

# SUBMISSION

## Review to examine the pharmacy location rules for approval to supply pharmaceutical benefits.

### TERMS OF REFERENCE

#### Objectives and Scope of the Review

The review of the location rules should:

1. Evaluate the net public benefit of the existing pharmacy location arrangements, assessed in terms of the location rules' contribution to achieving the following policy objectives:
  - \* Providing consumers with reasonable equality of access to quality pharmacy services in their local community;
  - \* Provision of a quality, personalised pharmacy service to the Australian community through a network of well distributed, accessible and viable community pharmacies;
  - \* Increased access to community pharmacies for persons in rural and remote regions of Australia;
  - \* Maximising the value to the taxpayer by encouraging an effective and efficient community pharmacy network;
  - \* Continued development of an effective, efficient and well distributed community pharmacy service in Australia which takes account of the recommendations of the Competition Policy Review of Pharmacy and the objectives of the National Competition Policy;
  - \* The maintenance of a community pharmacy network which supports the central tenets of the National Medicines Policy;
  - \* Providing a stable and predictable environment for community pharmacy;
  - \* Generally, the fostering of a stable and viable community pharmacy sector in Australia.
  - \* Consider the net public benefit of the present rules against the background of qualified workforce shortfalls and limitations.
2. Identify any significant anomalies in the application and administration of the current rules, including any deficiencies in the current administration and Australian Community Pharmacy Authority processes, and consider and report on alternatives to remedy any such deficiencies and anomalies.
3. On the basis of the findings, explore and, if considered appropriate, of substance, and an improvement to the current arrangements, report on alternative location arrangements for the equitable availability of quality community pharmacy services to the Australian community, having regard to the Policy Objectives outlines above and to transitional issues in respect of any tightening or relaxation of the rules.

## THIS SUBMISSION

This submission will make general comments on the Objects and Scope of the review. It will then concentrate its remarks on the specifics relating to Aboriginal Health Services (AHS); aged care/residential care facilities – (ACF/RCF); and medical centres/multi purpose health centres.

AHSs are also meant to include community controlled health organisations while ACF/RCF includes “nursing homes” and rehabilitation centres.

## COMMENT ON OBJECTIVES OF REVIEW

The review is stated as going to evaluate the net public benefit of the existing pharmacy location arrangements, assessed in terms of the location rules’ contribution to achieving the following policy objectives:

- \* **Providing consumers with reasonable equality of access to quality pharmacy services in their local community;**

### Comment

Consumers in urban areas have a surplus of opportunities to access PBS. The retail pharmacy model which represents the 5,000 Approved Pharmacies in Australia has evolved as the centre piece of the PBS distribution network and continued to operate on the Section 85 PBS procedures. These are not always in the best interests of consumers and particularly in the case of the three target groups referred to in this submission. The problem arises when “community” is extended to mean disadvantaged groups such as Aboriginal people, especially those living in remote communities across the north of Australia and residents of ACF/RCF places who do not have access to the same retail pharmacy network that operates for the rest of the population.

- \* **Provision of a quality, personalised pharmacy service to the Australian community through a network of well distributed, accessible and viable community pharmacies;**

### Comment

If a personalised quality service is the object this certainly does not happen in the case of the three target groups. Their pharmacy service is from a distant pharmacy with the end user of the service having no idea who the pharmacist is providing the service. Nurses, doctors and Aboriginal Health Workers are the front line health professional. The retail pharmacy providing the service is the supply only function. Recent advances such as medication reviews and clinic visits may have rectified this in a small way but these services are still being provided from a distant pharmacy to the health clinic or residential facility. This is not the personalised service that could be evident if the AHS, ACF/RCF, or medical clinic had its own pharmacy service with PBS Approval status.

- \* **Increased access to community pharmacies for persons in rural and remote regions of Australia;**

### Comment

So long as the granting of an Approval Number is attached to the ownership of a pharmacy by a pharmacist a rural and remote community will never have the control over who is providing the pharmacy service. There needs to be a process whereby a “community” can own the Approval Number and lease it to a pharmacist who can operate the service. In this way a service is built up around what the community needs rather than what an individual business person sees as a way of making money. In the case of the remote Aboriginal communities these can be made to “zone” as is being done in the Northern Territory and have a pharmacy business shared by how ever many communities are needed to make a viable entity. The viability will be judged on the provision of an efficient service rather than a return on investment to an entrepreneurial pharmacist. The existing arrangements have done little to encourage more pharmacies in remote

locations. In fact in the case of Alice Springs it has seen a reduction from five to three pharmacy businesses with still none operated by the largest community controlled health organisation in non urban Australia.

- \* **Maximising the value to the taxpayer by encouraging an effective and efficient community pharmacy network;**

#### **Comment**

The value to the taxpayer should be through the provision of a high quality pharmaceutical care service. This should include monitoring compliance and evaluating results. While ever the provision of PBS follow up and evaluation is tied to a fee the proper studies will not occur. Repeat prescription dispensing is not followed up nor is there any evaluation of outcomes. At a time when health outcomes are the measurement of success and continuation of funding the PBS is sadly lacking in evidence except in a total Australian population context. If the provision of PBS continues to be in an environment where private business profits are the key to success the PBS will not obtain the attention it deserves in evaluation. Thousands of prescriptions repeat authorisations are issued every day and yet there is no evidence of how many of these are actually filled. The taxpayer is paying for the PBS in two ways – once through the taxpayer funded subsidised program and again in direct payment for items that are not subsidised. The global sum is equal. The government and the PBS should be interested in ALL SUPPLIES and not just those for which it pays a subsidy. An Approved Pharmacy network that does not compete in the retail marketplace is needed to maximise PBS expenditure in a clinically and health caring manner. If this cannot be achieved through this review then there should be a total review of the PBS distribution process with an emphasis on health care rather than wealth care for pharmacists. This would be an appropriate review for this review to recommend.

- \* **Continued development of an effective, efficient and well distributed community pharmacy service in Australia which takes account of the recommendations of the Competition Policy Review of Pharmacy and the objectives of the National Competition Policy;**

#### **Comment**

The location of pharmacies for the purpose of dispensing PBS items has failed to acknowledge the central tenets of National Competition Policy and the outcomes of the “Wilkinson” review of pharmacy regulation. See attached at Attachment One a quote from the NCP Wilkinson report for the emphasis on the need for Aboriginal Health Services, Aged Care facilities and medical clinics to have their own Pharmacy Approval Number for supplying PBS to their constituents. The Pharmacy Upgrade project of the Tiwi Health Board (Bathurst Island, NT :2001-2003) was proof enough of the problems that can be encountered when a non-pharmacist owned proposal is put before the authorities for an Approval Number while being entirely within the law. Since this the Pharmacy Guild of Australia has submitted to the NT Government (See Attachment Two) that it is agreeable to having Aboriginal health organisations own a pharmacy. This review is asked to formally endorse this proposal.

- \* **The maintenance of a community pharmacy network which supports the central tenets of the National Medicines Policy;**

#### **Comment**

The National Medicines Policy seeks true partnerships between all stakeholders in the supply and distribution of medicines in Australia. The ability of pharmacists to liaise and work alongside other stakeholders is severely impeded by their position in the retail market place. The review is urged to consider how much better the liaison would be if pharmacies were positioned alongside or part of other primary health care facilities. This would enable medical centres to properly combine the knowledge of all health professionals and not as is now all health professionals minus pharmacists.

**\* Providing a stable and predictable environment for community pharmacy;**

**Comment**

Community pharmacy, or more appropriately retail pharmacy in the community, is a competitive business against supermarkets, general stores, service stations, newsagents, department stores and boutiques for the consumer retail sector dollar. This writer fails to see why such a business should be under some privilege to be supported by a government health program such as the PBS. As the retail dollar becomes more competitive pharmacies have reacted by enlarging their "front of shop" activity. Those in the expensive "regional" shopping centres have become more like a supermarket than a pharmacy and yet the call goes out to prevent supermarkets (Coles, Woolworths) from having a pharmacy located within their retail space. There is little difference between being in the supermarket or adjoining by a wall that provides business protection of the pharmacist owner. It is time this sham was broken down and businesses able to compete in a true consumer driven market environment.

A PBS Approval Pharmacy should be in a health care environment rather than a retail environment. The sooner this happens the more likely pharmacists of the future will have to practice their knowledge rather than be a retail shopkeeper. The existing Third Agreement has seen nothing that will enhance the status of the pharmacist in the health care environment. Rather it has drawn the criticism of one of its peers – the Australian Medical Association – which would be hoped to be its main ally not an enemy.

**\* Generally, the fostering of a stable and viable community pharmacy sector in Australia.**

**Comment**

See above comments. The protectionism provided by government in both a financial way through the PBS and a structural way through not adhering to National Competition Policy cannot be justified against a supposed "greatest system in the world" tag it is given by the Pharmacy Guild of Australia.

**\* Consider the net public benefit of the present rules against the background of qualified workforce shortfalls and limitations.**

**Comment**

The present rules for pharmacy approval location have done nothing to address the so-called workforce shortfalls. In fact the workforce issues are merely a symptom of a flawed system whereby qualified graduate pharmacists are used to enter data into computer systems that were developed to meet a need of providing speedier payments to the owner pharmacists in the decade of the 1980s. In the electronic age there is no reason why a lesser number of pharmacists could not be employed to be more productive than data enterers. A further agreement between pharmacy and the government must ensure that workplace practices are in line with technological developments and making maximum use of bar code scanning and electronic transmission of data. There is not a shortage of pharmacists, just a shortage of interesting tasks for them to perform. A "clinical" pharmacist in a setting described in the three target groups of this submission would be sufficient to attract and retain pharmacists to the job.

**COMMENT ON SCOPE OF REVIEW**

**Identify any significant anomalies in the application and administration of the current rules, including any deficiencies in the current administration and Australian Community Pharmacy Authority processes, and consider and report on alternatives to remedy any such deficiencies and anomalies.**

**Comment**

The correction of "deficiencies and anomalies" in the ACPA processes will do nothing to

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correct the structural flaws in the Approval Number process as identified above and only able to be corrected by undertaking a major review in to the whole system that distributes medicines to the Australian community. At a cost of \$10 billion a year to the Australian consumer the PBS must be able to have proven benefits in health outcomes and to date there is no direct evidence of this happening.

The enabling of any “fourth pharmacy agreement” should only be undertaken after a thorough review of options. It is significant to note the short time frame of this review and also the tenders just let under the Third Agreement for a study of consumer wants and needs from a “community” (retail) pharmacy. This should be completed and outcome reviewed to inform any further agreement between the government and the Pharmacy Guild of Australia.

**On the basis of the findings, explore and, if considered appropriate, of substance, and an improvement to the current arrangements, report on alternative location arrangements for the equitable availability of quality community pharmacy services to the Australian community, having regard to the Policy Objectives outlines above and to transitional issues in respect of any tightening or relaxation of the rules.**

### Comment

In the situation described in Attachment One quoting from the “Wilkinson” review – the following facilities should be granted Approval Numbers because of their simple existence and not by some artificially contrived definition of factors like distance from another pharmacy; unmet need; or location in a rural or remote part of Australia.

An Aboriginal Health Service serves a client base. Its reason for being is to improve the health of those clients and is not seeking economic viability. An Approval Number should be available regardless of opening hours, locked up premises or statutory declarations stating when the pharmacy is open.

The “**equitable availability of quality community pharmacy services to the Australian community**” will be a reality when the needs of consumers are placed before the interests of the retail pharmacy business lobby.

### ABORIGINAL HEALTH SERVICES

**Aboriginal people** – even though arrangements have been made to supply remote Aboriginal health clinics with PBS items at no cost through a retail pharmacy – it is a “second class” PBS for Aboriginal people and as such is distinctly racist in nature. A fee of \$1.14 is paid to the retail pharmacy for every supply and there is no “value added” component of the transaction. The “mainstream” PBS provides the retail pharmacy with \$4.70 for dispensing the medicine to the individual patient.

There is only one reason why this is allowed to continue unchallenged and that is because the Pharmacy Guild has hailed the process of supply under Section 100 of the National Health Act as a success. It may be a success in getting the goods to the clinic but after that the same unsafe practices exist in the supply on to the patient.

The only resolution to this is to allow Aboriginal health services to be able to obtain an Approval Number to supply PBS in the same manner as is done in mainstream society.

### AGED/RESIDENTIAL CARE FACILITIES

**Aged care facilities** – the supply of medicines for residents of aged care facilities and nursing homes is made from a retail pharmacy which specialises in the supply of medicines in a dose administration aid that allows the staff to hand out medicine accurately and in a timely manner. In this way it is meeting the standards for quality use of medicine. The problem comes when the supplying pharmacy is to claim for the cost of the medicine against the protocols for the PBS through the Section 85

arrangements for the mainstream population. The inability of the retail pharmacy to put in place a more efficient supply route with the PBS is indicative of the failure of the system to adapt to innovative practices for the special needs of the residents.

The result of this is retail pharmacies competing with each other for the business and offering the packing service at no cost. The outcome of this is a factory type scenario from a distant pharmacy and a reluctance to explore options for efficiency.

The resolution is to allow the facilities to have their own Approval Number to be able to supply the medicine and benefit to whatever profit is made to employ their own pharmacist. In this way all services would be provided from an in-house pharmacy service more responsive to the residents' needs and collaboration with the doctors.

### **MEDICAL CENTRES/MULTI PURPOSE HEALTH SERVICES**

The location rules that prohibit an Approval Number being located within 1.5Km of another pharmacy is preventing patients who elect to visit a medical centre from having as ready access to a pharmacist as to any other health professional. The fact that doctors are denied the ready access to a pharmacist to liaise with and seek advice from when treating a patient is not in the best interest of the patient. The example of the Woodbridge Medical Centre in Western Australia was the classic case at the time of the Wilkinson Review where because the nearest pharmacy was 825 metres from the centre, albeit over a busy highway – there could not be an Approval Number given for the Woodbridge Medical Centre Pharmacy. This is an example of regulation not moving with current trends in patient needs. The Centre has 14 doctors, nutritionist, pathology, radiology and other associated services. But it could not have a pharmacy.

### **RECOMMENDATIONS**

1. There should be a total review of the PBS distribution process with an emphasis on health care rather than wealth care for pharmacists.
2. In considering the location of PBS Approvals the review should take note of circumstances that will best make use to the primary health care setting the knowledge gained by pharmacists in achieving their Bachelor of Pharmacy degree.
3. The three locations of Aboriginal Health Services; Aged Care/Residential Care Facilities; and, Medical Centres should be granted Approval Numbers without consideration of the impact this would have on existing retail pharmacies. This acknowledges the primary objective of patient outcomes.
4. The location of PBS Approved Pharmacies should not be viewed as an economic tool to support retail pharmacies that are operating in a competitive retail environment.
5. Any changes to location rules should be made with an objective of rewarding those applicants who are prepared to introduce technology to free pharmacists time for indulging in cognitive process with fellow health professionals.

### **CONCLUSION**

It should be evident from this submission that relaxed location rules will benefit the following groups in the community:

- The access of Aboriginal people, especially those living in remote communities
- The frail aged living in facilities acquiring their pharmacy services in dose administration aids and being forced to obtain these from a retail pharmacy.
- The patients of medical centres where a full range of primary health care services are available but not a pharmacy
- The patients of multi purpose health services that are denied a pharmacy due to the location rules associated with dispensing of PBS prescriptions.

The Wilkinson review advocated that these health services should be able to have a "dispensary" for the supply of PBS.

## National Competition Policy Review of Pharmacy

### Final Report

February 2000

### ***EXTRACT page 76 Final Report***

#### ***The restrictions (on location of Approval Numbers) has not kept up with evolving health care and consumer needs***

The PBS location restrictions have been operating, with modifications, since 1990. In that time, there have been considerable changes in the modes of delivery for primary health care services, including pharmacy.

By effectively standing still at the beginning of the decade, the current restrictions (on location of Approval Numbers) arguably have not served the community well. They reflect, and to an extent have locked in, the pharmacy and health care outlook of the early 1990s, rather than looking ahead to needs of the decade ahead.

A collateral cost of maintaining both the new and relocated pharmacy criteria is that they frustrate positive developments in pharmacy service planning and provision. They do not help to keep the shape of the community pharmacy industry abreast of current and likely future trends in consumer need and demand for pharmacy services, including:

- + The ongoing popularity with consumers of "one-stop" shop medical centres containing a range of health care professionals under one roof,
- + The development and expansion of care and multi-campus aged care nursing home and hostel facilities, which lend themselves to either on-site dispensaries or the contracting in of specialist pharmacy services not always provided readily by orthodox community pharmacies' ; and
- + Specialist health care facilities such as Aboriginal Medical Services, which could also sustain their own dispensary facilities.

**End of extract**

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Response from



The Pharmacy Guild of Australia  
and its Northern Territory Branch

to the

Territory Health Services  
Northern Territory Government

Discussion Paper on the  
Health Professional Regulatory Legislation

November 2001

PO Box 7036  
Canberra BC ACT 2600

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**QUOTE FROM PAGE FOUR – a full copy of the submission is available on request**

***"The Guild makes it clear that in seeking this change to the Act, we are primarily concerned with preventing supermarket-type business corporations from owning pharmacies. At the same time, we recognise the need to make a specific exclusion on pharmacy ownership for remote Aboriginal communities in order to provide flexible ways of improving pharmacy services to these areas."***