

Payments and fees under the ICPSA

This document summaries the fees and payments pharmacies receive from Te Whatu Ora under ICPSA Variation 5 for Schedules 1, 2, 3A and 3B. Schedule 3C payments are not covered as they are between an individual pharmacy provider and their local District.

Schedule 1 (Dispensing) and Schedule 3B.1 (LTC)

Funding per medicine dispensed = (Schedule price of medicine + Case Mix Service Fee + Pharmaceutical Margin + Handling Fee) x GST

Note, for LTC services under Schedule 3B.1 there is an additional monthly payment of \$21 for each registered patient.

Case Mix Service fee

There are two scales for the calculation of case mix service fees, one for initial items, and one for repeat items. The scales are the same for 'core' (Schedule 1) and LTC (Schedule 3B.1) patients. These fees are paid separately to your batch payment.

Initial items

Case mix service fees use a base fee for initial items of \$5.03 and a Relative Value Unit (RVU) scale. The RVU increases with the number of initial items dispensed by a pharmacy to a patient on a single day (described as IPPD). This approach rewards the synchronisation of medicines and recognises the complexities multiple items present, such as ensuring interactions are examined and explained. The base fee is multiplied by the RVU to get a case mix service fee per initial item for that patient.

IPPD	RVU	Case Mix Fee	Handling Fee	Total per initial
1 - 3	1	\$5.03	\$1.13	\$6.16
4	1.02	\$5.13	\$1.13	\$6.26
5	1.03	\$5.18	\$1.13	\$6.31
6+	1.04	\$5.23	\$1.13	\$6.36

Repeat items

Case mix service fees use a base fee for repeat items of \$3.27 and a Relative Value Unit (RVU) scale. The value of the RVU decreases as the repeat sequence number increases, giving less funding per item for frequent dispensing. This intends to discourage unnecessary repeats and reflect the estimated clinical input with each dispensing, while recognising the costs of providing necessary repeats. The base fee is multiplied by the RVU to get a case mix service fee per repeat item per patient.

Suffix	RVU	Case Mix Fee	Handling Fee	Total per repeat
2 - 3	1	\$3.27	\$1.13	\$4.40
4 - 12	0.6	\$1.96	\$1.13	\$3.09
13 - 28	0.4	\$1.31	\$1.13	\$2.44
29+	0.35	\$1.14	\$1.13	\$2.27

Schedule 1 specific services – Class B, PSO, BSO, NPPA Services A, Extemporaneously Compounded Preparations

Funding per Schedule 1 specific service = (Schedule price of medicine + Pharmaceutical Margin + Handling Fee with multiplier) x GST

Specific service in Schedule 1	Handling Fee with multiplier
Class B pharmaceutical services (Controlled Drugs)	\$7.79
PSO/BSO	\$5.99
NPPA Services A	\$5.99
Extemporaneously compounded preparations	\$8.98

Schedule 2 Additional Professional Advisory Services (APAS)

Cost pressures funding was paid exclusively via Schedule 2 until 2023. The funding pool paid via APAS is \$48.6 million under ICPSA Variation 5.

APAS payments are based on a pharmacy's market share. They are calculated quarterly in advance, and then paid in three equal monthly instalments.

Calculations use a weighted combination of total items dispensed (70% weighting) and patient months per quarter (30% weighting) – and have the following equity adjustments applied:

- Māori/Pacific Island with Community Services Card (CSC) or High User Health Card (HUHC): 1.8
- Māori/Pacific Island without CSC or HUHC: 1.4

- Other Ethnicity with CSC or HUHC: 1.4
- Other Ethnicity without CSC or HUHC: 1 (this weighting will apply for any claims without a valid NHI)

Ethnicity and card status are sourced using the NHI number submitted with your claim. There is no additional recording and/or claiming requirement to receive APAS payments.

Schedule 3A specific services – Opioid Substitution Treatment Services, Aseptic, Sterile Manufacturing, Clozapine

Funding per Schedule 3A specific service = (Schedule price of medicine + Pharmaceutical Margin + Handling Fee with multiplier) x GST

Specific service in Schedule 3A	Handling Fee with multiplier
Opioid substitution treatment services	\$7.79
Aseptic services	\$29.95
Sterile manufacturing services	\$29.95
Clozapine	\$11.98

Immunisation funding

Funding per vaccination = (GST exclusive purchase cost of the vaccine + \$36.05) x GST

Note, a co-administration fee is paid when the influenza and shingles vaccinations are administered to an eligible service user at the same time = **(GST exclusive purchase cost of the vaccines + \$36.05 + \$20.52) x GST**

Schedule 3B specific services – CRC, ARRC, Special Foods

Funding per Schedule 3B specific service = (Schedule price of medicine + Pharmaceutical Margin + Handling Fee with multiplier) x GST

Specific service in Schedule 3B	Handling Fee with multiplier
Community residential care	\$5.99
Age-related residential care	\$5.99
Special foods	\$5.99

CPAMS

One-off payment of \$1,600 for Community Pharmacy Anticoagulation Management Services (CPAMS) establishment costs, then **\$47.25 per enrolled patient per month**, provided the patient has received at least one test in that month.

Brand-switch fee

\$5.51 per brand-switch claim.

You can claim one brand-switch payment per patient per eligible changed medicine (determined by Pharmac). When a patient is on two strengths of the same medicine, only one brand-switch fee may be claimed. Brand-switch fees can only be claimed during the first three months of the sole supply period.

Pharmaceutical margin

Pharmaceutical margin is a contribution towards the procurement and stockholding costs of pharmaceuticals.

For **registered** medicines with a schedule price **less than \$150**: 3% on the schedule price, and a flat fee of 27 cents per pack.

For **registered** medicines with a schedule price **greater than \$150**: 4% on the schedule price, and a flat fee of 27 cents per pack.

For all **special foods**: 4% on the schedule price, and a flat fee of 27 cents per pack.

For **unregistered** (Section 26/29) medicines: 10% mark up on the schedule price, \$3.00 administration fee per dispensing, a \$5.30 counselling service fee per dispensing of each medicine, and a flat fee of 27 cents per pack.

Payment frequencies and claim processes

Payment	Claim process	Payment frequency	Date of payment
All specific service fees (Schedule price of medicine, Pharmaceutical Margin, and Handling fee)	Claim required (Batch claims)	Up to four times a month	Paid on 5th, 12th, 20th and 28th of the month (or next working day)
Immunisation	Claim required (Batch claims)	Up to four times a month	Paid on 5th, 12th, 20th and 28th of the month (or next working day)
APAS (Schedule 2) funding	No claim required	Monthly	Paid on the 14th of the month (or next working day)

Case Mix Service fees for Schedule 1 and Schedule 3B.1	No claim required	Monthly	Paid on the 1st working day of the month
CPAMS	Claim required	Monthly	
LTC monthly fee for Schedule 3B.1	No claim required	Monthly	Paid on the 7th working day of the month
Section 26/29 pharmaceutical margin	No claim required	Quarterly	Paid by the last working day, two months after the end of the quarter
Brand-switch fee	Claim required	One-off	
CPAMS establishment fee	Claim required	One-off	