

Chemotherapy Review Outcomes – Questions and Answers

1. What are the new funding arrangements?

- The Prime Minister, the Hon Tony Abbott MP, and the Minister for Health, the Hon Peter Dutton MP, have announced more than \$82 million in funding to help hospitals and pharmacies deliver essential medicines for people undergoing cancer treatment.
- From 1 January 2014 pharmacies will receive total average remuneration of \$152.66 for every chemotherapy infusion they compound and dispense under the Pharmaceutical Benefits Scheme (PBS) 'Efficient Funding of Chemotherapy' (EFC) Schedule, for 18 months until 30 June 2015 (when the Fifth Community Pharmacy Agreement expires).
- This is an increase of \$60 above the base funding previously provided of \$77.66 in fees for compounding and dispensing of PBS chemotherapy medicines and the \$15 average retail mark-up already paid to community pharmacies.
- Private hospitals and public hospitals participating in PBS reforms will also receive the additional \$60 fee per infusion.
- Like all pharmacy remuneration, funding beyond this time will be considered as part any future agreement for pharmacy services under the PBS.

2. Why are the new arrangements being implemented?

- The recent Review of Funding Arrangements for Chemotherapy Services, by the Department of Health with independent experts, found that the \$77.66 in fees was insufficient to meet all the costs of compounding and dispensing chemotherapy infusions.
- This is because chemotherapy medicine infusions are more complex to dispense than standard medicines:
 - Many are highly toxic; and
 - Doses vary according to patient size or treatment requirement; and
 - All doses must be compounded in sterile conditions shortly before the infusion is administered.
- The technical and specialised nature of delivery of chemotherapy services means there are higher costs of providing chemotherapy treatment compared to other PBS medicines, such as a box of tablets.
- That is why the fee for preparing and dispensing of chemotherapy medicine infusions is greater than the standard \$6.63 dispensing fee for other PBS medicines.

3. What did the Review of funding arrangements for chemotherapy services find?

- The Review found:
 - Chemotherapy medicines are compounded and dispensed to a consistently high quality across Australia;
 - Pharmacies and hospitals have complex business models that result in a range of costs;
 - The PBS Price Disclosure programme revealed that pharmacies have received substantial margins on PBS medicines by purchasing them from the manufacturers at discounted prices. For example, the chemotherapy medicine docetaxel was being purchased at around 80 per cent off the PBS price, providing pharmacies with up to \$2,800 more for a single infusion than they were paying for it.
 - Price Disclosure has successfully returned these discounts to the Australian community by reducing the PBS price in line with the purchase prices.
 - The Review showed that some of the margin from the cost of the medicines was being used by pharmacies to compete for increased market share by providing a broad range of support services, including some services outside the scope of the PBS.
 - However, the review also showed that the previous fees for the compounding and dispensing of chemotherapy infusions were insufficient to meet the costs of providing the medicines.
 - Based on data provided by stakeholders, the average total cost of supplying chemotherapy infusions was \$144.90.
 - There are areas of administrative and regulatory red tape that can be reduced to help health care workers devote more time to patient care and less time to paperwork.

4. How did the Review into the funding of chemotherapy services come about?

- In late 2012 a number of hospitals and pharmacies were concerned that following price reductions from several high cost chemotherapy medicines, such as docetaxel, it would no longer be viable for them to provide essential chemotherapy services.
- Following an initial investigation by the Department of Health the Review of Funding Arrangements for Chemotherapy Services was commenced, as initial information provided by the sector suggested that was a problem with the level of the existing fees.
- Around this time the Senate referred this matter to the Senate Community Affairs Committee (the Committee) for Inquiry. In its report the Committee recommended that Health continue with the Review.

5. What did the Review involve?

- The Review was conducted by the Department of Health and guided by four independent experts representing health administration, pharmacy, oncology and oncology nursing.
- Interested parties from across the chemotherapy sector, including pharmacies, hospitals, compounders and patient support groups participated enthusiastically throughout the Review.
 - A total of 30 submissions were received
 - 27 stakeholders welcomed the opportunity to have meetings or teleconferences with the Review;
 - A large number of hospitals, pharmacies and compounders provided confidential business cost data that was subjected to independent analysis; and
 - The views of consumers and their families were captured by specific consultations with the Consumers Health Forum.
- A wide range of stakeholders provided cost data to the Review including pharmacies, public and private hospitals and third party compounders.
- The cost data included all elements of the supply of infusible chemotherapy drugs including compounding, transporting, storage and dispensing, plus costs associated with supporting chemotherapy patients and business costs such as rent.

6. What impacts will the new measures have?

- The fee structure from 1 January 2014 will be as follows below. Note that public hospitals that dispense PBS medicines receive a different base fee but will still receive the additional \$60 fee.

Component of PBS reimbursement	Community Pharmacy	Public Hospital	Private Hospital
Wholesale/distribution fee [#]	\$24.79	Nil	\$24.79
Diluent fee [#]	\$4.91	Nil	\$4.91
Preparation fee [#]	\$41.33	\$41.33	\$41.33
Dispensing fee [#]	\$6.63	Nil	\$6.63
All fees	\$77.66	\$41.33	\$77.66
Additional fee	\$60.00	\$60.00	\$60.00
Total fee*	\$137.66	\$101.33	\$137.66

* Plus relevant retail mark-up in community pharmacies and private hospitals.

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- Beyond 30 June 2015, funding for chemotherapy will be considered as part of the broader arrangements for the remuneration of pharmacy services under any future community pharmacy agreement.

7. What are the administrative outcomes from the Review?

- The Government will also simplify a number of administrative processes, to reduce the red tape burden faced by prescribers, pharmacists and hospitals when prescribing, dispensing and claiming for PBS medicines.
- These measures include:
 - Allowing doctors to prescribe PBS medicines using a standardised medication chart in private and public hospitals. This will remove the double-handling where doctors must currently write both a medication chart order and a PBS prescription for the same medicine.
 - Enabling pharmacies public and private hospital pharmacies to make a single electronic claim for payment for PBS medicines dispensed off a standardised medication chart. This will eliminate the unnecessary paperwork where currently a pharmacy makes an electronic claim and must also submit all paper prescriptions.
 - Removing the requirement for doctors to make a phone call for authorisation to prescribe some medicines for patients. The Department of Health will work with the Pharmaceutical Benefits Advisory Committee to consider the removal of the current telephone authority process for chemotherapy medicines, where appropriate.