

8CPA Outcomes

The Eighth Community Pharmacy Agreement (8CPA) supports the Australian Government in delivering its **National Medicines Policy (NMP)**, including through enabling patient access to **Pharmaceutical Benefits Scheme (PBS)** subsidised medicines and pharmacy health services through community pharmacies across Australia.

The 8CPA has an overall funding envelope of

\$26.49 billion

COMPRISING:

➤ **\$24.55 billion**

for dispensing remuneration including \$2.11 billion for new fees related to 60-day scripts

➤ **\$1.35 billion**

for programs, including increases to DAA caps and \$52m for changes to RPMA

➤ **\$589 million**

for other policy commitments, including extending a \$1 reduction in co-payments to all Australians in place of the optional \$1 discount

Dispensing

Structural change to dispensing remuneration

The significant move to 60-day scripts represented a structural change in the way the Government funds community pharmacy to deliver NMP on its behalf. This level of structural change required a permanent and ongoing shift in the way community pharmacy are remunerated for the supply of PBS medicines. This has been achieved through an agreement to commit in legislation to two new pharmacy fees related to 60-day scripts. Additionally, a change to the way remuneration under the 8CPA is evaluated and adjusted has been implemented through a strengthened payment adjustment mechanism. This will ensure the full commitment is realised even in the case of policy change or variation from volume forecasts.

New fees

An additional \$3 billion commitment from Government will support NMP goals and outcomes following the impact of 60-day scripts, including \$2.11 billion for two new fees. An additional Tier One Administration, Handling and Infrastructure (AHI) fee will be payable on all subsidised 60-day scripts from 1 April 2024, and a balancing fee on all subsidised scripts to ensure the \$3 billion commitment is fully expended.

Increased fees and program funding

The total funding envelope for 8CPA represents a 22% increase on the 7CPA.

The additional investment will be delivered through a combination of full CPI indexation on elements of Commonwealth Price in all years, two new fees in response to 60-day scripts, an increase to the Dose Administration Aid base cap from 60 to 90 per week, an increase in funding for the Regional Pharmacy Maintenance Allowance of \$52m over 5 years, and ongoing programs service growth.

PBS remuneration and AHI Indexation

Under the 8CPA, the average PBS remuneration per script will increase each year, driven largely by full Consumer Price Index (CPI) indexation on elements of Commonwealth Price. This is a key outcome compared to 7CPA in which indexation was frozen for the first two years of the Agreement. With around 63% of community pharmacy income coming from the dispensary, in a high inflationary environment with operating costs increasing, protecting dispensary income growth is an important outcome to ensure community pharmacy remains viable while being able to innovate and grow.

Wholesaler remuneration

Wholesaler remuneration is included in the Commonwealth Price under the Health Act and has therefore traditionally been included in the CPAs. The terms of how wholesaler remuneration is structured is a matter for Government and wholesalers but has a flow on impact to community pharmacy remuneration through the calculation of Price to Pharmacist and the AHI fee. The government is currently negotiating with the Community Service Obligation wholesalers as to what that remuneration looks like in the future, which may result in a change to the AHI fee. The Guild has secured a commitment that any impact of those separate wholesaler negotiations will result in an adjustment to pharmacy remuneration to ensure that there is no impact to community pharmacy.

Strengthened payment adjustment mechanism

The 7CPA saw the introduction for the first time of a risk share mechanism for pharmacy dispensing remuneration. However, 60-day dispensing demonstrated a need for a strengthened payment adjustment mechanism (PAM) for 8CPA. Adjustments have been increased in frequency from annual to six monthly, making it more responsive, and calculated on total volume rather than above co-payment. Volume can now grow by up to 10% before any adjustment is required, double the 5% under 7CPA, and any reduction in volume from forecasts will be compensated. Any adjustments will be outside the Commonwealth Price on the new balancing fee in the first instance, to protect the integrity of the Commonwealth Price. Finally, a mid-8CPA assessment will be conducted to ensure the funding commitments made by Government under 8CPA are met.

Co-payment \$1 discount

Patients will see cost of living relief via 8CPA, done in a sustainable way that recognises the importance of Community Pharmacists' role delivering world-class, affordable primary healthcare.

This will be delivered through the freezing of indexation on co-payments for five years for concessional patients, and one year for general patients. At the same time, the allowable \$1 discount will reduce by the amount equivalent to the inflation that would have applied to the co-payments in that year. The combination of these two measures will result in patient co-payments being \$1 less than they otherwise would have been for all patients by the end of 8CPA, in place of the failed optional \$1 discount which has resulted in inequity in access for patients.

How will fees and charges change on 1 July?

CASE STUDY 1: (Rosuvastatin 40mg tablet, 30 day scripts)

	30 Jun 2024	1 July 2024
Manufacturer's Price	\$5.06	\$5.06
Wholesaler Markup Fee	\$0.38	\$0.38
Price to Pharmacy	\$5.44	\$5.44
Dispense Fee	\$8.37	\$8.67
AHI	\$4.62	\$4.79
Dangerous Drug Fee	\$0.00	\$0.00
Safety Net Recording Fee	\$1.40	\$1.45
Max Allowable Additional Patient Charge	\$3.45	\$3.45
Additional Community Supply Support Fee	\$0.00	\$0.78
Maximum Total Remuneration for Dispensing to Concessional Patient	\$12.99	\$14.24
Maximum Total Remuneration for Dispensing to General Patients	\$17.84	\$18.36
Maximum Price to Concessional Patients	\$7.70	\$7.70
Maximum Price to General Patients	\$23.28	\$23.80

CASE STUDY 2: (Rosuvastatin 40mg tablet, 60 day scripts)

	30 Jun 2024	1 July 2024
Manufacturer's Price	\$10.12	\$10.12
Wholesaler Markup Fee	\$0.76	\$0.76
Price to Pharmacy	\$10.88	\$10.88
Dispense Fee	\$8.37	\$8.67
AHI	\$4.62	\$4.79
Dangerous Drug Fee	\$0.00	\$0.00
Safety Net Recording Fee	\$1.40	\$1.45
Max Allowable Additional Patient Charge	\$3.45	\$3.45
Additional Community Supply Support Fee (for 60-day script items)	\$0.00	\$4.79
Additional Community Supply Support Fee	\$0.00	\$0.78
Maximum Total Remuneration for Dispensing to Concessional Patients	\$12.99	\$19.03
Maximum Total Remuneration for Dispensing to General Patients	\$17.84	\$18.36
Maximum Price to Concessional Patients	\$7.70	\$7.70
Maximum Price to General Patients	\$28.72	\$29.24

Programs

- Programs included in the 8CPA are Dose Administration Aids, Indigenous Dose Administration Aids, MedsCheck, Diabetes MedsCheck, Staged Supply, and the Regional Pharmacy Maintenance Allowance.
- All other programs included in 7CPA will continue but will be governed separately to the 8CPA. The Guild will continue to be part of this governance process.

Dose Administration Aids caps

The Guild has long been aware of the patient demand for Dose Administration Aids that significantly exceeds the number of places in the CPA program which provides funding towards the cost of the service. Following the doubling of the base cap in 7CPA from 30 to 60 services per week, under 8CPA the base cap will further increase to 90 per week, with up to \$9,625 in new funding available for all pharmacies on the base cap. Pharmacies who have been granted special capping arrangements above the base cap will retain their current capping arrangements

Increased Regional Pharmacy Maintenance Allowance Program funding

In recognition of the additional costs of operating a community pharmacy in regional areas, the Government has committed to a change to the ongoing Regional Pharmacy Maintenance Allowance Program, with an additional \$52 million in funding to flow through the program during the term of 8CPA. This comes in place of the temporary Regional Pharmacy Transition Allowance which was set to end on 30 June 2027 as recognition that these additional costs for regional pharmacies are permanent and ongoing.

Clinical governance and quality

To ensure that community pharmacy and Government continue to partner on high quality care for our patients, the 8CPA will see the embedding of clinical safety and quality in health care in 8CPA programs, through a requirement for accreditation against AS 85000:2017 Quality Care Community Pharmacy Standard through an approved pharmacy or primary care accreditation program, such as the Quality Care Pharmacy Program

Government commitment

The Guild has secured a commitment from Government that there are no plans to change the 60-day dispensing policy as it currently exists, and also no plans to change the Location Rules. Importantly, there are improved dispute resolution processes embedded in 8CPA, especially where a policy change proposed by the Government will result in negative outcomes for community pharmacy.

How will fees and charges change on 1 July?

CASE STUDY 3: (hydromorphone hydrochloride 1 mg/ml oral liquid, 500 ml, Schedule 8 drug)

	30 Jun 2024	1 July 2024
Manufacturer's Price	\$373.43	\$373.43
Wholesaler Markup Fee	\$28.08	\$28.08
Price to Pharmacy	\$401.51	\$401.51
Dispense Fee	\$8.37	\$8.67
AHI	\$19.70	\$19.87
Dangerous Drug Fee	\$5.18	\$5.37
Safety Net Recording Fee	\$1.40	\$1.45
Max Allowable Additional Patient Charge	\$3.45	\$3.45
Additional Community Supply Support Fee	\$0.00	\$0.78
Maximum Total Remuneration for Dispensing to Concessional Patients	\$33.25	\$34.69
Maximum Total Remuneration for Dispensing to General Patients	\$33.25	\$34.69
Maximum Price to Concessional Patients	\$7.70	\$7.70
Maximum Price to Concessional Patients	\$31.60	\$31.60

