

Fifth Community Pharmacy Agreement Expenses Report for 2014-15

Table 21: 2014-15 actual cost of each major component of 5CPA*

Component	Cost/Expense
Pharmacy and wholesale remuneration	\$2,760,903,735
Professional programmes	\$157,851,970
Community Services Obligation (CSO)	\$193,392,124
Total	\$3,112,147,829

*5CPA - Fifth Community Pharmacy Agreement

NOTES

1. Details on how the above figures were identified are provided in the accompanying data tables. The above summary figures should be read in conjunction with the notes provided against each data table.
2. Professional programmes and CSO figures are accrual based, as the data used to identify the amounts are based on SAP records, which is an accrual based system.
3. The pharmacy remuneration figure is on a cash basis, as the data used to identify this amount was based on the Line by Line (LBL) data set Health receives from Human Services. It was not possible to use the SAP data (accrual basis) for this component, as SAP data does not provide the breakdown between medicine cost and pharmacy remuneration cost elements, whereas the LBL does.

Table 22: Remuneration for Community Pharmacies and Friendly Societies, 2014-15

Pharmacy remuneration recognises the cost to the approved pharmacist for the purchase of the medicines; the administration, handling and storage costs entailed in dispensing medicines by the pharmacy (including associated infrastructure costs); and a pharmacist's specialised skills in dispensing the medicines.

Element		2014-15 expenses for PBS and RPBS
Price to Pharmacists		
	Ex-Manufacturer Price	\$6,474,674,891
	Wholesale Mark Up	\$405,656,773
	sub total	\$6,880,331,664
Administration, handling and storage costs		
	Pharmacy Mark Up#	\$613,923,871
	sub total	\$613,923,871
	<i>#known as the AHI in 6CPA</i>	
Pharmacist's specialised skills in dispensing the medicines		
	Dispensing Fee	\$1,481,888,199
	Dangerous Drug Fee	\$21,366,422
	Wastage	\$2,177,734
	Container Fee	\$256,949
	sub total	\$1,505,689,304
Other		
	Premium Free Dispensing Incentive	\$227,533,313
	Electronic Prescription Fee	\$8,064,500
	PBS Online Incentive	\$35,974
	sub total	\$235,633,787
	Total	\$9,235,578,626

Summary of medicines, wholesalers, and pharmacy costs

Medicines cost	\$6,474,674,891
Wholesale cost	\$405,656,773
Pharmacy cost	\$2,355,246,962
Total	\$9,235,578,626

Notes:

1. The above table is for PBS and RPBS prescriptions claimed by community pharmacies and friendly societies for both Section 85 and some Section 100 items. It includes Government and patient contributions. It does not include:

- * EFC (as the calculations of the components from the Line by Line (LBL) data was not available for EFC in 2014-15. This will be available for the 2016-17 report);
- * hospital PBS claims for s85 items (as the report's focus is for community pharmacy);
- * some private hospital HSD claims; and
- * most public hospital HSD claims.

Given what data is and is not included, this table may not be directly comparable to earlier tables in this publication.

2. Health's 2014-15 Annual Report lists the administered expenses for pharmaceutical benefits as \$9.072 billion. The difference between that figure and the total figure above is attributable to:

- * the annual report does not include patient contributions;
- * the annual report data is based on accrual figures, whilst the above data is cash basis;
- * the annual report data does not include PFDI or EPF;
- * the annual report is PBS only and does not include RPBS, whereas the above data includes RPBS; and
- * the annual report captures all s85 and s100 accrued expenses (including all HSDs and EFC), while the above data captures all s85 and some s100 data for community pharmacy and friendly societies only (it excludes a number of smaller s100 programmes in 2014-15, for example growth hormone, IVF, botox, and Remote Area Aboriginal Health Services Programme).

Table 23: Costs, from SAP, of 5CPA Professional Pharmacy Programmes for 2014-15

Under 5CPA there were a range of professional programmes and services delivered by community pharmacy and pharmacists to support the primary health care needs of consumers. The following table details the funds spent on these programmes under 5CPA in 2014-15 by relevant categories.

Programme Type	Actual Expenditure 2014-15
Rural Pharmacy Maintenance Allowance	\$14,272,200
Rural Pharmacy Workforce	\$9,132,410
Research and Development	\$1,541,816
Medication Management services	\$101,882,379
Aboriginal & Torres Strait Islander programmes	\$4,393,277
Pharmacy Practice Incentive & Accreditation	\$16,738,165
Pharmacy Guild administration fees	\$5,651,723
Electronic Prescription Scanning Incentive (ePSI)	\$4,240,000
Programmes Total 2014-15	\$157,851,970

NOTES

- For the programmes administration arrangements for 2014-15 (administered by the Pharmacy Guild), the total funding provided to the Pharmacy Guild was \$155, 481, 277 (accrual figure). Of this, \$5,651,723 was provided to the Pharmacy Guild for the purpose of Pharmacy Guild administration fees. This means the Pharmacy Guild administration fees was 3.63% of the total funds.
- The difference between total funds provided to the Pharmacy Guild (see note 1) and the total funds in the above table is related to some non-Guild administered programmes (eg ERRCD), a range of programme support activities (eg evaluations, printing costs, etc), and accrual/other adjustments from 2013-14.
- Medication Management services, Aboriginal and Torres Strait Islander programmes, and Pharmacy Practice Incentive and Accreditation are made up of multiple elements, as per the following tables.

Medication Management services consist of the following elements:

Diabetes Medscheck and Medscheck	\$14,914,653
Residential Medication Management Review (RMMR)	\$14,203,044
Home Medicines Review (HMR)	\$12,506,753
Medication Continuance	\$1,970
Electronic Reporting and Recording of Controlled Drugs (ERRCD)	\$629,370
4CPA dose administration*	-\$4,500
4CPA Patient Medicines*	-\$1,000
PPI - Clinical Interventions by pharmacists	\$19,142,863
PPI - Dose Administration Aids	\$33,997,863
PPI - Staged Supply	\$6,491,363
Total	\$101,882,379

Aboriginal & Torres Strait Islander programmes consist of the following elements:

Workforce (scholarships)	\$135,000
Workforce (traineeships)	\$151,667
Supporting s100 Remote Aboriginal Area Health Services (RAAHS)	\$3,299,443
Quality Use of Medicines Maximised for Aboriginal and Torres Strait Islander people (QUMAX)	\$807,167
Total	\$4,393,277

Pharmacy Practice Incentive (PPI) & Accreditation (PPI&A) consists of the following elements:

PPI and Accreditation	\$112,201
PPI&A Primary Health Care	\$5,541,500
PPI&A Community Services Support	\$5,541,500
PPI&A Working with Others	\$5,541,500
Funding to support accreditation & patient services	\$1,464
Total	\$16,738,165

* Impairment on financial instruments - captured in note 17F (administered expenses) of Health's 2014-15 Annual Report (page 258)

Table 24: Costs, from SAP, of 5CPA Community Services Obligation (CSO) for 2014-15

The CSO for pharmaceutical wholesalers helps to ensure there are arrangements in place for all Australians to have access to PBS medicines, via their community pharmacy, in a timely manner.

Administration of the CSO funding pool is conducted by the Australian Healthcare Associates under contract to the Department of Health.

Element	Amount
CSO funding pool	\$192,090,100
CSO admin	\$1,302,024
Total	\$193,392,124

NOTES

The above figures do not include expenses of \$1.516 million, incurred in June 2015 but paid out of the 2015-16 allocation (due to an under-stated accrual) - referenced in the Portfolio Additional Estimates Statements 2015-16, Table 2.2.2, page 39.