


What is Category M?

and why is it important to your business?



A brief and basic overview of the mechanics of Cat M.

For a more detailed description, please see the other resources available here on the Partner Platform

Drug tariff¹



Monthly publication

- Electronic



Available to


- Pharmacists
- General practitioners
- Dispensing staff




Sets out

- Dispensing rules
- Value of fees and allowances
- Drug and appliances prices paid

Drug tariff Categories²




- Medicines are not as readily available as other generic medicines
- Based on a particular brand or manufacturer



- Readily available medicines
- Reimbursement price set quarterly
- Based on quarterly sales and volume data obtained under the Health Service Products (Provision and Disclosure of Information) Regulations 2018*

*Previously this price was based on a weighted average of the List Prices from 2 wholesalers and 2 generic manufacturers.



- Readily available medicines
- DHSC calculates the reimbursement price based on information submitted by manufacturers

Who is responsible for Category M medicines?³

NHS England

- Commissions pharmaceutical services
- Determines amount paid to pharmacy contractors for those services under the CPCF

Secretary of State

- Regulates NHS reimbursement prices for the products dispensed

DHSC & CPE with NHS England

- Assess the medicine margin*




* Achieved by pharmacy contractors (through a medicines margin survey)


Impact for Pharmacists⁴

Category M medicines
set the reimbursement price and ensure that pharmacists receive a total annual retained buying margin of **£900m** across all products dispensed in England


How DHSC calculates and sets reimbursement price^{4, 5}




- Generic manufacturers and wholesalers provide information to DHSC
 - **level of a specific molecule**
 - **strength**
 - **presentation**
 - **pack size**



- Pharmacies provide data monthly to Department of Health and Social Care
- If above retained margin figure
 - **tariff prices reduce**



- DHSC elevates the average actual selling price at a granular product level
 - **updates quarterly**



- If below retained margin figure
 - **tariff prices increase**

What is a price concession?⁶

- When the purchase price of a medicine is higher than the reimbursement price then it can result in dispensing at a loss
- Price concessions are a temporary tariff set by the DHSC to avoid this. A price concession only applies for the month in which it is granted



Product	Example
Current drug tariff price paid for medicine	£1.20
Price paid for medicine via Wholesaler	£2.40
Price concession granted for the current month	£2.50
Reimbursement with price concession	£0.10

- Abbreviations**
- Community Pharmacy Contractual Framework – **(CPCF)**
 - Department of Health and Social Care – **(DHSC)**
 - Community Pharmacy England – **(CPE)**

References

¹ <https://www.nhsbsa.nhs.uk/pharmacies-gp-practices-and-appliance-contractors/drug-tariff> Last Accessed April 2025

² <https://cpe.org.uk/dispensing-and-supply/dispensing-process/drug-tariff-resources/virtual-drug-tariff/> Last Accessed April 2025

³ <https://www.england.nhs.uk/primary-care/pharmacy/medicines-reimbursement-prices/> Last Accessed April 2025

⁴ <https://cpe.org.uk/funding-and-reimbursement/pharmacy-funding/funding-distribution/retained-margin-category-m/> Last Accessed April 2025

⁵ Accord Partner Platform 'What is the Drug Tariff and why is Category M important?' <https://www.accordpartnerplatform.co.uk/learning-hub/category-matters/> Last Accessed April 2025

⁶ <https://cpe.org.uk/funding-and-reimbursement/reimbursement/price-concessions/> Last Accessed April 2025