



**The Pharmacy
Guild of Australia**

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Dr Kathleen Dermody
Committee Secretary
Senate Economics Legislation Committee
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Dear Dr Dermody

Inquiry into National Health Amendment (Pharmaceutical Benefits) Bill 2015

On behalf of The Pharmacy Guild of Australia (the Guild) I thank the Senate Economics Legislation Committee for the opportunity to provide evidence to the inquiry into the National Health Amendment (Pharmaceutical Benefits) Bill 2015 (the Bill).

The Guild is the national peak pharmacy organisation representing community pharmacy. It strives to promote, maintain and support community pharmacies as the most appropriate primary providers of health care to the community through optimum therapeutic use of medicines, medicines management and related services.

The Sixth Community Pharmacy Agreement (6CPA) was signed by the Guild and the Minister for Health on 24 May 2015. The current, Fifth Community Pharmacy Agreement, expires on 30 June 2015. The funding that has been agreed to be invested in professional community pharmacy services through this new five-year Agreement, including remuneration for dispensing Pharmaceutical Benefits Scheme (PBS) medicines, is contingent on the passage of the Bill. The Bill (in part) provides the budgetary savings that the Government has made clear are a pre-requisite for this investment in these community pharmacy services. This investment is essential as the current remuneration trajectory has become unsustainable for community pharmacies due to the severe flow-on impact of necessary PBS reforms.

Remuneration for each PBS prescription dispensed today is lower now than it was five years ago and, without the investment contained in the 6CPA would continue to fall during the life of the 6CPA. This trajectory simply cannot be sustained by the community pharmacy sector and, unless rectified by the enhancements contained in the 6CPA, it would result in pharmacy closures and widespread job losses and reductions in opening hours and patient services.

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While the 6CPA provides for additional investment in the community pharmacy sector, pharmacies will continue to contribute significantly to ongoing reforms which will ensure that the PBS remains sustainable over the next decade. The Bill includes several measures that will have a flow-on financial impact on community pharmacies, including significant reductions in the trading terms that pharmacies receive from suppliers of medicines (manufacturers and wholesalers). In large part, these savings measures have been developed in collaboration with the Guild and other stakeholders through a process of consultation and negotiation which included the negotiation of the 6CPA.

The Guild supports the Bill, with the exception of the proposal to allow approved pharmacists to discount PBS patient co-payments, which we consider to be a matter for the Government and the Parliament. The Guild has expressed its concern that discounting of co-payments undermines the fundamental principle of universal access to the PBS across Australia and will commoditise medicine supply without providing any net annual benefit to the most needy and chronically ill patients who reach the PBS safety net.

The Guild supports all other measures in the Bill, which will help ensure that the PBS remains sustainable and delivers maximum value to taxpayers while establishing an environment of certainty for all participants in the medicines supply chain, thereby supporting business decisions and investment.

Crucially, the Bill also enables the continuation of the pharmacy location rules through to 30 June 2020, as has been agreed in the 6CPA. During 2014 an independent, national geo-spatial analysis was conducted which found that pharmacies are in almost every case more accessible than the other three essential services studied (supermarkets, banking and medical centres). For example, 87 per cent of Australians live within 2.5km of at least one pharmacy, compared to 80 per cent for medical centres. The location rules do this while continuing to allow for a highly competitive market in which new pharmacies are approved where there is a community need. Indeed, the number of approved pharmacies has increased by 368 (7.2%) between June 2010 and June 2014, which is in line with population growth.

The Guild has noted that some stakeholders have raised concerns over issues related to the substitution of biosimilar medicines at the pharmacy level. Like those stakeholders, the Guild believes that it is essential to ensure that there is a robust process to determine whether allowing the substitution between particular biosimilars would have any adverse safety outcomes or risks for patients.

The Guild notes that the Bill does not specifically or automatically enable the substitutability of any biosimilar medicine. The outcome from the Pharmaceutical Benefits Advisory Committee's meeting in April made it clear that substitution would only be recommended to the Minister where the data and evidence available to the Committee is supportive of this conclusion. Further, the PBAC stated that in considering this issue it would take into account a range of other matters including whether the Therapeutic Goods Administration (TGA) has deemed a product to be biosimilar with the originator product. The Guild does not consider that there needs to be any amendment to the Bill to ensure issues of patient safety are appropriately dealt with, however it is important that decisions in relation to individual biosimilars follow a clear and transparent process which provides patients, prescribers and pharmacists with confidence the correct decisions are being made on the best available evidence base.

The Guild urges the Senate to ensure that this important Bill is passed in the current session before 30 June so that the 6CPA can commence on 1 July and the pharmacy location rules can be extended until mid-2020.

I thank the Committee again for this opportunity and would be pleased to provide any further information should it be required.

Yours sincerely

David Quilty
Executive Director