



**Response to the
Interim Report
Review of Pharmacy Remuneration and Regulation
by the
Centre for Medicine Use and Safety
Faculty of Pharmacy and Pharmaceutical Sciences
Monash University
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**John Jackson
Director – Project Pharmacist**

**Professor Carl Kirkpatrick
Director – Centre for Medicine Use and Safety**

Monash University Faculty of Pharmacy & Pharmaceutical Sciences

As Australia's number-one and the world's second ranked pharmacy and pharmacology program (2017 QS World University Rankings by Subject), we are leading pharmacy and pharmaceutical science educators and researchers based at a specialist campus located in 'the Parkville strip', Australia's premier health and biomedical precinct.

Our challenging undergraduate, postgraduate and research courses prepare students for frontline roles in modern patient care and drug discovery and development. Our graduates are highly employable locally and internationally. They are found in community pharmacies, hospitals, research centres and drug companies the world over.

Amongst the program we offer are a four year Bachelor of Pharmacy program and a one year Pharmacy Internship training program which together lead to registration to practice as a pharmacist. Both programs are accredited by the Pharmacy Board of Australia. In the Bachelor of Pharmacy program pharmacists are educated in the following disciplines:

- Enabling sciences: physical, organic and medicinal chemistry, physiology, biochemistry, microbiology, molecular biology and immunology.
- Drug delivery: formulation of medicines, pharmacokinetics (what happens to the medicine in the body) and the different dose-forms used in therapeutics.
- Integrated therapeutics: major disease states, their epidemiology, pathophysiology, diagnosis, the chemistry and pharmacology of the medicines used to treat these conditions and the clinical and practice aspects of treating patients.
- Pharmacy practice: role of the pharmacist, professionalism, dispensing, health and the individual, and healthcare in our society

The Monash University Pharmacy Internship training program assists graduates in making the transition from a student to an independent, competent health professional and to consolidate and build upon their knowledge and skills gained as an undergraduate.

Within the Faculty, the Centre for Medicine Use and Safety [CMUS] is focused on delivering innovative research which optimises the health outcomes for individuals and communities. The Centre has expertise in the areas of:

- health services (development and evaluation)
- pharmacometrics (pre-clinical, clinical, phase I- IV+)
- pharmacotherapy (hospital, aged care and community)
- pharmacoepidemiology and public health.

Submission

1. This submission in response to the Interim Report of the Review of Pharmacy Remuneration and Regulation addresses two principal concerns.
 - a) The potential impact of some of the Options expressed in the Interim Report on the capacity of pharmacists and the community pharmacy network to continue to provide the public with access to essential medicines and to deliver existing professional programs and services.
 - b) The need to ensure effective professional programs and services are maintained and the potential to introduce new professional services that are of benefit to the public is not lost as a consequence of changes to negotiation arrangements between the government and the profession.
2. The overarching principal that informs this submission is that any changes recommended by this Review should be within the context of a known and accepted vision for the community pharmacy sector.
3. The Interim Report states on page 3 that *'The Panel has determined its strategic vision and considered options for constructive pharmacy reform by anticipating the future requirements of community pharmacy in Australia'*. The Report goes on to state *'the Review is primarily consumer focussed'* and that the panel *'sought to identify services and programs that are of benefit and the consumer ultimately values'*.
4. The *'strategic vision'* and the *'services and programs that are of benefit'* are not stated in the Report and as a result the vision and objective for the profession and the nature of services that the profession is expected to deliver to consumers that are presumably the basis for the listed Options is unclear.

It would be beneficial for the final report of the Review to present the vision for the profession that is the basis for any recommendations and to describe the services that consumers should currently and in the future be able to access.

5. The Interim Report recognises the exceptional nature of medicines when it states that *'medicines are not normal items of commerce'*. It exemplifies this by arguing against the use of a price differential in relation to accessing medicines. This exceptional nature has over many years, led to extensive regulation not just of the medicines themselves but also of pharmacists' practice. As part of their practice, pharmacists are required to enforce government legislation that regulates the distribution, storage, recoding and supply of medicines.
6. Controlled economic arrangements [such as price controls] and regulatory practices have been developed and implemented specifically for the public's benefit. *'Community pharmacy acts as an agent of the Australian Government'* when it provides this public benefit.
7. In addition to the bureaucratic framework of government regulation, pharmacists work within a professional standards framework. Through their registration with the Pharmacy Board of Australia, they are required to act in the interests of their patients and adopt practices that promote the safe and appropriate use of medicines.

8. The dominant source of funding for pharmacists to enforce government regulation and to provide professional services to the public is remuneration for dispensing of PBS medicines.
9. Concurrent with the bureaucratic and professional frameworks identified above, community pharmacists work in the commercial environment of private small businesses. While reference is made in the Interim report to all three frameworks, it is unclear as to how these responsibilities, particularly the role as *'agent of the Australian Government'* have been considered and balanced in developing Options.

Any recommendations of the Review should take into account the existence of the multiple roles of community pharmacies as public services, professional practices and private businesses.

10. The earlier Discussion Paper of the Review highlighted the marginal economic position of many pharmacies and the reported loss from the workforce due to dissatisfaction of pharmacists and particularly new graduates. Addressing these issues is critical as consumers will only be able to retain equitable and ready access to medicines and benefit from current and future programs and services in the locations of their choice if an extended network of pharmacy facilities remains viable.
11. In addition to providing access to medicines, viable pharmacies provide the public the opportunity to consult pharmacists on health issues without appointment or charge. While cross-subsidy is not a preferred economic model for sustaining important healthcare services, changing the PBS remuneration model and the broader business rules that surround the PBS [location rules, supply chain regulation etc] has the potential to reduce pharmacy viability and their capacity to continue to deliver unremunerated primary care services.
12. While change is necessary to stabilise the community pharmacy network so as to maintain delivery of essential pharmacist services and to develop a sound basis for the introduction of new programs and services that address the health care requirements of the community, the nature of change itself can contribute to the instability. In fact the tenuous current state of the sector means change should be cautious, constructive, considerate of collateral effects and carefully implemented.
13. A number of the Options raised in the paper have the potential to affect pharmacies' viability. Options [listed below] that relate to the funding for PBS dispensing.
 - Option 4-2: Remuneration to be based on efficient costs of dispensing
 - Option 4-4: Remuneration for dispensing – formula
 - Option 4-5 Remuneration limits
 - Option 4-6: Remuneration for other services
14. Any change to the PBS dispensing remuneration model and particularly the application of 'efficient costs' principles should take into account the broader public benefit provided by pharmacies. Options that ostensibly make funding of PBS medicines more 'efficient' should not be adopted without due consideration of the sustainability of the community pharmacy network and of aspects of pharmacists' practice beyond that of dispensing including the 'public service' responsibilities of pharmacists.

15. As there are a number of key elements that underpin sustainable practice including remuneration, regulation and workforce, change should not be applied unilaterally to one element such as remuneration, without due consideration of the effect on other elements. It is critical to ensure the cumulative impact of a range of isolated, individual decisions relating to one aspect of the sector such as funding, does not compromise either the capacity of the public to access medicines or to access professional advice from pharmacists.

The wider implications including collateral effects of change arising from each Option should be assessed, particularly if a number of the Options were to be acted upon concurrently.

16. A number of Options in the Interim Report relate to the negotiation of any future Community Pharmacy Agreement [CPA]. The changes mooted include a broadening of the parties engaged in negotiation relating to dispensing and a separation of negotiation for programs and services from negotiation relating to dispensing.
17. The introduction of CPA funded programs has been staged over more than 25 years as a result of rigorous research. The existence of current programs and development and introduction of new programs should not be inadvertently compromised by changes to negotiation arrangements.
18. The CPA has served as an incubator for new professional programs and could remain so with programs only being transferred to an alternate funding mechanism such as the Medicare Benefits Schedule once well established.

Any recommendation for change in arrangements for negotiations relating to programs and services should include a sound method for research, evaluation and introduction of new programs in addition to ongoing funding of existing programs.

End or submission