

Review of Pharmacy Remuneration and Regulation

Terms of Reference

Pharmacy and pharmacists play an important role in the delivery of primary health care in the Australian Community. As successive Community Pharmacy Agreements have seen increasing investment by Government in supporting pharmacy, the Review of Pharmacy Remuneration and Regulation (the Review) will provide recommendations on 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 the 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 consideration of the Commonwealth's roles and responsibilities in health, in the context of the Australian Government's Reform of Federation White Paper, the Review's recommendations will be directed toward achieving arrangements which are transparently cost-effective for Government and consumers, financially sustainable, considerate of current and future expectations for the community pharmacy sector, and effective in delivering quality health outcomes and promoting access and quality use of medicines, in the context of Australia's National Medicines Policy (NMP) and the broader Australian Health sector. The Review will provide a report to the Minister for Health by 1 March 2017.

In making its recommendations, the Review will consider:

Pharmacy Remuneration for Dispensing

1. The appropriate level and structure of remuneration for community pharmacy for the dispensing of medicines under the PBS consistent with the NMP and its role in delivering health outcomes for patients, including consideration of:
 - (a) the costs and cost drivers associated with dispensing;
 - (b) market considerations, including likely growth and distribution of demand and community need, based on medicines listing projections and population and healthcare trends (in Australia and overseas);
 - (c) funding models that could be used, including comparable overseas examples; and
 - (d) different funding structures that may be appropriate for different business models for delivery of pharmaceutical services (including the preparation of chemotherapy infusions or injections) in different settings and how any new structures improve access to, affordability and quality use of medicines.

Regulation

2. The appropriate regulation of pharmacy and pharmacy distribution, including the role of Pharmacy Location Rules in supporting access to medicines in Australia, including consideration of:
 - (a) the costs and benefits of such structures, their consistency with current thinking for effective competition in a pharmacy environment and impacts on access and affordability for consumers and communities;
 - (b) key components of such structures that are necessary to support access and quality use of medicines in the Australian population;
 - (c) the role of government in the regulation of pharmacy and wholesalers; and
 - (d) the impact of any recommendations for change on the community pharmacy sector and transitional arrangements that may be necessary to sustainably manage those impacts and how those recommendations improve access to, affordability and quality use of medicines.

Wholesaling, Logistics and Distribution Arrangements

3. The appropriate level and structure of remuneration for wholesalers and pharmacies for wholesaling, logistics and distribution of medicines from manufacturer to community pharmacy, including consideration of:
 - (a) regulatory requirements, standards and quality control to provide assurance of timely and reliable access and delivery;
 - (b) the costs and cost drivers associated with timely supply consistent with the NMP, wholesaling, logistics and delivery;
 - (c) the adequacy of funding to promote investment in supply chain infrastructure to meet future PBS supply and security needs; and
 - (d) the relationships between manufacturer, wholesaler, distributor, delivery partner, pharmacy and government and how these impact consumer and community need.

Accountability and Regulation

4. What regulatory arrangements are necessary to promote high standards of delivery and accountability amongst pharmacies, wholesalers, manufacturers and other entities receiving funding under the PBS, and the data required to monitor and assess these standards of delivery and community outcomes.

Consumer Experience

5. The consumer experience, including:
 - (a) consumer attitudes to the services expected from community pharmacy;
 - (b) consumer expectations regarding access to and affordability of medicines; and
 - (c) consumer priorities regarding access to and quality use of medicines.