

The updated deal for pharmacists will help recognise their role as health experts, not just retailers

July 1 2020, by Bruce Baer Arnold



Pharmacies are a vital part of the community. Credit: [Bahnfrend/Wikimedia Commons](#), [CC BY-SA](#)

Australia's [7th Community Pharmacy Agreement](#), which comes into force today and lasts five years, will see the government provide A\$16 billion for dispensing subsidized medicines and A\$1.15 billion for other

services such as diabetes support.

The agreement was struck between the [federal government](#), industry peak body the Pharmacists' Guild and, for the first time, the [Pharmaceutical Society of Australia](#), which represents Australia's [31,000 registered pharmacists](#).

If you are a consumer, the new deal is a reassuring continuation of essential existing subsidies. Prescription medications accessed under the Pharmaceutical Benefits Scheme ([PBS](#)) will still be available from your local chemist. There will be a bit more government support for some other services provided by pharmacies, especially to Indigenous people. There is continuing recognition of the need to locate a community [pharmacy](#) within reach of most people.

If you are a pharmacist, the agreement finally gives you a little recognition as a professional with years of training and [high standards](#), as distinct from corporations with chains of chemist stores.

What's in the agreement?

The Community Pharmacy Agreement is one of the building blocks of the Australian [health](#) system, which is notably fairer and more effective than that in the United States. The underpinning expectation is that the federal government will subsidize prescription medicines under the PBS. We all benefit if everyone can afford those treatments.

Markets are imperfect. In an unregulated environment we would see pharmacies clustering in areas of high population—just like fast food shops—and not serving other areas such as outer suburbs and rural Australia.

The succession of Community Pharmacy Agreements, authorized under

the [National Health Act](#), uses regulation to avert this kind of market failure. The rules mean you cannot set up a pharmacy to compete with another nearby pharmacy, apart from under exceptional circumstances, thus ensuring the commercial viability of each pharmacy.

Where's the community?

The "community" label is sometimes misunderstood. It doesn't mean your local chemist is run by volunteers, the local council, or the federal government. Instead, it means the pharmacy operates on a commercial basis for people in the community. It is distinct from dispensing of medications by hospitals, which typically restrict what they offer to current patients and have a different business model.

Each pharmacy serving the community must be supervised by a [pharmacist](#)—a health practitioner who has undergone extensive training and meets the relevant professional criteria. Pharmacists are supervised under the [National Health Practitioner Regulation Law](#) and associated [Pharmacy Board](#).

The dispensing of medicine in community pharmacies needs to be supervised by pharmacists, although pharmacies can be owned by non-practitioners. The ongoing shift to corporate ownership is contentious, as pharmacies move away from being analagous to the "friendly family doctor" and towards a business model that emphasizes selling jelly beans, "wellness" products and fluffy toys alongside medications. That model is not good for public health, and not necessarily good for the pharmacists themselves (more on this point later).

What's the significance of the new agreement?

The agreement is important for three reasons.

First, and most importantly, it retains existing arrangements regarding distribution of pharmacies. Those arrangements have been criticized by entrepreneurs, often represented by the [Pharmacy Guild](#), which is the equivalent of industry peak bodies such as the Minerals Council of Australia.

The latest version of the agreement provides for updating of government payments to wholesalers and retailers of [prescription medications](#)—in other words, continued subsidization of products under the PBS and support for the pharmaceutical supply chain.

There is little point in subsidizing payments by consumers if there are no supplies in the warehouses for distribution to the pharmacies. That is an issue of concern amid a pandemic. Streamlining of processes under the agreement will make it easier for pharmacies to receive payments to dispense medicines subsidized under the PBS and the [Repatriation Pharmaceutical Benefits Scheme](#), which helps Australia's veterans and predates the wider PBS.

There will be support for pharmacy services in regional, rural and remote areas, although past [concerns](#) about the viability of pharmacies in the bush mean it is uncertain whether this support will be sufficient.

Second, the agreement also provides support—mainly in the form of payments under the [National Diabetes Services Scheme](#) and the [Dose Administration Aids](#) program—for advice by pharmacists regarding ongoing testing by consumers with diabetes and assistance to seniors.

There is also increased funding of programs aimed at boosting Aboriginal and Torres Strait Islander peoples' access to medicines.

Finally, the agreement belatedly and weakly acknowledges the Pharmaceutical Society of Australia.

The society's involvement in the agreement is important because health services are not just about profit. Corporate imperatives to maximize the use of floor space by selling non-therapeutic products are potentially at odds with both professional practice and consumer benefit.

The latest agreement expands the existing remuneration to pharmacy owners for pharmacists to provide health advice. This is likely to be a useful supplement, rather than a major revenue source. In the coming years we can expect to see claims by health economists and calls for greater support.

The Pharmaceutical Society's involvement is more broadly relevant because the latest [agreement](#) provides for remuneration of advising by professionals. Community pharmacists are a first port of call for many people with health issues. Problems with the interaction of multiple medications mean we need accessible professional expertise.

Rewarding such service to the community means pharmacists, self-employed or otherwise, can concentrate on health, not jellybeans and complementary products.

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