

**Community Pharmacy Agreement (CPA) Expenses Report, 2015-16.****Table 21: 2015-16 Actual Costs of Major Components of CPA\***

<b>Component</b>	<b>Expense</b>
Pharmacy remuneration	\$2,493,251,200
Wholesale remuneration	\$388,422,533
Professional programmes	\$156,338,304
Community Services Obligation (CSO)	\$195,220,000
<b>Total</b>	<b>\$3,233,232,036</b>

\* The current Community Pharmacy Agreement is the 6th CPA.

**NOTES**

1. Details on how the above figures were identified are provided in the accompanying data tables. The above summary figures should be read in conjunction with the notes provided against each data table.

2. Professional programmes and CSO figures are accrual based, as the data used to identify the amounts are based on SAP records, which is an accrual based system.

3. The pharmacy remuneration figure is on a cash basis, as the data used to identify this amount was based on the Line by Line (LBL) data set Health receives from Human Services. It was not possible to use the SAP data (accrual basis) for this component, as SAP data does not provide the breakdown between medicine cost and pharmacy remuneration cost elements, whereas the LBL does.

**Table 22: Remuneration for Community Pharmacies and Friendly Societies<sup>1</sup>, 2015-16**

Pharmacy remuneration recognises the cost to the approved pharmacist for the purchase of the medicines; the administration, handling and storage costs entailed in dispensing medicines by the pharmacy (including associated infrastructure costs); and a pharmacist's specialised skills in dispensing the medicines.

	Expenses for PBS and RPBS	2014-15	2015-16	Change	Percentage Change
<b>Price to Pharmacists</b>					
	Ex-Manufacturer Price	\$6,479,093,813	\$6,685,360,750	\$206,266,937	3.2%
	Wholesale Mark-up	\$405,989,214	\$388,422,533	-\$17,566,682	-4.3%
	<b>Sub total</b>	<b>\$6,885,083,027</b>	<b>\$7,073,783,282</b>	<b>\$188,700,255</b>	<b>2.7%</b>
<b>Administration, Handling and Storage Costs</b>					
	Pharmacy Mark-up <sup>2</sup>	\$614,636,677	\$850,751,223	\$236,114,546	38.4%
	<b>Sub total</b>	<b>\$614,636,677</b>	<b>\$850,751,223</b>	<b>\$236,114,546</b>	<b>38.4%</b>
	*Known as the AHI in 6CPA				
<b>Pharmacist's Specialised Skills in Dispensing the Medicines</b>					
	Dispensing Fee	\$1,486,198,932	\$1,489,150,997	\$2,952,066	0.2%
	Dangerous Drug Fee	\$21,396,782	\$23,928,896	\$2,532,114	11.8%
	Wastage	\$2,183,394	\$2,941,014	\$757,620	34.7%
	Container Fee	\$258,564	\$293,593	\$35,030	13.5%
	<b>Sub total</b>	<b>\$1,510,037,671</b>	<b>\$1,516,314,501</b>	<b>\$6,276,829</b>	<b>0.4%</b>
<b>Other</b>					
	Premium Free Dispensing Incentive <sup>3</sup>	\$227,533,298	\$117,020,523	-\$110,512,775	-48.6%
	Electronic Prescription Fee <sup>4</sup>	\$8,091,750	\$9,164,954	\$1,073,203	13.3%
	<b>Sub total</b>	<b>\$235,625,048</b>	<b>\$126,185,477</b>	<b>-\$109,439,571</b>	<b>-46.4%</b>
	<b>Total<sup>5</sup></b>	<b>\$9,245,382,424</b>	<b>\$9,567,034,482</b>	<b>\$321,652,059</b>	<b>3.5%</b>

**Summary of Medicines, Wholesalers, and Pharmacy Expenses**

Medicines	\$6,479,093,813	\$6,685,360,750	\$206,266,937	3.2%
Wholesale	\$405,989,214	\$388,422,533	-\$17,566,682	-4.3%
Pharmacy	\$2,360,299,397	\$2,493,251,200	\$132,951,803	5.6%
<b>Total</b>	<b>\$9,245,382,424</b>	<b>\$9,567,034,482</b>	<b>\$321,652,059</b>	<b>3.5%</b>

The tables above refer to remuneration from over co-payment scripts. Remuneration from under co-payment scripts has not been included.

**Notes:**

1. Table 22 is for PBS and RPBS prescriptions claimed by community pharmacies and friendly societies for both Section 85 and some Section 100 items. It includes Government and patient contributions. It does not include:  
 \* EFC (as the calculations of the components from the Line by Line (LBL) data was not available for EFC in 2015-16. This will be available for the 2016-17 report);  
 \* hospital PBS claims for s85 items (as the report's focus is for community pharmacy);  
 \* some private hospital HSD claims; and  
 \* most public hospital HSD claims.

Given what data is and is not included, this table may not be directly comparable to earlier tables in this publication.

2. Pharmacy Mark-up: the increase in the pharmacy mark up between 2014-15 and 2015-16 is a result of the introduction of the Administration Handling and Infrastructure fee, replacing the previous percentage based mark-up.

3. Premium Free Dispensing Incentive: the reduction in PFDI remuneration is as a result of a 2015-16 Budget measure to better target the incentive for consumers to choose a brand without a price premium.

4. Electronic Prescription Fee is listed as a programme under 6CPA.

5. Health's 2015-16 Annual Report lists the administered expenses for pharmaceutical benefits as \$10.838 billion. The difference between that figure and the total figure above is attributable to:

\* the annual report does not include patient contributions;  
 \* the annual report data is based on accrual figures, whilst the above data is cash basis;  
 \* the annual report data does not include PFDI or EPC;  
 \* the annual report is PBS only and does not include RPBS, whereas the above data includes RPBS; and  
 \* the annual report captures all s85 and s100 accrued expenses (including all HSDs and EFC), while the above data captures all s85 and some s100 data for community pharmacy and friendly societies only (it excludes a number of smaller s100 programmes, for example growth hormone, IVF, botox, and Remote Area Aboriginal Health Services Programme).

**Table 23: CPA Professional Pharmacy Programmes Expenditure, 2015-16.**

Under the Sixth CPA there were a range of professional programmes and services delivered by community pharmacy and pharmacists to support the primary health care needs of consumers. The following table details the funds spent on these programmes under CPA in 2015-16 by relevant categories.

<b>Program Type</b>	<b>Actual Expenditure</b>
Rural Pharmacy Maintenance Allowance	\$14,139,418
Rural Pharmacy Workforce Program	\$6,865,988
Medication Management services	\$59,440,198
Medication Adherence services	\$65,600,000
Prescribing and Medication practices (ERRCD)	\$51,982
Aboriginal & Torres Strait Islander programs	\$4,555,958
Pharmacy Guild administration fees	\$5,684,760
<b>Programs Total</b>	<b>\$156,338,304</b>

**Notes:**

1. For the Programs administration arrangements for 2015-16 (administered by the Pharmacy Guild), the total funding provided to the Pharmacy Guild was \$156, 118, 117 (accrual figure). Of this, \$5,520,000 was provided to the Pharmacy Guild for the purpose of Pharmacy Guild administration fees. This means the Pharmacy Guild administration fees was 3.54% of the total funds.

2. The difference between total funds provided to the Pharmacy Guild (see note 1) and the total funds in the above table is related to some non-Guild administered Programs (e.g. Electronic Recording and Reporting of Controlled Drugs - ERRCD and the EPF) and a range of other program support activities (e.g. geospatial calculations, professional practice guidelines etc.).

3. The Electronic Prescription Fees (EPF) program expenditure is separately reported in Table 22 of the report.

4. Medication Management services, Medication Adherence Services and Aboriginal and Torres Strait Islander Programs are made up of multiple elements, as per the following tables.

**Medication Management services consist of the following elements:**

Diabetes Medscheck and Medscheck	\$10,936,753
Residential Medication Management Review (RMMR)	\$14,200,000
Home Medicines Review (HMR)	\$14,500,000
Clinical Interventions by pharmacists (Pharmacy Practice Incentives)	\$19,800,000
<b>Total</b>	<b>\$59,436,753</b>

\* The figure for Medication Management services in Table 23 above (\$59,440,198), also includes communication material storage costs (\$3,444.94)

**Medication Adherence services consist of the following elements:**

Dose Administration Aids (Pharmacy Practice Incentives)	\$58,400,000
Staged Supply (Pharmacy Practice Incentives)	\$7,200,000
<b>Total</b>	<b>\$65,600,000</b>

**Aboriginal & Torres Strait Islander Programs consist of the following elements:**

Workforce (scholarships)	\$180,000
Workforce (traineeships)	\$160,000
Supporting s100 Remote Aboriginal Area Health Services (RAAHS)	\$1,686,000
Quality Use of Medicines Maximised for Aboriginal and Torres Strait Islander people (QUMAX)	\$2,529,958
<b>Total</b>	<b>\$4,555,958</b>

**Table 24: Community Services Obligation (CSO) Expenditure, 2015-16.**

The CSO for pharmaceutical wholesalers helps to ensure there are arrangements in place for all Australians to have access to PBS medicines, via their community pharmacy, in a timely manner.

Administration of the CSO funding pool is conducted by the Australian Healthcare Associates under contract to the Department of Health.

<b>Element</b>	<b>Amount</b>
CSO funding pool	\$193,917,883
CSO admin	\$1,302,117
<b>Total</b>	<b>\$195,220,000</b>

**Table 25(a) and 25(b): Community Pharmacy Discounted Scripts, 2015-16.**

From 1 January 2016 to 30 June 2016 by Date of Supply.

**Table 25(a): Community Pharmacy Scripts With and Without \$1 Discount by Patient Category.**

Script Type	Concessional		General		RPBS		Total	
	Sum	%	Sum	%	Sum	%	Sum	%
<b>Discounted</b>	24,782,555	30.3	1,653,966	25.6	889,611	20.5	27,326,132	29.5
<b>Non-discounted</b>	57,030,101	69.7	4,801,157	74.4	3,460,006	79.6	65,291,264	70.5
<b>Total</b>	<b>81,812,656</b>	<b>100.0</b>	<b>6,455,123</b>	<b>100.0</b>	<b>4,349,617</b>	<b>100.0</b>	<b>92,617,396</b>	<b>100.0</b>

**Table 25(b): Community Pharmacy Scripts With \$1 Discount Showing Discount Range by Patient Category.**

Discount Range	Concessional		General		RPBS		Total	
	Sum	%	Sum	%	Sum	%	Sum	%
<b>&lt; \$0.50</b>	342,973	1.4	20,984	1.3	15,554	1.8	379,511	1.4
<b>&gt;= \$0.50 and &lt; \$1.00</b>	127,464	0.5	12,835	0.8	3,175	0.4	143,474	0.5
<b>\$1.00</b>	24,104,371	97.3	1,605,666	97.1	864,385	97.2	26,574,422	97.3
<b>Other</b>	207,747	0.8	14,481	0.9	6,497	0.7	228,725	0.8
<b>Total</b>	<b>24,782,555</b>	<b>100.0</b>	<b>1,653,966</b>	<b>100.0</b>	<b>889,611</b>	<b>100.0</b>	<b>27,326,132</b>	<b>100.0</b>

**Notes:**

Community Pharmacy scripts only.

Includes both Section 85 &amp; Section 100 items.

Excludes Under Co-payment and Doctors Bag scripts.

Extracted by Date of Processing between 1 January 2016 and 30 September 2016.