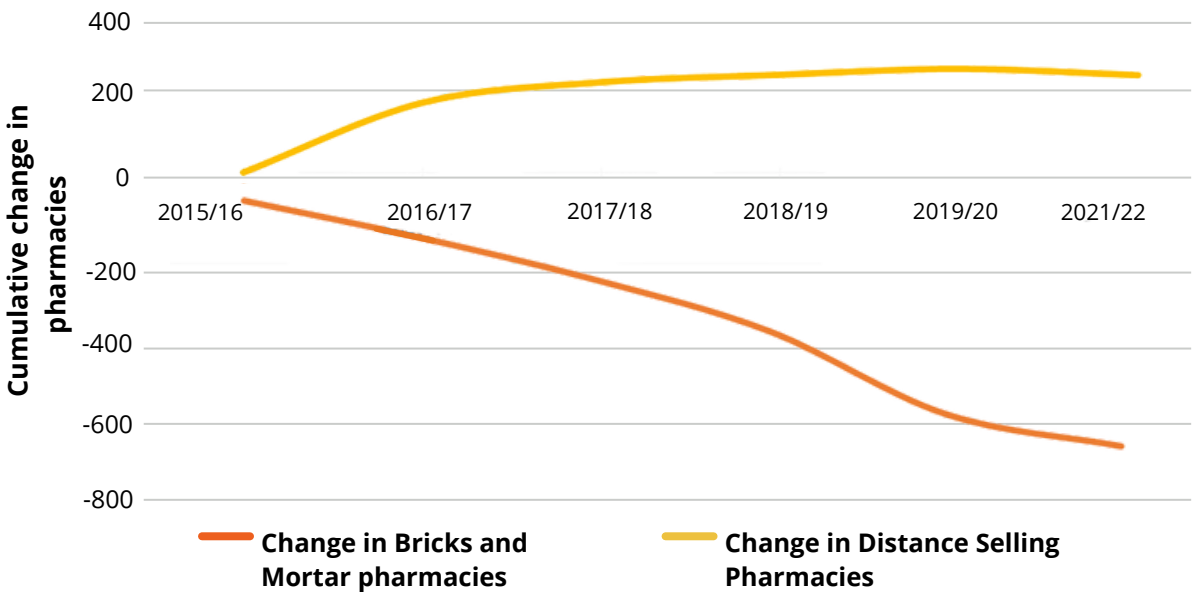
Bricks and Mortar pharmacies offer an essential service in communities.

1. Bricks and Mortar pharmacies regularly provide the **first point of contact** for individuals with a wide range of needs. Patients can receive trusted advice, crucially through a face-to-face consultation without the need for an appointment.
2. For many individuals, community pharmacies offer the **only point of contact** with a healthcare professional. There are many barriers to healthcare, which are overcome by the accessibility of community pharmacy.
3. Bricks and Mortar pharmacies offer crucial access and play an important role in **reducing health inequalities.** Evidence shows that pharmacies are located within a 20-min walk of 89.2% of the population, raising to 99.8% in the areas of highest deprivation. [4]
4. Many prescriptions are needed immediately to start treatment. The reality of a DSP service is that they cannot receive, dispense, and deliver a prescription within minutes. Patients can attend a Bricks and Mortar pharmacy and wait for the medication they need.

Since 2015 there has been a net closure of 720 pharmacies, with 41% of them in the most deprived communities. [2] These closures are almost entirely Bricks and Mortar pharmacies. During the same period there was a growth in DSPs. There are several reasons for this but the **ability to operate at a lower cost is a key contributor.**

One 'Pseudo-DSP' which receives 99.9% of its prescriptions from a single postal area (and less than 0.04% of items from further than 10 miles away) is in the same postcode as 7 Bricks and Mortar pharmacy closures.

Despite a significant reduction in Bricks and Mortar pharmacies, the number of DSPs continues to grow



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Genuine DSPs play an important role in an evolving healthcare landscape. Many patients choose to obtain their medicines from a DSP. DSPs operating on a national footprint provide novel routes to pharmaceutical care, offering convenient access to medicines. Operating at this level, they meet the needs of a core patient group, without impacting the pharmacy network.

Providing a remote service to all patients across the country has seen some DSPs innovate and promote new models of patient care. The community pharmacy network thrives on competition, often leading to ever greater patient care. **This competition relies on a level playing field.**

However, there is a real risk to patient access. When a 'pseudo-DSP' opens, it harms the viability of local pharmacies – hastening closures. The government has a duty to promote a comprehensive health service – meeting the needs of the entire population. Large numbers of pharmacy closures, especially grouped in deprived areas, risks that.

Whilst the government is not obligated to safeguard the financial health of community pharmacies, it has an obligation to manage the market it is responsible for.

Proposals and next steps

'Pseudo-DSPs' cannot be allowed to continue to operate in breach of their contractual obligations. To create a level playing field, whilst supporting patient choice, NHSE need to:

1. **Investigate DSPs identified as clearly not offering or providing services to patients nationally.**
2. **Audit all DSPs and act against DSPs failing to meet their obligations.**
3. **Challenge DSPs to provide evidence of national service provision, and ultimately revoke contracts from DSPs failing to meet contractual requirements.**

Reforming how DSPs are managed in the future will resolve this problem. To improve the service offered to patients, all DSPs should be required to provide more than 50% of their prescriptions to patients living outside a set distance from their premises. The data to demonstrate this is readily available to pharmacies and the NHS, making this a simple check.

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Appendix 1

The key differences in contractual requirements are set out below:

Physical Premises	**Distance Selling Pharmacy**
In person provision of Essential services.	May not provide Essential services to a person who is present at the pharmacy or in the vicinity of it.
All prescriptions presented must be dispensed if possible.	All prescriptions received must be dispensed if possible and dispatched to the patient.
Open to the public throughout contracted opening hours.	Pharmacy procedures must indicate how uninterrupted Essential services are available to **anyone in England.**
Services can be promoted in line with the pharmacies priorities. This will vary based on the local population needs.	Nothing in any written or oral communication such as a practice leaflet or any publicity can suggest, either expressly **or impliedly**, that services will only be available to persons in particular areas of England, or only particular categories of patients will (or will not) be provided for.
Prescription deliveries can be chargeable as part of a private service.	All NHS services must be provided free of charge, which includes the delivery of prescriptions.
Pharmacy premises are approved through contract application and consideration of local pharmaceutical needs.	The premises must not be on the same site or in the same building as the premises of a provider of primary medical services with a patient list.

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Appendix 2

The breakdown of DSP prescription sources is set out below:

% Items received from a single Postal Area	% Prescriptions originating over 10 miles from the Pharmacy										Total
	0 - 10%	11 - 20%	21 - 30%	31 - 40%	41 - 50%	51 - 60%	61 - 70%	71 - 80%	81 - 90%	91 - 100%	
<25%						1	2	4	4	25	*36*
25 - 50%	2	1	4	4	4	7	10	1	5	4	*42*
50 - 75%	25	8	3	11	4	5	4	2	2	2	*66*
75 - 100%	163	29	14	6	5	1	1		3	8	*230*
Total	*190*	*38*	*21*	*21*	*13*	*14*	*17*	*7*	*14*	*39*	*374*

References

[1] CCA, Funding gap in England equates to more than £67,000 per pharmacy, January 2023

[2] CCA, 1,000+ pharmacies and GP practices in England have permanently closed since 2015, February 2023

[3] NHS BSA information services. Found at https://www.nhsbsa.nhs.uk/prescription-data/dispensing-data/dispensing-contractors-data

[4] Todd A, Copeland A, Husband A, et al The positive pharmacy care law: an area-level analysis of the relationship between community pharmacy distribution, urbanity and social deprivation in England BMJ Open 2014;4:e005764. doi: 10.1136/bmjopen-2014-005764

[5] https://www.pharmacymagazine.co.uk/news/online-pharmacy-could-undermine-face-to-face-services

[6] https://questions-statements.parliament.uk/written-questions/detail/2023-02-02/138429

WHO WE ARE

Established in 1898, the CCA is the trade association for large pharmacy operators in England, Scotland and Wales. The CCA membership includes ASDA, Boots, LloydsPharmacy, Morrisons, Rowlands Pharmacy, Superdrug, Tesco, and Well, who between them own and operate around 5,500 pharmacies, which represents nearly half the market. CCA members deliver a broad range of healthcare and wellbeing services, from a variety of locations and settings, as well as dispensing 500 million NHS prescription items every year. The CCA represents the interests of its members and brings together their unique skills, knowledge, and scale for the benefit of community pharmacy, the NHS, patients and the public.

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