

Pharmacy Remuneration

What will the measure do?

The measure changes how pharmacies are remunerated through the Sixth Community Pharmacy Agreement (6CPA), to support access to, and quality use of, Pharmaceutical Benefit Scheme (PBS) medicines in Australia.

The changes, which follow comprehensive consultation and discussion with a range of pharmacy stakeholders, as well as industry and consumers, will:

- continue to provide pharmacy dispensing fees and dangerous drug fees. Other existing fees (eg, container fees) will also continue;
- delink pharmacy remuneration from the price of PBS subsidised medicines through the introduction of a predominantly fixed, Administration, Handling and Infrastructure (AHI) fee, to replace the current six tier retail mark-up. This recognises that the impact of PBS pricing policy, such as price disclosure, had previously impacted the remuneration provided to pharmacy for handling and dispensing PBS medicine. While for some medicines the AHI fee paid by the Commonwealth will be higher than the previous pharmacy mark-up, for other medicines it will be lower. The new three tier AHI does not replace the four tier mark-up applied to certain s100 medicine dispensing situations (eg, s100 Highly Specialised Drugs Private Hospital and Community Pharmacy);
- continue, but better target, the Premium Free Dispensing Incentive (PFDI) to further support uptake of generic medicines and drive value for the consumer. For more information about the PFDI, please see the PFDI Fact Sheet; and
- apply the Consumer Price Index rather than the Wage Cost Index 9 (WCI9) for annual indexation of specified fees, namely PFDI fee, dangerous drug fee, dispensing fee and AHI fee. All other indexation will use WCI9.

What is the impact?

This measure will ensure that consumers can continue to access their medicines through over 5,400 pharmacies across Australia. It ensures pharmacies are remunerated fairly for providing medicines to consumers, and delivers surety while a full review of pharmacy remuneration and regulation is undertaken in the first two years of the 6CPA.

The delinking of remuneration from the price of a medicine will allow changes to pricing policy, while not having significant impact on pharmacy remuneration.