

23 July 2015

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Re: Review of Auditor-General's Report No. 25 (2014-15) Administration of the Fifth Community Pharmacy Agreement

The Society of Hospital Pharmacists of Australia (SHPA) is the national professional organisation for over 3,000 pharmacists, pharmacists in training, pharmacy technicians and associates working across Australia's health system. SHPA is the only professional pharmacy organisation with a core base of members practicing in public and private hospitals and other health service facilities.

SHPA is committed to facilitating the safe and effective use of medicines, which is the core business of pharmacists, especially in hospitals. SHPA supports pharmacists to meet medication and related service needs, so that both optimal health outcomes and economic objectives are achieved for Australians, as individuals, for the community as a whole and for healthcare facilities within our systems of healthcare.

SHPA supports all eight recommendations made by Australian National Audit Office (ANAO). In particular, the recommendations regarding future Community Pharmacy Agreements (CPA):

- Recommendation 3, maintain adequate records of negotiations and agreement making
- Recommendation 8, regular reporting of CPA outcomes to ensure they are meeting the key objectives of the CPA.

Despite the ANAO report, the recently signed 6CPA has been exclusively negotiated between the Department of Health and the Pharmacy Guild of Australia.

Such an approach can compromise the effectiveness of programs within the CPA. For example: a lack of understanding of the practical issues surrounding the delivery of chemotherapy medicines resulted in an unanticipated impact of the price disclosure policy, which threatened the viability of chemotherapy services. An additional, temporary funding measure for the supply of chemotherapy was put in place through the Efficient Funding for Chemotherapy Schedule from 1 January 2014. This problem is yet to be resolved. The temporary funding measure for the supply of chemotherapy medicines has been extended twice and will remain until 30 September 2015. Related issues surrounding the funding of pharmacist services to ensure the safe and effective use of chemotherapy medicines has yet to be addressed.

SHPA believes that the ANAO report should have made a recommendation to the Department of Health that the development and negotiation of these binding five year CPAs should be undertaken with all key stakeholders, particularly those in the hospital sector given that a substantial amount of PBS expenditure (close to 20%) is incurred through the hospital sector.

Further, the identification and assessment of key objectives of CPAs should be developed with all key stakeholders through suitable governance frameworks. During the term of the 5CPA, the Program

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References Group (PRG) met infrequently and this key governance body was not appropriately consulted on changes to program funding, access criteria and payment rules to programs.

SHPA believes that the abolition of the major stakeholder governance body of the CPA, the widely representative PRG, will compromise the governance of the current and future CPAs. SHPA believes that a representative stakeholder reference group must be in place and be a central governance body for the term of the 6CPA.

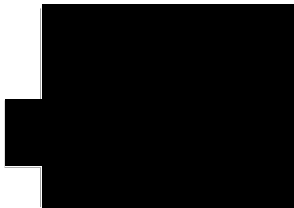
The ANAO report notes that the Pharmacy Guild of Australia is simultaneously:

- *“An industry association and advocate acting on behalf of retail pharmacy owners, making representations to government and public inquiries, and conducting public campaigns;*
- *A publicly funded administrator under the 5CPA, at times acting as the Department's agent;*
- *A recipient of Commonwealth grants relating to certain 5CPA professional programs;*
- *An owner of business enterprises that sell products and services to pharmacies on a commercial basis – with some products and services relating to 5CPA programs and activities;*
- *An advisor to the Department, through its co-membership of the overarching 5CPA governance body.”*

SHPA echoes concerns regarding the management of conflicts of interest which were raised in the ANAO report. We believe that these concerns should be addressed and considered in any decisions relating to the 6CPA including the Department of Health's call for tenders for administrators of the 6CPA programs.

If you would like to discuss the issues raised in this submission or require further information, please contact our office ([REDACTED]).

Yours sincerely



Professor Michael Dooley
SHPA Federal President