promoting excellence in medicines management

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26 May 2010

Ms Christine McDonald
Committee Secretary
Senate Standing Committee on Finance and Public Administration

Dear Ms McDonald

Submission to the Senate Committee Inquiry into the Council of Australian Governments (COAG) reforms relating to health and hospitals

The Society of Hospital Pharmacists of Australia (SHPA) welcomes the opportunity to provide comment on the reforms to Australia's health system recently agreed by the COAG through the National Health and Hospitals Network Agreement (the Agreement).

The Society of Hospital Pharmacists of Australia (SHPA) is the national professional organisation for more than 2,500 pharmacists, pharmacy technicians and associates working in private and public hospitals and in new and emerging settings where the pharmacist's skill set is needed. SHPA is a strong supporter of the government's health reform agenda.

SHPA is the only professional pharmacy organisation with a core base of members practising in public and private hospitals and other health service facilities. No professional organisation is better equipped to support pharmacists to serve Australian consumers who are receiving acute or complex health care. SHPA has expertise in pharmacist professional services and offers support to achieve integrated outcomes from reform initiatives involving pharmacy, using a continuum of care approach.

SHPA urges an integrated approach, to move past the disconnections at the interface of nine governments' funding systems and the Community Pharmacy Agreement. This has caused cost shifting, unintended service gaps for consumers and major barriers to efficient service delivery. Whilst it is attractive for one level of government to be responsible for all health funding, SHPA contends that integration can be achieved if a continuum of care approach is taken **as policy is developed.**

The evolution of pharmacy services from a supply based service to a professional service base is now well established in hospitals and is in demand in primary care (e.g. GP Super Clinics and other multidisciplinary settings). **Therefore, health reform will affect two aspects of pharmacy services.**

1. **Reimbursement for supply of medicines and dispensing services.** This is under the PBS for community pharmacy, but now approximately 15% of PBS reimbursement goes to public hospitals, with other costs currently being covered by state/territories. Private hospital medicines are funded using the PBS, health insurers, hospital budgets and consumers payments. The need for a nationally integrated system for the funding of medicines has been recognised for some time. The current system is disconnected and ripe for cost-shifting, rather than for efficient, safe, cost-effective care.

2. **Funding for pharmacist professional services.** Pharmacy services are much more than supply and dispensing services. In public hospitals, pharmacist professional services have evolved with the majority of pharmacists' time being spent on professional services being the norm. Pharmacists' skills and knowledge are also needed within team based arrangements in general practice and other community settings, as more care moves to a community base.

Both of these aspects need to be integrated within the health reform agenda. With this introduction, SHPA provides the following comments on the proposed COAG health reforms.

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Comment 1
Lack of clear integration as a focus of the funding arrangements and responsibility and authority for health care services

SHPA supports the general intent of the health care reforms and has called for a system which removes the 'silos' of funding and the blame game. However, these concerns remain under the COAG funding structure due to the confusion about funding and policy responsibility and lack of clarity regarding who will be responsible or accountable for key aspects of health care.

The Agreement appears to suggest that whilst the Commonwealth will assume funding responsibility for various health care services currently provided by the States, they will still pay this money to the States to continue to provide the majority of these services. It is unclear who will be accountable for the effective and efficient provision of these services or how this will relate to the planning and coordination role that appears to be expected from Primary Health Care Organisations (PHCOs). It is therefore unclear how this offers an improvement over current arrangements and whether it will confer the potential benefits associated with national funding and regional coordination. There is no clear integration between PHCOs and Local Hospital Networks (LHNs).

SHPA considers that there will remain a confusing 'silo' based funding system with varying arrangements able to be developed by the nine governments involved.

In particular programs such as 'hospital avoidance' could have been delivered via an integrated or shared program. Rather within the COAG package these also remain a divided responsibility.

> *States will have continuing policy and funding responsibility for the following services which have been agreed as excluded from transfer to the Commonwealth:*
>
> *e.* ***hospital avoidance programs that relate more specifically to patients who are predominantly being treated in acute care;***
>
> *Subject to the other provisions of this Schedule, the Commonwealth will take full funding responsibility, and policy responsibility, for the following categories of GP and primary health care services currently funded by State governments, from 1 July 2011:*
>
> *c.* ***hospital avoidance programs that do not relate specifically to patients who are predominantly being treated in acute care;***

'Hospital avoidance' programs should be developed within an integrated national program rather than be separated on the spurious basis of 'where care is predominantly being delivered.' SHPA considers that such decision making would be arbitrary at best and that it will create even more unintended service gaps for patients.

SHPA members currently experience great difficulty in providing care across service gaps between the Commonwealth and the State funded sectors. Health care delivery is changing with more complex services to be delivered closer to the home. Health care should support the 'patient journey'. Therefore, we need funding systems that can support the patient journey, rather than creating more silos and barriers for care delivery.

Comment 2
National consistency

There are a number of instances where specific States will retain responsibility for aspects of health care that have been delegated a Commonwealth responsibility in other jurisdictions. SHPA considers that where possible and where it will benefit efficiency and coordination of services in the longer term, it is preferable to take a nationally consistent approach to the distribution of responsibilities between State and Commonwealth Governments and to the establishment of PHCOs.

A nationally consistent approach is most likely to support a high performing system monitored through a consistent national performance and accountability framework. It remains unclear as to how national consistency is to be fostered under the proposals, albeit that presumably high level performance indicators may apply, these are unlikely to lead to consistency of service delivery and equitable access to safe and effective care.

Comment 3
Absence of any consideration for the use of medicines associated with almost all health care.

The silence on this matter means that the continuation of the plethora of medicines funding systems looks set to continue.

The funding of medicines in public and private hospitals is complex. SHPA covered the topic in its submission to the National Health and Hospital Reform Commission (NHHRC), building on an earlier discussion paper.
http://www.shpa.org.au/lib/pdf/whatsnew/SHPA_Submission_to_NHHRC_May2008.pdf

Medicines funding and regulation gives rise to a number of medical and financial problems and concerns for hospital pharmacists as they endeavour to deliver care for patients. Despite various proposals for change in the funding of hospital medicines to an integrated national funding system, it has not gained attention in the crowded health reform agenda.

The more complex care needs in hospitals mean that the system will need to be integrated with, yet different from the Pharmaceutical Benefits Scheme (PBS) that operates so well for the majority of Australians receiving community based care.

A plethora of arrangements now underpins hospital medicines funding, some of which include cost-shifting opportunities between government funders. Reforms should improve transparency and efficiency of care, as well as providing information about the safe and cost-effective use of medicines in all health care settings. This will strengthen future local and national evidence based decision making, including the anticipation of changes in the use of medicines and future funding needs.

The safe and effective use of medicines in hospitals needs the active involvement of pharmacists. This has been recognised by Australia's Safety and Quality bodies. Nearly half of all hospital pharmacists work at the bedside alongside doctors and nurses. Therefore, SHPA favours reform options in which the cost of medicines used in hospitals, as well as the professional services needed to support their safe use are considered together.

Future reform for medicines funding in hospitals must maintain the many positive features of the systems currently used in public hospitals. Future reforms should build on these strengths and expand benefits to the Australian consumer:

- to support all patients treated by the hospital: non-admitted, inpatients and on discharge;
- to leverage and improve the local evaluation and monitoring systems used to promote the safe and quality use of medicines (by positive influence on all steps of the medicines management pathway) and to manage the cost of medicines in hospitals;
- to leverage the efficient distribution systems for medicines currently used in Australian hospitals; and
- to continue the ability for hospitals to meet the clinical needs of individual patients, this includes access to investigational medicines and access to medicines for non-registered indications.

However, despite the fact that most treatments include medicines, this has not been addressed at all in the COAG health reform package.

SHPA urges that this omission should be corrected.

Yours sincerely

Yvonne Allinson
Chief Executive Officer

BACKGROUND

The Society of Hospital Pharmacists of Australia (SHPA)

The Society of Hospital Pharmacists of Australia (SHPA) is the national professional organisation for more than 2,500 pharmacists, pharmacy technicians and associates working across Australia's health system.

Established in 1941 following the pioneering efforts of 25 public hospital pharmacists from Victoria, the inaugural meeting of the national council and first national conference was held in Adelaide in 1961.

SHPA is governed by a Federal Council which is supported by Branches and Committees of Specialty Practice. All councillors and committee members are volunteers and are elected by the membership.

the shpa vision:
"excellence in medicines management through leading edge pharmacy practice and research"

the shpa mission:
- **supporting the continuing professional development of our members**
- **having strong membership within hospitals and all other quality use of medicines settings**
- **partnering with key medicines stakeholders**
- **advocating for the safe and effective use of medicines across the continuum of care**

SHPA is the only professional pharmacy organisation with a core base of members practising in public and private hospitals and other health service facilities. No professional organisation is better equipped to support pharmacists to serve Australian consumers who are receiving acute or complex health care.

Supporting the safe and effective use of medicines is the core business of pharmacists, especially in hospitals. Australian data show that pharmacy practice change and innovation has taken place in hospitals over recent decades:

- 47% of a pharmacist's time is spent outside the pharmacy department working alongside other health professionals on clinical pharmacy services for individual patients **(e.g. admission medication history interviews, medication management review, therapeutic drug monitoring, medication counselling / patient education, providing drug information to doctors / nurses and the training and education of pharmacy students and others)**. These pharmacy services are known to reduce adverse medication events.
- 16% of a pharmacist's time is devoted to management services that also improve **patient safety system-wide** through developing prescribing policies, quality activities such as medicine use evaluation, standardisation of high risk medicines, staff education etc.
- the remaining 37% of time is devoted to supply of medicine services that include specialised manufacture (sterile and non-sterile including cancer chemotherapy), clinical drug trials dispensing and services to support optimal storage of medicines, prevention of selection errors and appropriate labelling and packaging.

Such services are also in demand in other parts of the health system. SHPA considers that pharmacy services should be designed to provide seamless and consistent care for consumers no matter in which settings they interact with a pharmacist. Any registered pharmacist or pharmacy student can be a member of SHPA, regardless of their work setting.

Reflective of changes in health care, **SHPA's membership** is now drawn from the **diverse pharmacy practice settings** of public and private hospitals (urban, rural, general, specialty, small and large), community pharmacy, academia, research, industry, government, consultant / accredited pharmacists providing medication reviews at home or in residential aged care, quality use of medicines projects, medication safety, clinical governance and medicines management.

SHPA conducts annual national conferences to foster knowledge sharing, innovation and research. Attendance often exceeds 900 delegates, with hundreds of short paper and poster presentations.

SHPA has endorsed and is an active contributor to national standards and other document development such as the *Competency Standards for Pharmacists in Australia 2003* and the Health Training Package for hospital pharmacy technicians (for the Certificate III and Certificate IV in Hospital / Health Services Pharmacy Support qualifications).

SHPA has a long history of involvement in the clinical training for students and interns looking to gain registration as pharmacists and workplace training for hospital pharmacy technicians. SHPA considers that 50% of pharmacy interns should undertake their clinical training in the hospital sector.

Approximately 15-20% of pharmacists work in the hospital and associated sector, the bulk of the workforce work in the community sector. However recent changes to community-based practice, with the introduction of clinical pharmacy services such as medication management reviews, has led to an increase in the demand for clinical training in hospitals as this provides training in multidisciplinary pharmacy services that are in demand in community settings. The increase in undergraduate numbers over the last decade has also increased demand for hospital-based positions.

Services SHPA provides for its members include:

- Continuing professional development program to meet registration board requirements, national weekend clinical seminar series
- Continuing education lectures at major centres and CDs of selected national CE lectures compiled and mailed to members (in particular to support rural pharmacists)
- Credentialling pharmacists to become accredited to undertake medication reviews
- Coordinating a program of grants and awards providing over $150,000 each year towards research and development in hospital pharmacy practice to enhance the standard of health care
- Journal of Pharmacy Practice and Research (JPPR) to encourage the Australian evidence base
- Practice standards / guidelines to support professional practice, updated over 20 years e.g.:
    - o Clinical Pharmacy
    - o Medication Reconciliation
    - o Palliative Care Pharmacy Services
    - o Provision of Clinical Oncology Pharmacy Services
    - o Transportation of Cytotoxic Drugs from Pharmacy
    - o Provision of Oral Chemotherapy for the Treatment of Cancer
    - o Safe Handling of Cytotoxic Drugs in Pharmacy Departments
    - o Provision of Palliative Care Pharmacy Services
    - o Hospital Pharmacy Outpatient Services
    - o Provision of Consumer Medicines Information in Hospitals
    - o Critical Care Pharmacists
    - o Emergency Medicine Pharmacy Practice
    - o Distribution of Medicines in Australian Hospitals
    - o Drug Usage Evaluation in Australian Hospitals
    - o Pharmacy Investigational Drugs Services
- Support for rural practice via SHPA's national rural adviser and the rural and regional network
- Support for specialisation, practice standards and skills development via national committees e.g. medication safety, critical care, paediatrics, emergency medicine
- Explaining the consumer benefit and value of pharmacy / medicines services to government and others
- Working with all stakeholders on policies for medicines and pharmacy across the continuum of care