

# Confidential Briefing

## 6<sup>th</sup> Community Pharmacy Agreement

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October, 2015

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# 6<sup>th</sup> Community Pharmacy Agreement

Overview - October, 2015

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## Executive Summary

- Minister and Guild have signed 6CPA
  - ✦ 5-year agreement
  - ✦ Estimated \$18.9b compared with \$15.7b in 5CPA
  - ✦ Additional \$2.3b on forward estimates
  - ✦ Extension of Location Rules to mid-2020
- Dispensary remuneration maintained in real terms
- Up to \$1.26b in program funding

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## Dispensing Remuneration

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### From 1 July 2015:

- Minimum \$3.49 Administration, Handling & Infrastructure (AHI) Fee replaces mark-up
- Dispensing fee up \$0.17 to \$6.93
- Premium-free Dispensing Incentive up \$0.04 to \$1.72
- Dangerous Drug Fee up by 20 cents to \$2.91

All fees indexed annually by Consumer Price Index

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## Administration, Handling & Infrastructure (AHI) Fee

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### The AHI Fee will be:

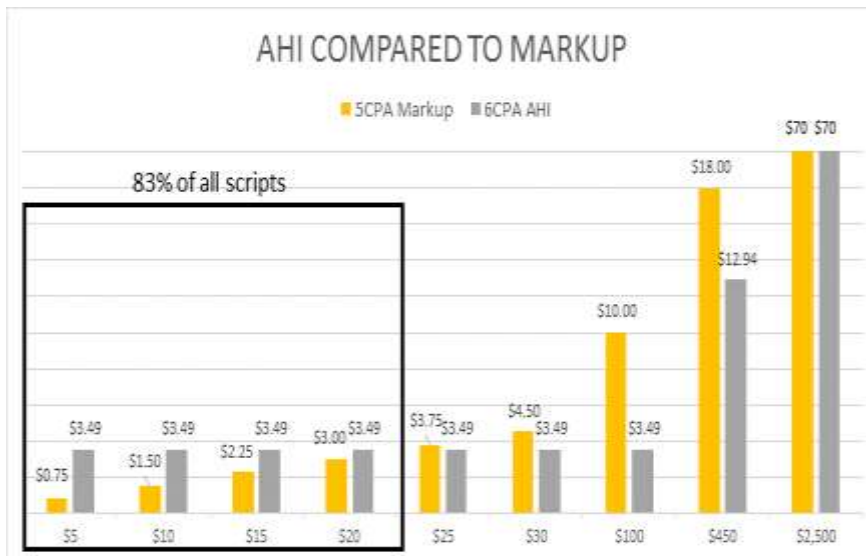
- \$3.49 for all drugs priced up to \$180 (more than 98 percent of scripts)
- \$3.49 + 3.5 percent of the amount over \$180 for drugs \$180 to \$2,089.71
- Capped at \$70 at a price of \$2,089.71 and above

### Benefits:

- Delinks official remuneration from cost of medicines
- Indexed by CPI every year
- Puts a floor on remuneration - \$6.93 dispensing fee + \$3.49 AHI

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## Remuneration – Other Issues

- **Review:** remuneration review to inform 7CPA
- **Under Co-Payment Prescriptions:**
  - ★ Allowable fees continue to apply (optional)
  - ★ AHI also applies
  - ★ Pricing data supplied to Medicare through PBS Online
- **Wholesalers:** CSP remuneration issue
- **Chemotherapy:** changes to fee structure proposed, to be discussed with sector, funded outside the 6CPA envelope

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## Location Rules

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- Legislation to extend Location Rules from 1 July 2015 to 30 June 2020
- Review of Location Rules within first two years of 6CPA
- No changes during 6CPA without agreement of Guild

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## Community Pharmacy Programs

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**\$1.26 billion:**

- Continuing community pharmacy programs (\$613 million)
- Pharmacy trial program (\$50 million)
- Funding to support new and expanded programs (\$600 million)
- Focus on ATSI people and rural and remote Australia

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## Community Pharmacy Programs

### Additional community pharmacy program funding:

- \$650 million to support trials and new and expanded programs delivered through community pharmacy (ex unapproved pharmacies)
- Enhancing primary healthcare role of community pharmacy
- \$122 million earmarked to expand DAAs and Staged Supply

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## Conclusion

### Significant benefits for community pharmacies:

- \$2.4 billion additional investment (\$2.8 billion including chemo)
- Dispensing (AHI provides floor, CPI indexation, 1 July increase, higher dispense remuneration every year, PFDI value retained)
- Location Rules retained to mid-2020
- 70 percent increase in community pharmacy program funding
- Opportunity to significantly enhance role of pharmacies
- 69 percent increase in DAA funding in 2015-16
- Direct remuneration for NDSS
- Chemo funded outside the 6CPA envelope

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**Thank You  
Questions?**

