



Chronic Illness Alliance



cancer voices **australia**



Consumers
Health Forum
of Australia

MEDIA RELEASE

Wednesday 1 April, 2015

Now is the time for overhaul of antiquated pharmacy agreement

Statement by the Consumers Health Forum, Cancer Voices Australia and the Chronic Illness Alliance

The call for the removal of pharmacy ownership and location rules provides further impetus for a substantial overhaul of the Community Pharmacy Agreement to ensure health needs get first priority, three national health groups have declared.

“We welcome the recommendation by the Competition Policy Report that the removal of these antiquated measures to protect pharmacy owners against competition are in ‘the longterm interests of consumers’,” the Consumers Health Forum, Cancer Voices Australia and the Chronic Illness Alliance, say in a statement released today, Wednesday, 1 April.

The recommendation that the relaxation of these anti-competitive rules should be included in a transition process as part of the negotiations for the 6th Community Pharmacy Agreement has come as the three health groups issue a call for the Health Minister, Sussan Ley, to overhaul the Community Pharmacy Agreement.

“We welcome the steps made by the Health Minister to consult with Consumers Health Forum and other interested organisations in developing a new Community Pharmacy Agreement.

“However we urge the Government to take a further necessary step and extend the term of the current agreement until 30 June 2017. This would give two years for transition arrangements to allow inclusive, transparent and accountable monitoring of the current agreement and thorough consultation on the development of the next agreement.

The next pharmacy agreement needs to be refashioned more in the interests of patients rather than in the predominant interests of pharmacy owners and Pharmacy Guild, as at present. We need to know if we are getting value for the public’s expenditure --- \$15.4 billion in the past five years --- a very large payment to retail businesses.

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Significant improvements are made more likely with a consumer-focused agreement, such as further changes to generic medicines prices, the removal of anti-competitive pharmacy ownership and location rules and greater support for home medicine review programs.

Our call for a two-year transition period in developing a new pharmacy agreement would allow the Government to conduct a thorough review into the disturbing findings of the Australian National Audit Office report into the current agreement.

Business as usual cannot be an option if the Government is to take seriously the deficiencies exposed by the audit report and to act to restore the integrity of the pharmacy agreement.

We would strongly support a review of the agreement to invigorate the patient focus in the dispensing of medicines and to install such measures as effective key performance indicators to enable the regular monitoring of outcomes.

The audit report uncovered examples of unaccounted use of public money, poor administration and lack of transparency, it also identified a lack of patient focus and the redirection of money, originally meant for patient services, to the Pharmacy Guild.

The audit found the administration of the pharmacy agreement between the Health Department and the Guild:

- Failed to deliver on key government goals such as shifting to a more patient-oriented mission
- Kept no records of the negotiations over the \$15.4 billion pact
- Had no formal mechanism to reconcile actual expenditures on pharmacy remuneration against funding specified by the agreement
- Made a “notable omission” in failing to tell Cabinet that the Guild would be paid to administer programs with money ear-marked for patient services

But the audit did NOT examine how the Guild administered publicly-financed programs. It said the department was unable to provide “confirmation or evidence” that the Guild had complied with the rules.

By working with the Consumers Health Forum and its members on those parts of the agreement dealing directly with consumer health outcomes, the department would end the secrecy and monopolistic features of the pharmacy-funding arrangements and open up the process to ensure consumers and health professionals have a say over the large sums of health dollars meant for the benefit of patients.

We also urge the Government to further accelerate price disclosure measures to ensure Australian drug prices align with the market price of medicines.

The audit report makes it more important than ever for the Government to begin transition arrangements now to develop a pharmacy agreement that works in the best interests of patients and taxpayers.

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