

## A Comprehensive Review of Pharmacy Remuneration and Regulation

### What will the measure do?

The measure will deliver a comprehensive review and public evaluation of pharmacy remuneration and regulation within the first two years of the Sixth Community Pharmacy Agreement (6CPA). It will support a transparent and public assessment of the cost-effectiveness of all parts of remuneration (both to pharmacy and wholesalers), as well as the appropriateness of regulations such as Pharmacy Location Rules. This will help inform arrangements for pharmacy, including dispensing and wholesaling arrangements, into the future.

Many recent reports, including the 2014 National Commission of Audit, the Productivity Commission's Competition Policy Review, the Australian National Audit Office (ANAO) report into the *Administration of the Fifth Community Pharmacy Agreement*, and the Productivity Commission paper titled *Efficiency in Health*, have highlighted the need to look more closely at pharmacy remuneration and regulation. This includes the application of Pharmacy Location Rules, which determine where pharmacies are located and approved to provide Pharmaceutical Benefits Scheme (PBS) medicines to consumers.

The review also specifically addresses findings from the ANAO report on the Fifth Community Pharmacy Agreement, which highlighted pharmacy remuneration has not been fully reviewed since 1989.

The review is expected to commence on 1 September 2015, and be completed by 1 March 2017.

The review will be conducted by a panel of three eminent reviewers, in order to provide a diversity of views and to show the significant public interest. The review will cover:

- Pharmacy Location Rules, and their role in supporting access to PBS medicines;
- remuneration through pharmacy, both in terms of the level of funding and how this is provided to pharmacy for dispensing PBS medicines; and
- PBS supply chain arrangements, including logistics and distribution of medicines across Australia, including regulatory requirements and cost to the community and Government.

### What is the impact?

This comprehensive review will assist with future remuneration and regulation of community pharmacy (and wholesalers) arrangements.