



Australian Government

# AUSTRALIAN GOVERNMENT RESPONSE TO THE REVIEW OF PHARMACY REMUNERATION AND REGULATION

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## PREAMBLE

The Australian Government welcomes the Final Report of the Review of Pharmacy Remuneration and Regulation, September 2017 (the Report).

The Government responds to the Report in accordance with meeting its obligations under the Sixth Community Pharmacy Agreement (6CPA).

The independent Review upholds a commitment made between the Australian Government and the Pharmacy Guild of Australia (the Guild), during negotiations of the 6CPA in 2015, to conduct a comprehensive review of pharmacy remuneration and regulation.

The Terms of Reference for the Review provided that it would make recommendations on the future remuneration, regulation including pharmacy location rules and other arrangements that apply to pharmacy and wholesalers for the dispensing of medicines and other services, including preparation of infusions or injections for chemotherapy, provided under the Pharmaceutical Benefits Scheme (PBS), to ensure consumers have reliable and affordable access to medicines.

In November 2015, the then Minister for Health, the Hon Sussan Ley MP, appointed Professor Stephen King to chair a panel of three eminent independent reviewers to undertake the Review. Other members appointed to the Review Panel were Ms Jo Watson and Mr Bill Scott.

The Government acknowledges the comprehensive consultation, analysis and strategic thinking undertaken by the Review Panel in delivering the Report.

The Government notes that the Report has been informed by an extensive public consultation process and gratefully acknowledges the input of all individuals and organisations who contributed their knowledge, expertise and vision to the Review.

The Report notes that Australia's pharmacy sector is evolving and adapting to change – it is in the midst of transition from a product supply focus to one which is more patient-centred and adaptive to an outcomes-based approach to the optimal use of medicines – and that this trend is also occurring internationally.

The Government notes that a number of recommendations of the Review complement work that has already been undertaken, or is in progress by Government and/or other organisations, agencies or jurisdictions to progress issues that support community pharmacy with this transition.

Other recommendations of the Review will require further investigation by Government.

The Government recognises the pivotal role of the community pharmacy sector in delivering medicines to Australian patients. The Government is committed to working closely with community pharmacies and other stakeholders to address the significant pressures being placed on the health system, including a growing burden of chronic disease, an ageing population, and growing demand for high-cost, high-tech services and breakthrough medicines.

The 6CPA between the Government and the Guild provides approximately \$18.9 billion to more than 5,700 community pharmacies for dispensing PBS medicines, providing pharmacy programs and services and for the Community Service Obligation (CSO) arrangements with pharmaceutical wholesalers.

The 6CPA, which operates until 30 June 2020, supports Australia's *National Medicines Policy* and the sustainability of the PBS, contributes to the Government's investment in new medicine listings (since coming into Government in September 2013, the Coalition has added around \$8.2 billion worth of medicines to the PBS) and provides greater certainty of Government revenue to community pharmacies, in an environment of ongoing medicine price reductions associated with price disclosure.

In May 2017, the Government entered into a compact with the Guild to strengthen the PBS. As part of the 2017-18 Budget measure *Improving Access to Medicines – support for community pharmacies*, the Government is providing \$825 million over three years from 2017–18 to support and improve Australians' access to medicines.

This funding includes an additional \$210 million over three years to community pharmacies and \$15 million to pharmaceutical wholesalers in response to lower than forecast prescription volumes and in recognition of the impact of the package of price reduction policies outlined in the Budget measure.

As part of the 2017-18 Budget measure, the Government is also providing \$600 million in funding to community pharmacy for new and expanded community pharmacy programs delivered under the 6CPA. This funding will enable pharmacies to offer new or expanded services to consumers, including home visits by pharmacists, helping patients with their medication, and supporting Health Care Homes (HCH) with medicine management.

The Government undertakes to work collaboratively with the Guild and other key stakeholders to maintain the community pharmacy model and to secure a viable community pharmacy sector that continues to meet the needs of consumers into the future.

## RECOMMENDATIONS AND GOVERNMENT RESPONSE

### Recommendation 2-1: PBS Pricing Variations

*The payment made by any particular consumer for a PBS-listed medicine should be the co-payment set by the Australian Government for that consumer or the Dispensed Price for Maximum Quantity for that medicine, whichever is the lower. An Approved Pharmacy should have no discretion to either raise or lower this price.*

#### Government Response

The Government notes this recommendation.

As part of Australia's broader *National Medicines Policy*, the Australian Government aims to secure reliable, timely and affordable access to necessary medicines for Australians through the Pharmaceutical Benefits Scheme (PBS). Medicines subsidised by the Government under PBS arrangements are provided to the consumer at a price up to a maximum which is determined by the Government.

As at 1 January 2018, the maximum patient co-payment paid by a general patient is \$39.50 or \$6.40 for a concessional patient, plus any applicable special patient contribution, brand premium or therapeutic group premium.

### Recommendation 2-2: The \$1 Discount

*The Australian Government should abolish the \$1 discount on the PBS patient co-payment.*

#### Government Response

The Government does not support this recommendation. The Government has previously agreed, as part of its May 2017 Compact with the Guild, to review the \$1 discount on the PBS patient co-payment (the \$1 Discount Review) following the report of the Review of Pharmacy Remuneration and Regulation. The Government will further consider this recommendation once the \$1 Discount Review has been completed.

The optional \$1 discount on the PBS patient co-payment was introduced by the Government from 1 January 2016, with the aim of driving increased price competition between pharmacies and delivering benefits to consumers, particularly concession card holders, through reduction of out-of-pocket costs for their PBS medicines at the point of sale.

The most recent actual figures (in the twelve months to 30 June 2017) show that 29 per cent of all PBS and Repatriation Pharmaceutical Benefits Scheme (RPBS) scripts were discounted by up to \$1.00, with 90 per cent of all discounted scripts being for PBS concessional patients. This information is published in the *PBS Expenditure and Prescriptions 2016-17 Report*, available at: [pbs.gov.au](http://pbs.gov.au).

## Recommendation 2-3: PBS Safety Net

*In relation to the PBS Safety Net, the Australian Government should:*

- a. require the PBS Safety Net to be managed electronically for consumers. This functionality should be automatic from the consumer's perspective;*
- b. investigate whether the PBS Safety Net scheme can be adjusted to spread consumer costs over a twelve-month period;*
- c. provide sufficient transparency in the way a patient's progress towards the PBS Safety Net is collated, including information on any gaps in how it is calculated; and*
- d. investigate and implement an appropriate system which allows payments for opiate dependence treatments to count towards the PBS Safety Net.*

## Government Response

The Government accepts-in-principle this recommendation but notes that it poses a number of policy and implementation issues that would need to be considered further. In particular, the Government notes that opiate dependence treatments are managed outside of general PBS arrangements and patient co-payments do not apply.

The Government will explore its Safety Nets, with a view to improving transparency and consumer experience. The Government's Safety Net arrangements support and protect patients and their families requiring a large number of PBS medicines or with high out of pocket costs.

As of 1 January 2018, the PBS Safety Net threshold for eligible concession card holders is \$384.00 and \$1,521.80 for general patients.

Upon reaching the relevant threshold, general patients pay for further PBS prescriptions at the concessional co-payment rate and concession card holders are dispensed PBS prescriptions free of charge for the remainder of that calendar year.

To assist access to Safety Net arrangements patients are able to maintain records of their PBS expenditure on a Prescription Record Form (PRF), available from any pharmacy. This form records the value of the actual co-payment paid by a patient, less any allowable discount, up to a maximum of \$1.00. Patients are responsible for maintenance and storage of their PRF, but may also choose to have their PRF maintained by their pharmacist.

Upon reaching their threshold, patients may obtain a Safety Net Entitlement Card or Safety Net Concession Card from their pharmacist to assist with access to Safety Net provisions.

Government investment in Australia's My Health Record system is providing a national online secure system allowing health care recipients to share their health information, including their medication history, with registered health care providers. Future implementation of this system may provide opportunities to assist patient management of out of pocket costs in relation to accessing pharmaceutical and medical benefits.

## **Recommendation 2-4: Pharmacy Atlas**

*There should be an easily accessible and searchable ‘atlas’ of all community pharmacies in Australia that provides key consumer information, including the services and programs offered by each pharmacy, the opening hours of the pharmacy and any specific accessibility services of the pharmacy (e.g. multilingual staff). The ‘atlas’ should be easily accessible to consumers (e.g. through mobile- friendly applications).*

*The Australian Government should also consider the feasibility of a twenty-four hour ‘pharmacy hotline’ to provide pharmacist advice and medicines information to consumers Australia-wide.*

## **Government Response**

The Government notes this recommendation.

There are a number of existing systems that already provide this service including the *National Health Services Directory*, and the Guild’s *Find a Pharmacy* website.

The *National Health Services Directory* (NHSD) developed and delivered by Healthdirect Australia on behalf of all Australian governments is a comprehensive national directory of health services and provider information across all Australian states and territories in both public and private sectors. Consumers can use the NHSD to locate the closest pharmacy available to them. The directory includes detailed service information such as location, opening hours and telephone numbers.

The Guild’s *Find a Pharmacy* website, launched in December 2017, provides advice from pharmacists on common health issues, with the aim of educating consumers on the range of services available from community pharmacies. This site also helps consumers locate pharmacies offering any specific services they require. In addition to location and contact details, information available for each pharmacy includes opening hours, services provided and languages spoken.

## **Recommendation 2-5: Consumer Medicines Information**

*Consumer Medicines Information should be offered and made available to consumers with all medicines dispensed, in accordance with Pharmaceutical Society of Australia guidelines. The Pharmaceutical Society of Australia guidelines and the distribution of Consumer Medicines Information to consumers should be audited and enforced to ensure compliance.*

*Pharmacists and the pharmacy industry should continue to work on the improvement of Consumer Medicines Information and the use of technology to make medicines information more available to consumers.*

## Government Response

The Government accepts this recommendation.

The Government, through the Therapeutic Goods Administration (TGA), maintains a public database of available Consumer Medicines Information documents via its website and in addition provides access to this information via its free *MedSearch*, medicines information app, available at: [www.tga.gov.au/medsearch-app](http://www.tga.gov.au/medsearch-app).

Increasing community and sector awareness of Consumer Medicines Information has been included as a priority under the TGA's education and communication strategy for 2018.

The Government also notes current efforts within the pharmaceutical sector to improve the accessibility of medicines information to consumers.

## Recommendation 2-6: Electronic Prescriptions

*The Australian Government should initiate an appropriate system for integrated electronic prescriptions and medicine records as a matter of urgency. Under this system the electronic record should become the legal prescription record. Participation in the system should be required for any prescriber of a PBS-listed medicine, any pharmacist wishing to dispense a PBS-listed medicine and any consumer who is seeking to fill a PBS prescription.*

## Government Response

The Government accepts-in-principle this recommendation.

In April 2016, the National Health Information and Performance Principal Committee, a sub-committee of the Australian Health Ministers' Advisory Committee, tasked the Australian Government Department of Health with progressing e-PBS prescribing through the establishment of an Electronic Prescribing Working Group (EPWG) with state and territory governments.

Through consultation with the EPWG, the Government is developing nationally aligned approval processes, including regulatory, compliance and governance frameworks, so that prescribing, dispensing and claiming of PBS medicines can occur electronically without the requirement for a paper prescription.

This work to make electronic forms of PBS scripts a legal form of prescription is being developed in consultation with doctors and pharmacists and participation will be voluntary with doctors retaining complete control over all scripts.

## Recommendation 2-7: Electronic Medications Record

*There should be one electronic personal medications record system that covers all Australians and ensures appropriate access by, and links between, community pharmacy, hospitals and all doctors. This record system should also include a vaccines register.*

## Government Response

The Government accepts this recommendation.

The Australian Digital Health Agency (ADHA) is currently working with consumers and health care providers to explore how digital health programs such as electronic medication management (EMM) can improve the safety and quality of health care and medicines usage in Australia and support health reforms such as HCH, mental health programs and integration of care.

Australia's My Health Record system is a national online secure system that allows health care recipients to share their health information, including their medication history, with registered health care providers. My Health Record has continued to grow in its capability, usability and integration with clinical information systems across the health sector.

Over 5.5 million Australians now have a My Health Record (approximately 23 per cent of the population). By the end of 2018, all Australians will have a My Health Record created for them unless they choose not to have one. This will result in an estimated 98 per cent of Australians having a My Health Record, which will equate to the highest participation rate in the world for a national health record system.

For the first time, members of health care teams will also have ready access to key health information for their patients. Prescription and dispense records are being uploaded to the My Health Record system from 'script exchanges' and large health care organisations and other medicines information is primarily contained in uploaded shared health summaries and discharge summaries.

Connection to My Health Record will enable community pharmacists to play a more integrated role in medication management and coordinated patient care. Pharmacists will have timely access to information on a person's current medications, whether dispensed on discharge from a hospital, or through any community pharmacy. My Health Record integration will also support better health outcomes by reducing the time pharmacists spend accessing patient information and allowing increased interaction with patients.

The Government notes that the ADHA and the Australian Government Department of Human Services has also developed a national electronic vaccines register. Since September 2016, the My Health Record system has included information for both children and adults from the Australian Immunisation Register.

### **Recommendation 2-8: Electronic Prescriptions — Consumer Choice**

*The choice of where a consumer has an electronic prescription dispensed should remain a decision for the consumer. Any consumer should be able to request at the point of prescribing that their script be directed to a particular community pharmacy for dispensing (including an online pharmacy if that is the consumer's choice). For avoidance of doubt, a prescriber should not be able to direct a consumer's electronic prescription to a particular pharmacy for dispensing without that consumer's consent. This will require appropriate oversight and enforcement by professional bodies.*

## Government Response

The Government notes this recommendation.

The Government supports the principle of consumer choice in the dispensing of PBS medicines.

The Government's PBS prescribing arrangements allow consumers to choose the PBS approved pharmacy at which their PBS medicines are dispensed.

The National Requirements for Electronic Prescriptions, agreed with states and territories through the EPWG in September 2017, provide a set of key principles for a safe system to support prescribing and dispensing of prescriptions in the electronic environment within the relevant legislative framework. A key objective of these requirements is that electronic prescriptions will be able to be dispensed in any pharmacy or other authorised place, irrespective of which authorised prescriber issued the prescription and which state or territory it was issued in (subject to regulatory constraints).

### **Recommendation 3-1: Access to Medicines Programs for Indigenous Australians**

*The Australian Government should ensure all benefits from the section 100 Remote Area Aboriginal Health Service Program and the Closing the Gap PBS Co-Payment Measure are accessible to Aboriginal and Torres Strait Islander people living in rural areas. This should be based on the principle that the benefits to the individual follow that individual, regardless of where a prescription is written or dispensed.*

## Government Response

The Government accepts this recommendation but notes that it poses a number of policy and implementation issues that would need to be considered further.

The Government also notes that in November 2016, the Australian Government Department of Health commissioned a review of the following Indigenous pharmacy programs and how they interact:

- Closing the Gap PBS Co-payment Measure;
- Section 100 Remote Area Aboriginal Health Service measure;
- Quality Use of Medicines Maximised for Aboriginal and Torres Strait Islander People Program; and
- Section 100 Pharmacy Support Allowance Program.

Responses to the findings of this review will be considered by Government in collaboration with key stakeholders.

### **Recommendation 3-2: Pharmacy Ownership and Operation by an Aboriginal Health Service**

*The Australian Government should remove any restrictions on the ability of an Aboriginal Health Service to own and operate a pharmacy located at that Aboriginal Health Service. To ensure viability this should be trialled across specific jurisdictions in urban, rural and remote locations, to understand any inadvertent impacts of the removal of restrictions.*

#### **Government Response**

The Government notes this recommendation.

Commonwealth legislation does not determine the ownership of pharmacies. The ownership and operation of pharmacies is a matter for consideration by state and territory governments under local jurisdictional legislation.

Under the 6CPA, the Government is supporting increased access to appropriate pharmacy services through the Pharmacy Trial Program, which is providing \$50 million (between 2015 and 2020) to fund trials to improve patient outcomes. This program has involved trials with a focus on patient-centric services that benefit Aboriginal and Torres Strait Islander people, including:

*Improved Medication Management for Aboriginal and Torres Strait Islander peoples – a feasibility study that aims to improve medication management for Aboriginal and Torres Strait Islander people through pharmacist advice and culturally appropriate services. This study, led by the Guild in partnership with the National Aboriginal Community Controlled Health Organisation (NACCHO), commenced in October 2017.*

*Integrating practice pharmacists into Aboriginal Community Controlled Health Services (ACCH) – a trial that will see pharmacists working directly as part of the primary care team within ACCHs. The trial commenced in December 2017 and is being led by the PSA in collaboration with NACCHO and the College of Medicine and Dentistry at James Cook University.*

### **Recommendation 3-3: Patient Labelling of Medicines under Bulk Supply Arrangements**

*All PBS medicines provided to a patient should be appropriately labelled and dispensed for that patient's use. Where there is a system in place that involves 'remote' dispensing or 'bulk supply' this would require appropriate monitoring to ensure the quality of medicine supply. Aboriginal Health Services and pharmacies in remote areas should be provided training to understand and mitigate the risks associated with remote and bulk supply dispensing.*

## Government Response

The Government notes this recommendation.

The Remote Area Aboriginal Health Services (RAAHS) Program provides for the supply of PBS medicines to RAAHS through bulk supply arrangements. In addition to these arrangements, some states and territories require pharmacies to provide PBS medicines labelled for individual RAAHS clients with chronic conditions. Many of these are supplied via the use of a dose administration aid (DAA).

In November 2016, in recognition of the additional effort required by pharmacists to provide these medicines, the Australian Government agreed to provide an additional payment, from 1 January 2017 to eligible pharmacists providing PBS medicines labelled for individual RAAHS clients. This payment was funded under the 6CPA until 31 December 2017 and is being continued from 1 January 2018 through the 2017-18 Budget measure *Improving Access to Medicines — maintaining Remote Area Aboriginal Health Services pharmaceutical dispensing*.

More broadly, the Government has taken action through the TGA to ensure Australia's medicine labels are clearer. New labelling rules for Australian medicines took effect from 31 August 2016 with a four year transition period. The new rules help bring Australian medicine labels up to date and align them with international best practice. They will help Australians to make more informed choices about their medicines and use them more safely.

## Recommendation 3-4: Machine Dispensing

*The Australian Government should trial the use of machine dispensing in a small number of relevant secure locations in communities that are not currently served by a community pharmacy. Such machine dispensing must be appropriately supervised and should allow real time remote interaction with a pharmacist. The range of PBS medicines available through machine dispensing should be limited based on an assessment of risk.*

## Government Response

The Government does not support this recommendation.

The Government is committed to supporting access to PBS medicines across Australia.

Whereas the Government notes that overseas experience suggests advantages in the use of machine dispensing in improving access to medicines for patients living in remote communities, the Government also notes that remote dispensing may otherwise limit patient access to direct pharmacist advice and support.

In addition, the supply of PBS medicines via machine dispensing would require further regulatory consideration by all Australian governments, as state and territory medicines control legislation currently restricts access to scheduled medicines (Pharmacy Only, Pharmacist Only and Prescription Only) from a pharmacy. Any specific differences in medicines control legislation between jurisdictions would also require consideration.

## **Recommendation 4-1: Community Pharmacy — Minimum Services**

*The Australian Government should ensure that all PBS-approved pharmacies offer a range of minimum services expected by Australian consumers. These minimum services should include: the supply of PBS medicines; provision of medicine related advice; and information on relevant programs and services. This will require the Australian Government to establish a process to determine the specific minimum requirements that a community pharmacy must meet in order to receive remuneration for dispensing, as well as update and enforce these requirements.*

### **Government Response**

The Government notes this recommendation.

Under the 6CPA, the Government has made an increased investment in programs and services delivered by community pharmacy with a focus on evidence-based, patient focused services, including a focus on programs that benefit Aboriginal and Torres Strait Islander people, and people living in rural and remote areas.

Total funding of up to \$1.26 billion has been made available to fund a combination of continuing, new and expanded community pharmacy programs and services. The cost effectiveness and health benefits of these programs and services will continue to be subject to evaluation by an independent health technology assessment body.

## **Recommendation 4-2: Complementary Medicines in Community Pharmacy**

*Community pharmacists are encouraged to:*

- a. display complementary medicines for sale in a separate area where customers can easily access a pharmacist for appropriate advice on their selection and use; and*
- b. provide appropriate information to consumers on the extent of, or limitations to, the evidence of efficacy of complementary medicines. This could be achieved through the provision of appropriate signage within the pharmacy (in the area in which these products are sold), directing consumers to 'ask the pharmacist for advice' if required.*

### **Government Response**

The Government notes this recommendation.

The Government supports the provision of information to consumers for medicines and health related products available through community pharmacy.

In September 2016, the Government accepted the recommendations of the independent Review of Medicines and Medical Devices Regulation (RMMDR) reforming the regulation of complementary medicines in Australia. These reforms will both:

- support consumer health decisions through increasing the information available on the efficacy of complementary medicines; and

- improve transparency for both industry and consumers by establishing a catalogue of approved ingredients and a list of permitted indications for use by industry sponsors.

### **Recommendation 4-3: Placement of Scheduled Medicines within a Community Pharmacy**

*Access to Pharmacy Only (Schedule 2) and Pharmacist Only (Schedule 3) medicines should be clearly separated from complementary medicines within a community pharmacy. Options to achieve this might include:*

- a. ensuring that all Pharmacy Only (Schedule 2) and Pharmacist Only (Schedule 3) medicines are only accessible from ‘behind the counter’ in a community pharmacy so that a consumer must always seek assistance or advice in obtaining these medicines; and*
- b. requirements that complementary medicines are not displayed ‘behind the counter’ in a community pharmacy.*

#### **Government Response**

The Government notes this recommendation.

The Government notes that controls on the availability and use of medicines within Australia are determined under drugs and poisons legislation specific to each state and territory. The level of control placed on each medicine, including in some cases their placement for sale within a pharmacy, is determined on the basis of risk to public health by scheduling classifications made under the (Commonwealth) Poisons Standard.

As in relation to the preceding recommendation, the Government notes the importance of the provision of information to consumers for all medicines and health related products available through community pharmacy.

### **Recommendation 4-4: Sale of Homeopathic Products in PBS Approved Pharmacies**

*Homeopathy and homeopathic products should not be sold in PBS-approved pharmacies. This requirement should be referenced and enforced through relevant policies, standards and guidelines issued by professional pharmacy bodies.*

#### **Government Response**

The Government notes this recommendation.

The Government notes the importance of the provision of information to consumers for all medicines and health related products available through community pharmacy.

Professional standards have been designed for use by individual pharmacists to assess their own professional practice. They are intended to serve as guidance for desired standards of practice. However, it is the sole responsibility of the individual pharmacist to determine, in all circumstances, whether a higher standard is required. It is equally their

responsibility to meet that standard and ensure that consumers are provided with the best available information about the current evidence for, or lack-of efficacy in, offered treatments and therapies.

As in relation to Recommendation 4-2, the Government has accepted the recommendations of the independent RMMDR reforming the regulation of complementary medicines in Australia.

### **Recommendation 5-1: Community Pharmacy Accounting Information (King & Watson)**

*As soon as possible following the completion of this Review, the Australian Government, in consultation with the Pharmacy Guild of Australia and other stakeholders, should:*

- a. determine a set of accounting principles that will apply for community pharmacies to provide the relevant information needed to determine the best-practice benchmark of a dispense;*
- b. require community pharmacy to provide the necessary accounting information to inform consideration in the development of each Community Pharmacy Agreement. The relevant accounting information should be provided for each financial year and no later than 30 April of the following financial year (beginning with 30 April 2019);*
- c. designate a body within the Australian Government, or an independent statutory authority with the relevant expertise, or some other body with the relevant expertise, to provide a recommendation to the Australian Government on the best practice benchmark cost of a dispense as required over time by the Australian Government. The first such advice should be provided as soon as practical and certainly before the end of 2019. The timing of later recommendations would depend on the process used in the future by the Australian Government to set the remuneration for dispensing PBS medicines; and*
- d. the information and advice submitted to the Australian Government should inform the basis for the remuneration for a 'dispense' to community pharmacy. The provision of the agreed accounting information should be an ongoing requirement.*

### **Alternative Recommendation 5-1 (Scott)**

*The dispensing fee determined as part of any future negotiations between the Australian Government and the body representing the majority of pharmacy owners (The Pharmacy Guild of Australia), should be based on:*

- a. an agreed fee that represents the cost of maintaining a viable community pharmacy network in Australia and which meets the requirements of the National Medicines Policy and the expectations of the Australian community and government; and*
- b. the best available information to both parties at the time of the negotiation and commensurate to the information required of other primary health care professionals in determining remuneration levels.*

## **Recommendation 5-2: Remuneration to be based on the Cost of Dispensing Services Associated with a Best Practice Pharmacy Model (King & Watson)**

*The remuneration for dispensing paid by the Australian Government and consumer co-payments to community pharmacy should be based on the costs of dispensing for a best practice pharmacy.*

### **Alternative Recommendation 5-2 (Scott)**

*The dispensing fee determined as part of any future negotiations between the Australian Government and the body representing the majority of pharmacy owners (the Pharmacy Guild of Australia), should be based on:*

- a. an agreed fee that represents the cost of maintaining a viable community pharmacy network in Australia and which meets the requirements of the National Medicines Policy and the expectations of the Australian community and government; and*
- b. the best available information to both parties at the time of the negotiation and commensurate to the information required of other primary health care professionals in determining remuneration levels.*

## **Recommendation 5-3: Remuneration for Dispensing – Methodology (King & Watson)**

*The remuneration for dispensing in a community pharmacy should be a simple dispense fee based on the average, long-run incremental cost of dispensing in a best practice community pharmacy.*

### **Alternative Recommendation 5-3 (Scott)**

*The dispensing fee determined as part of any future negotiations between the Australian Government and the body representing the majority of pharmacy owners (the Pharmacy Guild of Australia), should be based on:*

- a. an agreed fee that represents the cost of maintaining a viable community pharmacy network in Australia and which meets the requirements of the National Medicines Policy and the expectations of the Australian community and government; and*
- b. the best available information to both parties at the time of the negotiation and commensurate to the information required of other primary health care professionals in determining remuneration levels.*

## **Recommendation 5-4: Remuneration Limits**

*If the Australian Government does not place an upper limit on the wholesale payment for a community pharmacist then the Australian Government should adopt a two-part tariff payment for the remuneration (i.e. a payment that involves a fixed payment per dispense, plus a payment that varies with the relevant cost of the medicine) to the pharmacist.*

*Under a flat fee or two-part tariff, the average payment for a dispense should equal the required fee determined by the Australian Government, following the acceptance of Recommendation 5-3.*

## Government Response

The Government notes the broad intent of recommendations 5-1 to 5-4 and the divergent views of the panel members.

The Government is committed to value for money and transparency in all expenditure of public money.

The Government will continue to ensure that the PBS provides timely and affordable access to medicines needed by all Australians through a number of avenues including the negotiation of the appropriate remuneration of community pharmacy, in the context of future CPAs, and the independent evaluation of pharmacy programs and services for clinical and cost effectiveness, in the context of the 6CPA.

The Government has undertaken to commence negotiations of the next CPA, twelve months prior to the expiry of the 6CPA (i.e. by 30 June 2019).

Prior to negotiating future CPAs, the Government will work collaboratively with the Guild and other key stakeholders to identify, and agree, the relevant data required to determine the appropriate scheme of remuneration for the dispensing of PBS medicines and other related services provided by community pharmacy. This will involve:

- determining the appropriate scheme of remuneration for the dispensing of PBS medicines and other related services provided by community pharmacy; and
- helping to ensure that any agreed fee represents the cost to maintain the community pharmacy model and to secure a viable community pharmacy sector that continues to meet the needs of consumers into the future is also balanced with ensuring the PBS remains an affordable scheme for taxpayers.

## Recommendation 5-5: Remuneration for Other Services

*The Australian Government should require that if the same service is offered through alternative primary health outlets then the same Australian Government payment should be applied to that service, regardless of the specific health professional involved.*

## Government Response

The Government notes this recommendation.

The Government notes that any reform to extend a pharmacist's role to a clinical service that could potentially duplicate an existing MBS funded service otherwise provided by a general practitioner or nurse practitioner in the primary care setting would need an appropriate assessment by the Medical Services Advisory Committee (MSAC).

## Recommendation 6-1: Reforms to Pharmacy Location Rules

*The Australian Government should:*

- a. *reform the Pharmacy Location Rules to remove barriers to community access and competition between pharmacies, and to ensure they continue to support equitable and affordable access to medicines for all Australians, in accord with the National Medicines Policy;*
- b. *establish a working group with the Pharmacy Guild of Australia or other representative of Approved Pharmacists with the aim of reforming the Pharmacy Location Rules to ensure that they remain responsive to the evolving needs of the community while also supporting innovation through competition between pharmacies; and*
- c. *ensure that any reform of the Pharmacy Location Rules is subject to a suitable transition period.*

## Government Response

The Government notes this recommendation.

The Pharmacy Location Rules aim to ensure a well distributed geographical spread of pharmacies across Australia.

The Pharmacy Location Rules may be amended from time to time to provide greater flexibility to respond to community need for access to PBS medicines. The express written agreement of the Guild and the Government, as signatories to the 6CPA, is required for any such amendment.

As part of the 2017-18 Budget measure *Improving Access to Medicines – support for community pharmacies*, the Government committed to ensuring the ongoing legislative basis for Pharmacy Location Rules.

Legislation to amend the relevant sections of the *National Health Act 1953*, to remove the sunset clause that would have seen the Pharmacy Location Rules expire at the end of the 6CPA (30 June 2020), was passed by Parliament on 13 February 2018.

## Recommendation 6-2: Pharmacy Location Rules — Concentration of Ownership

*For any group of two or more pharmacies with overlapping ownership:*

- a. *the Australian Competition and Consumer Commission is to determine if the overlapping ownership of those pharmacies results in a substantial lessening of competition in a market for the provision of pharmacy services, relative to independent ownership; and*
- b. *if so, the Australian Competition and Consumer Commission can require that one or more of the pharmacies in the group be divested.*
- c. *For avoidance of doubt, a group of pharmacies would be considered to have an overlapping ownership if any individual or set of individuals have ownership of at least 20 per cent of the equity in each of the community pharmacies in that group.*

## Government Response

The Government notes this recommendation.

The regulation of pharmacy ownership is the responsibility of the states and territories under local jurisdictional legislation.

The Government notes that legislation in most jurisdictions in Australia provides that community pharmacies must be owned by a registered pharmacist. However, there are exceptions to this requirement, including 'grand-parented' non-pharmacist corporations and friendly societies.

The Government also notes that various ownership restrictions are currently in place in most jurisdictions with respect to the number of pharmacies that any one pharmacist may either own or have a pecuniary interest in, as well as the types of business structure that pharmacies may operate under.

### Recommendation 6-3: Transparency in Government Programs

*It is important that, for each community pharmacy program that is Commonwealth funded, there is transparency regarding the:*

- a. *amount of funding provided by the Australian Government;*
- b. *amount of funding provided by the recipient of the service; and*
- c. *value derived from the delivery of the program.*

## Government Response

The Government accepts this recommendation.

The Government is committed to value for money and transparency in all expenditure of public money.

As part of the 2017-18 Budget measure *Improving Access to Medicines – support for community pharmacies*, the Government is providing \$600 million in funding to community pharmacy for new and expanded community pharmacy programs delivered under the 6CPA.

Under this arrangement, the Government has worked with the Guild to redesign the existing community pharmacy programs to provide better primary health care for Australians in the key areas of:

- medication adherence (effective support for dose administration aids and staged supply for those patients that would benefit from these services);
- medication management (effective support for pharmacists to identify issues with patient medicines, and ensure appropriate clinical responses, including through making contact with the patient's doctors and providing advice to patients); and
- improved medication support for Aboriginal and Torres Strait Islander people, including through greater capacity for remote dispensing, and culturally appropriate care.

The community pharmacy programs have also been redesigned to support the collection of additional information to allow assessment of the effectiveness of these interventions, including an evaluation of:

- effectiveness of services for consumers;
- program monitoring and reporting;
- activity based costing; and
- relevant program refinements.

This will inform the Government's consideration of community pharmacy programs in connection with the negotiation of future CPAs.

### **Recommendation 6-4: Rural Pharmacy Maintenance Allowance**

*The Australian Government should revise the operation of the Rural Pharmacy Maintenance Allowance to ensure that it remains fit for purpose, is sufficiently flexible to meet changing needs, and provides for consumer access beyond the establishment of a pharmacy presence.*

#### **Government Response**

The Government notes this recommendation.

The Government recognises that people living outside major cities can face barriers in accessing the same range of health and aged care services as those living in urban areas.

The Government provides significant assistance to improving the quality of access to health and aged care services for people living outside of metropolitan areas.

The Rural Pharmacy Maintenance Allowance (RPMA) provides support to pharmacies to address the additional financial burden of maintaining a pharmacy in rural and remote areas of Australia. This monthly allowance is paid to eligible proprietors of pharmacies approved under section 90 of the *National Health Act 1953* and is provided to support improved access to PBS medicines and pharmacy services for people living in these regions of Australia.

Payments to eligible pharmacies are calculated annually, and are currently based on the remoteness of the pharmacy according to its degree of remoteness, and the level of PBS and RPBS script volumes.

The Government will work collaboratively with the Guild and other key stakeholders to address issues arising from and consider refinements to the RPMA program in the context of the negotiation of future CPAs.

## **Recommendation 6-5: Harmonising Pharmacy Legislation**

*As early as practicable, the Australian Government, through the Australian Health Minister's Advisory Council, should seek to harmonise all state, territory and Commonwealth pharmacy regulations to simplify the monitoring of pharmacy regulation in Australia for the safety of the public.*

*In the long term, a single pharmacy regulator could be considered.*

*As an interim measure, state and territory registering bodies should coordinate with the Australian Health Practitioner Regulation Agency to ensure that pharmacy regulations are being adequately monitored for best practice of pharmacy and the safety of the public.*

### **Government Response**

The Government notes this recommendation.

The Government is supportive of initiatives to harmonise legislation and reduce regulatory burden for the sector and notes that jurisdictional differences create complexity for businesses as well as pharmacists and prescribers. Harmonisation of all state, territory and Commonwealth legislation pertaining to pharmacy, including harmonisation of jurisdictional responses to Commonwealth scheduling decisions, would be a complex process requiring the cooperation and agreement of all Australian governments. Consultation with key stakeholders including consumer, business and professional representative groups would also be important.

## **Recommendation 6-6: Evaluation Mechanisms**

*As early as practicable, the Australian Government should require the establishment of appropriate evaluation mechanisms for community pharmacy to ensure that policy and delivery requirements are met.*

### **Government Response**

The Government notes this recommendation.

The 6CPA, made between the Government and the Guild, operates in the context of Australia's *National Medicines Policy* and *The National Strategy for Quality Use of Medicines*.

As part of the 2017-18 Budget measure *Improving Access to Medicines – support for community pharmacies*, the Government is providing \$600 million to community pharmacy for new and expanded community pharmacy programs delivered under the 6CPA.

Under this arrangement, the Australian Government Department of Health has worked with the Guild to redesign existing community pharmacy programs to provide better primary health care for Australians in key areas. These programs have also been redesigned to support the collection of additional information to allow assessment of their effectiveness.

This information will inform the Government's consideration of community pharmacy programs in connection with the negotiation of future CPAs.

## **Recommendation 7-1: Community Service Obligation**

*The Panel believes that the Community Service Obligation should revert to supply of all PBS medicines to any pharmacy within twenty-four hours and that this be considered a minimum standard to ensure that there can be no fragmentation of delivery arrangements across wholesalers or access for consumers through any community pharmacy.*

## **Recommendation 7-2: A Comprehensive Supply Chain Analysis**

*The Australian Government should undertake a comprehensive analysis of the entire pharmaceutical supply chain to ensure that medicine supply risks are addressed and that consumers continue to have timely and affordable access to the medicines they need.*

*This analysis should also seek to validate whether the Community Service Obligation and other mechanisms to support industry and pharmaceutical suppliers are achieving their desired outcomes in relation to the National Medicines Policy.*

*The analysis should be informed by the appropriate data to support future decision making and should be conducted with the full co-operation of all Community Service Obligation distributors and the broader pharmacy supply chain.*

## **Government Response**

The Government notes recommendations 7-1 and 7-2.

The Government is committed to ensuring that timely and affordable access to PBS medicines is available for consumers, and recognises that the pharmaceutical supply chain plays an important role in this objective.

Since 2005, the Government has provided financial support to eligible pharmaceutical wholesalers through the Community Service Obligation (CSO) funding pool to support supply of the full range of PBS medicines to community pharmacies regardless of their location or relative cost of supply.

The CSO funding pool provides up to \$195.22 million over each year of the 6CPA (from 2015 to 2020) to eligible pharmaceutical wholesalers. As part of the 2017-18 Budget measure *Improving access to Medicines – support for community pharmacies*, the Government is also providing an additional \$15 million to wholesalers in respect of lower than forecast prescription volumes.

The Government will continue to work closely with stakeholders in the pharmaceutical supply chain to address medicine supply risks as they arise, and ensure that Government support to the supply chain is appropriate to address these risks.

### **Recommendation 7-3: Supporting Access to High-Cost Medicines**

*The Australian Government should investigate alternative payment arrangements for the supply of high-cost PBS medicines from community pharmacy to support their continued availability within the community. A cap should be placed on the amount that a community pharmacy contributes to the cost of any PBS medicine, in the range of \$700 to \$1000, to allow consumers to access high cost PBS medicines from the pharmacy of their choice.*

#### **Government Response**

The Government accepts-in-principle this recommendation noting that it supports better access to high cost lifesaving PBS medicines for consumers through their community pharmacy.

The Government also accepts that the supply of high-cost PBS medicines within the community presents cash flow and stock management challenges for community pharmacies and the broader supply chain.

In this context, the Government has been working with the pharmaceutical supply chain to identify administrative approaches to address the concerns raised by consumers and community pharmacy alike, for implementation from mid-2019 onwards.

The proposal to introduce a cap on the amount that a community pharmacy may contribute to the cost of any PBS medicine poses a number of policy and implementation issues that will be considered further by Government in consultation with the pharmaceutical supply chain.

### **Recommendation 7-4: Supporting Access to Highly Specialised Medicines**

*The Highly Specialised Drugs Program under section 100 of the National Health Act 1953 (Cth) should be reformed to remove the distinction between section 100 (Community Access) and other medicines listed under section 100 Highly Specialised Drugs arrangements. This should include, for example, harmonising access and fees regardless of where the medicine is dispensed.*

#### **Government Response**

The Government notes this recommendation.

Section 100 Community Access arrangements were introduced to the Highly Specialised Drugs (HSD) Program in 2015 in recognition of clinical practice having evolved for some HSDs since their inclusion on the HSD Program. These changes also removed the requirement for prescribers to be affiliated with a hospital, giving patients greater choice on where they could access their medicines.

Section 100 Community Access arrangements are currently limited only to certain medicines for which their safety has been sufficiently established to support access in the community setting. The Government would need to further consider the appropriateness of extending Community Access arrangements to all medicines on the HSD Program.

The Australian Government Department of Health is currently investigating a number of reforms to the HSD Program, to bring reduced administrative burden for prescribers and improvements to patient access. These reforms will seek to introduce consistent prescribing arrangements across public and private hospital settings and will also investigate current restrictions on where patients may have their prescriptions dispensed.

### **Recommendation 7-5: Tightening the Listing of Generic Medicine**

*When an ‘originator’ (or ‘branded’) medicine comes off patent then the Australian Government should hold a tender for the PBS listing of generic versions of the medicine. The Australian Government should limit the number of generic versions of a particular medicine to be listed to a relatively small number that is still sufficient to allow for patient choice (e.g. four generics and the original brand of the medicine). The chosen generics should be those best able to meet the distribution and other conditions, including the security of supply, required by the Australian Government at the least cost to the PBS.*

### **Government Response**

The Government does not support this recommendation.

The current price disclosure program has worked well to reduce the price of PBS medicines which are subject to competition, ensuring better value for money for consumers.

The Government notes that tender arrangements for generic medications are in place in a number of countries and also operate in public hospitals in Australia. Whereas tendering for a limited number of generic versions for an off-patent originator branded PBS medicine through community pharmacy may drive lower per unit prices for pharmaceuticals in the short-term, reducing the number of generic medicines on the PBS could lead to unintended consequences. These include potential medicines shortages, reduced market competition or reduced market investment by manufacturers in Australia, as well as limiting prescriber and patient choice in treatment options.

### **Recommendation 8-1: Scope of Community Pharmacy Agreements — Dispensing**

*The scope of discussions under future Community Pharmacy Agreements should be limited to the remuneration and associated regulations for community pharmacy for the dispensing of medicines under PBS subsidy and related services, including the pricing to consumers for such dispensing.*

### **Recommendation 8-2: Scope of Community Pharmacy Agreements — Wholesaling**

*The Australian Government should ensure that the regulation and remuneration of wholesaling of PBS-listed medicines should not form part of future Community Pharmacy Agreements.*

### **Recommendation 8-3: Scope of Community Pharmacy Agreements — Programs and Services**

*The regulation and remuneration of professional programs offered by community pharmacies should not form part of future Community Pharmacy Agreements.*

#### **Government Response**

The Government notes recommendations 8-1 to 8-3.

The Government will consider issues regarding the remuneration and associated regulation of community pharmacy for the dispensing of PBS medicines, the regulation and remuneration of the wholesaling of PBS Medicines, and the regulation and remuneration of professional pharmacy programs offered through community pharmacy, in the context of the negotiation of future CPAs.

### **Recommendation 8-4: Community Pharmacy Agreement Participants**

*The parties invited to participate in future Community Pharmacy Agreements should include The Pharmacy Guild of Australia, the Pharmaceutical Society of Australia and the Consumers Health Forum of Australia.*

#### **Government Response**

The Government notes this recommendation.

The Government is committed to ensuring that all key stakeholders across the pharmacy sector, medicines sector and community are provided appropriate opportunities to contribute to the Government's consideration of future remuneration, funding arrangements and service delivery through community pharmacy.

The Government will consider the appropriate participation of representative stakeholders in related consultations and negotiations of future CPAs.

### **Recommendation 9-1: Community Pharmacy Programs — Key Principles**

*The range of programs offered by community pharmacy should be underpinned by the following principles:*

- a. Programs should be based on evidence of clinical and cost-effectiveness and the health benefits they provide to the community.*
- b. Programs may or may not involve the Australian Government paying for some or all the costs of the service to some or all patients.*
- c. Programs may in some cases be offered on the basis of each community pharmacy choosing whether or not to offer the program (with all community pharmacies being eligible to offer the program). In other cases, the program will only be available (with Australian Government payment) through pharmacies/pharmacists that are selected by the Australian Government (e.g. through a tender process or as a result*

*of negotiation between the Australian Government and the relevant pharmacies or pharmacists or their representatives).*

- d. For some programs, the Australian Government remuneration for the program will be channelled through the users of the program (or their representatives) so that users will decide which community pharmacies (or pharmacists) to use to deliver the program.*
- e. Adequate funding for the above needs to be found outside PBS expenditure. It is important that similar services are funded in the same way to ensure a level playing field across primary health. For example, this means that where pharmacist administration of drugs or vaccines by injection is authorised, a pharmacist should be able to expect to receive the same level of remuneration for a vaccination as a doctor or nurse.*

## Government Response

The Government accepts-in-principle this recommendation noting the importance of having agreed principles to underpin the range of programs offered by community pharmacy. Any extension of a pharmacist's role to a clinical service that could potentially duplicate an existing MBS funded service would require formal assessment by the MSAC.

As part of the 2017-18 Budget measure *Improving Access to Medicines – support for community pharmacies*, the Government is providing \$600 million in funding to community pharmacy for new and expanded existing community pharmacy programs delivered under the 6CPA.

Under this arrangement, the Government has worked with the Guild to redesign the existing community pharmacy programs to support the collection of additional information to allow assessment of the effectiveness of these interventions. This information will inform the Government's consideration of professional programs delivered by community pharmacy, including in relation to the issues raised in this recommendation, in connection with the negotiation of future CPAs.

## Recommendation 9-2: Dose Administration Aids — Standards

*The Australian Government should establish clear, enforceable minimum standards for the supply of medicines by community pharmacies, including for dose administration aids. There should also be appropriate data for the evaluation of payments provided to community pharmacies for the dispensing of medicines using dose administration aids (in recognition that this tends to be a higher-cost activity than dispensing in manufacturer's packaging).*

## Government Response

The Government notes this recommendation and supports the collection of appropriate data for the evaluation of payments provided for the dispensing of medicines in dose administration aids (DAAs).

The Government notes that minimum standards and service guidelines for the supply of medicines by community pharmacies, including the provision of DAAs are currently provided through guidelines maintained by the Pharmacy Board of Australia and through requirements under state and territory legislation.

Further, in accordance with section 90 of the *National Health Act 1953* (the Act), the approval of a pharmacy owner to supply pharmaceutical benefits is subject to a range of conditions.

On 25 September 2017, the Minister for Health, the Hon Greg Hunt MP, made the *National Health (Pharmaceutical Benefits) (Conditions of approval for approved pharmacists) Determination 2017 (PB 70 of 2017)* under paragraph 92A(1)(f) of the Act. This Determination sets out conditions that must be met by pharmacists approved to supply pharmaceutical benefits ('approved pharmacists') relating to professional conduct, competency standards for the practice of pharmacy, and the circumstances in which an approved pharmacist may claim for payment by the Commonwealth for the supply of a pharmaceutical benefit at or from approved premises.

The Government also notes that the PSA publishes a *Code of Ethics for Pharmacists* (the Code) which articulates the values of the pharmacy profession and expected standards of ethical behaviour of pharmacists towards individuals, the community and society and underpins the professional practice of all pharmacists in Australia; and *Professional Practice Standards* (PPS) which are endorsed by the Pharmacy Board of Australia. Specifically Standard 15 of the PPS covers the provision of DAA services.

From 1 July 2017, in connection with an expected \$340 million being provided from \$600 million additional funding allocated by the Government to pharmacy programs under the 6CPA, revised program guidelines for the DAA program have been applied to support the collection of information to allow assessment of the effectiveness of this program. This information will inform Government's consideration of payments provided to community pharmacies for the dispensing of medicines using DAAs, in connection with future CPAs.

### **Recommendation 9-3: Home Medicines Review — Removal of Caps**

*The Australian Government should abolish 'caps' on Home Medicines Reviews and fund the program through the Medicare Benefits Schedule. The Australian Government should set the Medicare Benefits Schedule referral criteria to ensure these services are appropriately targeted and represent value for money.*

*The Australian Government should conduct regular audits of Home Medicines Reviews for quality and compliance with required criteria.*

### **Government Response**

The Government notes this recommendation.

From 1 July 2017, in connection with an expected \$60 million being provided from \$600 million additional funding allocated by the Government to pharmacy programs under the 6CPA, revised program guidelines for the Home Medicines Review (HMR) program have

been applied to support the collection of additional information to allow assessment of the effectiveness of this program. This will inform Government's consideration of payments provided to pharmacists for the provision of HMRs, in connection with the negotiation of future CPAs.

### **Recommendation 9-4: Pharmacy Support for Residential Aged Care Facilities**

*The Australian Government should explore the provision of dedicated consulting or employee pharmacists in residential aged care facilities to deliver professional pharmacy programs.*

*These residential aged care facilities pharmacists should be actively engaged with their Primary Health Networks to facilitate links with general practitioners, allied health professionals and community pharmacy services (including the provision of dose administration aids) in their area to assist a person with chronic pain (for example) and ensure their continuity care.*

### **Government Response**

The Government notes this recommendation.

The Australian Government is funding the Residential Medication Management Review (RMMR) Program under the 6CPA, which aims to enhance the quality use of medicines for residents of approved Australian Government funded aged care facilities, by assisting consumers and their carers to better manage their medicines. An RMMR is conducted by an accredited pharmacist when requested by a resident's general practitioner and undertaken in collaboration with the resident's general practitioner and appropriate members of the resident's health care team. A comprehensive assessment is undertaken to identify, resolve and prevent medication-related problems and is provided to the resident's general practitioner. In addition to Residential Aged Care Facilities (RACF), residents in flexible care arrangements and transitional care facilities are also eligible for an RMMR.

In July 2017, the Australian Government Department of Health commissioned a review of the Quality Use of Medicines (QUM) component of the RMMR to inform and assess the extent to which the program is operating and achieving its intended outcomes. The findings of this review will inform future consideration of medication management in RACF and Multi-Purpose Services.

More broadly, the Government has also established Primary Health Networks (PHN) with the key objectives of increasing the efficiency and effectiveness of medical services for patients, particularly those at risk of poor health outcomes, and improving coordination of care to ensure patients, including aged care patients, receive the right care in the right place at the right time.

The Government's Digital Health Agenda is also assisting coordination of care by delivering secure, electronic sharing of information on an individual's health care, including medicines information.

As well as the My Health Record system, other national initiatives including the National Residential Medication Chart, are ensuring the implementation of electronic medication management systems which link, for example, RACFs with prescribers and pharmacists improves clarity and accuracy, provides efficiency and enhances safety. These systems, developed as tools to record and report on medicines administration, now include sharing of real-time data on medicines adherence and changes to treatment.

### **Recommendation 9-5: Support for Expanded Pharmacy Services Identified by Pharmacy Trial Program**

*The Australian Government should continue to support pharmacy programs that have been successful in meeting evidence of comparative clinical value and cost effectiveness as required by the Medical Services Advisory Committee. Funding for programs that demonstrate these requirements should continue on the basis of merit and not be dependent on the outcomes of any other consideration such as an agreement on pharmacy remuneration.*

#### **Government Response**

The Government notes this recommendation.

The Government has committed \$50 million under the 6CPA (between 2015 and 2020) to support the Pharmacy Trial Program (PTP) to fund trials to improve clinical outcomes for consumers and extend the role of pharmacists in the delivery of health care services through community pharmacy. The outcomes of all trials under the PTP will be evaluated by the MSAC.

As part of the 2017-18 Budget measure *Improving Access to Medicines – support for community pharmacies* the Government is providing access to \$600 million in funding to community pharmacy to continue and expand existing community pharmacy programs delivered under the 6CPA. In addition, continuing pharmacy programs have been redesigned to support the collection of information to allow assessment of their effectiveness. This information will inform the Government’s consideration of community pharmacy programs in connection with the negotiation of future CPAs.

### **Recommendation 10-1: Chemotherapy Compounding — Uniform Minimum Standards**

*There should be a clear and uniform minimum set of standards for all approved chemotherapy compounding facilities. These minimum standards should:*

- a. be developed based upon current Good Manufacturing Practice and the Pharmacy Board of Australia compounding standards, therefore ensuring all Therapeutic Goods Administration licensed facilities will meet the minimum standards;*
- b. not require that a compounding facility be Therapeutic Goods Administration licensed to meet minimum requirements;*
- c. reflect the various settings that are appropriate for the preparation of chemotherapy medicines, including ‘urgent’ preparations in a hospital or community pharmacy setting; and;*

- d. *detail specific and measurable requirements that will be audited to maintain approval to operate as a chemotherapy compounding facility.*

*The Pharmacy Board of Australia, or appropriate regulatory authority, should be adequately resourced to monitor compliance with these national standards.*

### **Recommendation 10-2: Chemotherapy Compounding — Payments**

*There should be a no difference in the remuneration paid by the Australian Government for the compounding of chemotherapy medicines in any facility that meets the minimum quality and safety standards. In particular, there should be no additional payment for medicines prepared in a facility that meets or exceeds the minimum standards.*

### **Recommendation 10-3: Chemotherapy Compounding — Practice Models**

*Existing practice models in place in public hospitals for limited trade of medicines prepared onsite should be considered for providing greater access to chemotherapy arrangements.*

#### **Government Response**

The Government notes recommendations 10-1 to 10-3.

The Government is supporting patient access to chemotherapy medicines within the community through Efficient Funding of Chemotherapy arrangements which are providing up to \$372 million in payments, over the term of the 6CPA (from 2015 to 2020), for the preparation of infusions or injections for chemotherapy, provided under the PBS.

Future arrangements for the payment of fees for chemotherapy preparations, including the relevant standards and fees applied, will be considered by the Government in connection with the negotiation of future CPAs.

### **Recommendation 11-1: Managing Patient Medicine Risks on Discharge from Hospitals**

*Hospitals should work closely with community pharmacies to ensure patients have access to the medicines they require upon discharge. Consistent policies and procedures are required to ensure each patient has access to the medicines they require as well as appropriate education and information relating to their medications.*

*The Australian Government should also increase national consistency in public hospital discharge practices, including the supply of medicines on discharge.*

#### **Government Response**

The Government notes this recommendation.

Implementation of the My Health Record system as part of Australia's digital health infrastructure will aid clinical information exchange in a broad range of Australian health care settings, including public and private facilities, hospitals and community health services.

Specifically, hospital discharge summaries included in the My Health Record system will support the transfer of patients from hospital back to the care of their nominated primary health care provider. *The National Guidelines for On-Screen Presentation of Discharge Summaries*, published by the Australian Commission on Safety and Quality in Health Care specify the sequence, layout and format of the core elements of hospital discharge summaries, as displayed in clinical information systems.

Further, as part of the 2017 Addendum to the National Health Reform Agreement's commitment to coordinated care, the Australian Government is continuing to invest in programs designed to minimise the impact of potentially preventable hospital admissions including by (for example):

- integrating the planning, co-ordination and commissioning of services at a regional level through PHNs, with a specific interface focus on primary health care and hospital services; and
- investments in the national implementation of coordination of care models for persons with complex, chronic conditions, including HCH.

The Government is committed to achieving national consistency in access to PBS medicines for patients discharged from public hospitals, with Pharmaceutical Reform Agreements already in place with Queensland, Victoria, Tasmania, South Australia, Western Australia and the Northern Territory. The Government would welcome consideration of the benefits of having similar agreements with New South Wales and the Australian Capital Territory.

Bilateral agreements between the Commonwealth and states and territories will allow the Government to explore ways to further enhance the HCH concept, for example, by collaborating on core priorities of care coordination; systems integration, data collection and analysis.



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