

Hall & Partners

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# *Review of Pharmacy Remuneration and Regulation*

## **Overall Research Findings**

**December 2016**

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## Introduction

With our population ageing and our communities increasingly reliant on medicines to maintain health and wellbeing, pharmacy is a crucial part of health care in Australia. Pharmacy care and medicines are currently delivered to the Australian public by community pharmacies, under the Sixth Community Pharmacy Agreement (6CPA) between the Australian Government and the Pharmacy Guild of Australia.

The Australian Government Department of Health is facilitating a review of this agreement, which covers pharmacy remuneration and regulation, by an independent Review Panel. The focus of the Review is to ensure consumers have reliable and affordable access to medicines through community pharmacies into the future. The Review Panel will provide recommendations to Government on remuneration, regulation, and other specific arrangements relating to the dispensing and supply of medicines provided under the Pharmaceutical Benefits Scheme and as well as the provision of other pharmacy services and programs.

Panel recommendations will be based on an extensive review of pharmacy in Australia, including factors contributing to patient health outcomes and the use of medicines. Many voices will be considered in this process, which aims to ensure pharmacy in Australia provides reliable and affordable access to medicines and supports the quality use of medicines by consumers.

In August 2016, the Review Panel released a broad-ranging discussion paper intended to stimulate debate on issues in scope for the Review. Hall & Partners Open Mind was engaged to undertake a program of research to accompany the formal public submissions process and feed into the Review process.

The objectives of the research were:

- To understand in greater depth the perspectives and experiences of consumers of pharmacy care and medicines, in particular vulnerable consumer groups or high-use consumer groups.
- To obtain the responses of pharmacy professionals and of consumers to the topics raised, and questions posed, in the Discussion Paper.

This research program included qualitative and quantitative components. The qualitative phase of research was conducted with ordinary consumers of pharmacy services with the objective of understanding their perspectives and experiences in more detail. This phase comprised 20 face to face group discussions, 26 in-depth interviews and two online forums conducted with a total of 196 consumers and patients from across Australia, between July and September 2016.

The quantitative phase of research comprised an online self-completion survey, with questions tailored to suit either pharmacy professionals or consumers. This survey was hosted on the Department of Health Pharmacy Review webpage and was completed by a self-selected sample of the Australian public and industry stakeholders. This feedback mechanism was designed to provide members of the public and pharmacy professionals an alternative avenue through which they could respond to issues raised in the discussion paper.

This report contains the overall findings of both phases of research. The structure of this report mirrors the contents of the Discussion Paper and the issues it covers. Detailed findings for each phase are found under separate cover.

## Summary of Main Findings

### *Consumer Findings:*

- Pharmacy is seen as a core part of the health system, though it sits apart from other providers.
- Members of the public see pharmacists in a largely positive light.
- Information provision is a crucial part of the service provided by pharmacies.
- Specifically, medicines knowledge is perceived to be pharmacists' unique contribution.
- Consumers are well aware of core pharmacy medicine related services.
- Some lesser known services are seen as valuable, but others stretch pharmacists' skills too far.
- Consumers are willing to pay for some services, but pharmacist advice is an expectation.
- Few consumers seem aware of the current pharmacy remuneration system.
- Few consumers admit to have problems in understanding medicines and how to use them.
- Information gaps could be filled by verbal, written and trusted online communication sources.
- Consumers see increasing awareness as the role of pharmacists, doctors and government.
- Some pharmacy consumers purchase from a repertoire of pharmacies for different needs.
- Consumers perceive differences in service quality between pharmacies.
- Choice of traditional community pharmacies is driven by service quality and clinical trust.
- Discount pharmacies are sought out for their cheaper prices and wide range.
- Dispensing service expectations vary depending on whether the prescription is new or repeat.
- Service faults to avoid are making dispensing mistakes and judging customers.
- Choice of pharmacy is not sufficient on its own as a consumer feedback mechanism.
- Consumers respond positively to the idea of a more clinically focussed pharmacy.
- Generic medications are appreciated by most consumers but there are some concerns.
- Complementary medicines are seen to belong in pharmacies.
- Consumers expect pharmacists to know about the complementary medicines they stock.
- Australians appreciate our health system which makes medicines are generally affordable.
- Consumer understanding of medicine price setting is low.
- Members of the public expect consistent and transparent medicine pricing.
- Awareness of the Pharmaceutical Benefits Scheme is high, but knowledge is limited.
- The benefits of the Pharmaceutical Benefits Scheme for non-concession holders are not well understood.
- The impact of the \$1 discount on consumers in this research is muted.
- Most believe they have sufficient access to medicines.
- Particular groups of people do encounter specific access issues.

- Placing pharmacies inside supermarkets is not a popular solution to access issues.
- Public access to hospital pharmacies is not seen as an easy fix for access issues.
- Nearly all consumers value extended opening hours.
- Aboriginal and Torres Strait Islander people sometimes rely on pharmacy products and services, though awareness of particular services varies.
- Differential treatment of Aboriginal and Torres Strait Islander people and lack of choice can impact how pharmacy services are accessed and what is received.

***Pharmacy Professionals Findings:***

- Flat fee remuneration systems receive little support among pharmacists.
- Pharmacists do show support for remuneration under the Medicare Benefits Schedule.
- Pharmacists strongly support that negotiations include parties beyond the Guild.
- Pharmacists seem keener than consumers for an expansion in the services pharmacies offer.
- Many pharmacists react against price discretion and the discounting of PBS medicines.
- Pharmacists and consumers alike support the principles underpinning location rules.
- Technology enabled dispensing holds much promise, though some hold reservations.
- Direct supply from manufactures attracts little support from pharmacists.
- Pharmacists seem more concerned with upholding existing professional service standards than changing them.
- Collection of data is seen as beneficial though funding is sought to supply it.
- Pharmacy professionals believe improvements in consumer awareness will come from public education.
- Most professionals see pharmacies as suitable outlets for complementary medicines.

## Pharmacy and Pharmaceutical Services in Australia

### *Pharmacy is a core part of the health system, though it sits apart from other providers*

Pharmacy is considered by consumers to be a core part of the health system in Australia. The sector is universally valued as an important health service, a referral point for other health services and a ubiquitous community-based service provider. The primary, unique role of pharmacy is consistently viewed as the provision of medicines and related advice to the Australian public, specifically the dispensing of prescription medication and provision of advice on how to take medication safely and effectively. This perceived role also extends to the provision of other OTC and off-the-shelf medicines and health-related products, some of which people anticipate would be hard to find elsewhere.

However, the pharmacy sector currently sits somewhat apart from other health services, with pharmacists themselves, and the environment in which they operate, viewed differently to other health care providers. The provision of pharmacy services being linked to product sales in a retail environment impacts consumer perceptions and can confuse the public about exactly what is being provided. It can suggest that staff and owners are focused on the pharmacy mainly as a profit generating business, rather than as a healthcare environment.

### *Information provision is a crucial part of pharmacy service*

Along with dispensing medicines, the role of pharmacy is seen as a source of information - providing a readily accessible place to obtain guidance before going to the doctor. Some consider the pharmacist as a referral point for other health services - helping people make decisions, such as whether or not to see a doctor or present to an emergency department. Pharmacy in Australia fulfils a variety of roles, partly influenced by the extent to which individuals are dependent on medicines. From this research it appears that, for those who are living with significant or ongoing health issues, the role of pharmacy can broaden to include medicine dispenser, health advisor, triage point, emotional support and social contact.

# Pharmacy Remuneration for Dispensing

## ***Dispensing and Other Fees Payable under the 6CPA***

Most pharmacists responding to the survey expressed the view that the current community pharmacy remuneration approach does not offer appropriate rewards for their dispensing expertise and advice, and this is particularly so among practising (non-owner) pharmacists. This is not surprising, since this remuneration is currently indeed to product dispensing, yet the vast majority of pharmacy professionals believed that consumers value the advice itself.

### ***Flat fee remuneration systems receive little support***

In terms of the pharmacy remuneration system, there was little support amongst pharmacists in the survey for flat-fee dispensing payments, and some believe this encourages undesirable outcomes. Instead a remuneration system that combines fixed and variable fees or only variable fees is favoured, with fees reflecting the time and effort involved in providing a pharmacy service and, to a lesser extent, the price of the medicine.

### ***Few consumers seem aware of the current pharmacy remuneration system***

Based on the qualitative research, the Australian public has very little awareness of the current pharmacy remuneration approach. (Awareness levels recorded in the quantitative survey suggest that the self-selected sample was skewed towards those who have greater than average industry knowledge.) This lack of consumer awareness about pharmacy remuneration among members of the public is perhaps exacerbated by inconsistency in the advice, services and prices found in community pharmacy.

Consumers can be surprised to learn that pharmacists are remunerated by the government for dispensing and providing advice in relation to PBS medicines. Many had assumed that the advice they received from their pharmacist was simply good service or their pharmacist exercising their professional duty of care when selling medicines, not that they are specifically paid to do so. Once consumers know a little more about the existing system and public funding of pharmacy services, there is a call for greater accountability from pharmacists.

## ***The Role of Pharmacists***

### ***Members of the public see pharmacists in a largely positive light***

Pharmacists (or 'chemists' as they are often known) enjoy goodwill among members of the Australian public and are widely considered as a positive and familiar fixture in the Australian health landscape. The position of the pharmacist is imbued with a sense of clinical trust, though the extent to which people hold this trust differs.



There is large variation in the dependence of individual consumers on pharmacy and consequently they hold disparate views of, trust in and respect for pharmacists. Pharmacists are therefore associated with a broad range of attributes from familiar, trustworthy and caring; to authoritarian, aloof and business-oriented. This is where the difference between pharmacists and other health care providers is apparent to consumers. Unlike other health service providers, transactions with pharmacists centre on the purchase of medicines and products. This coupling of product sales and advice does little to either expand consumer understanding of pharmacists' skills, or encourage consumers to trust or value them. The value added by the pharmacist is very apparent to some, but invisible to others.

### *Medicines knowledge is perceived to be pharmacists' unique contribution*

Regardless of the nature of consumers' views of pharmacists, there is widespread agreement among members of the public that the core skills, expertise and competencies of pharmacists relate to medicines and their effective and safe use. Consequently, consumers are most familiar, comfortable and interested in services that employ pharmacists' medicines knowledge, such as; medicines dispensing and advice, advice on treating minor injuries or ailments, medicines reviews, and medicines packaging and preparation services. There are low levels of awareness of many of the other pharmacy services and programs available. A few, such as wound care and the issuing of absence certificates, are considered by some to be outside of the remit of pharmacy – crossing over into the professional domain of doctors or nurses. While consumers in general want their doctor and pharmacist to be working more collaboratively, they seem to feel most comfortable with a clear distinction between the services that each offers.

### *Pharmacists seem keener than consumers for an expansion in the services pharmacies offer*

Pharmacy professionals see themselves as well placed to offer a variety of programs and services to consumers – both medicine and non-medicine related. The most common medicine-related suggestions include; medicine checks and reviews, chronic disease care and management, diagnostic tests or screening and risk assessment services and vaccinations and immunisation information. When non-medicine related services are added, pharmacists most commonly suggest they could also offer advice, information, education and counselling, and to a lesser extent preventative health or wellbeing programs.

## **Alternative Business Models for Pharmacy**

Pharmacies, largely as a result of their retail focus and the sheer range of lines commonly carried, are perceived by consumers to be businesses. Their locations in retail strips and centres, the retail-style environment and the stocking of non-health related products (like gift lines) serves to communicate this.

***Consumers want access to a range of products, though believe there should be some limits***

The Australian public has come to expect the range of products and services currently available in community pharmacies. This was supported by the quantitative results which show that prescription, over-the-counter and off-the-shelf medicines or treatments are seen by consumers as the core pharmacy product offering. The majority of consumers responding to the survey are in support of being able to access complementary medicines and some retail products as well, though most agree that treatments making dubious health claims should not be sold. By and large, the wide range of products in pharmacy is seen as 'just the way things are'. Four in ten consumers surveyed are strongly in favour of there being a limit on what pharmacies can sell.

Pharmacy professionals responding to the survey are divided on whether the types of retail products that community pharmacies are allowed to sell should be limited, though pharmacy owners are less in favour of any limits on the types of retail products that can be sold.

***Coupling products with services can negatively impact consumer perceptions of pharmacists***

Delivering medicines advice alongside the purchase of a product, rather than as a separate health service, impacts consumer perceptions of this core unique pharmacy service. So even though members of the public do not completely understand the structural, regulatory and commercial environments pharmacies operate within, their direct experience is that pharmacy advice comes with a purchase. To consumers, this can cast the owner/pharmacist a business person focused on selling products on which profit can be made. Both the environment and the coupling of product sales with service has a range of effects including; impacting perceptions of pharmacists as trustworthy, independent health-care providers, undermining the clinical trust placed in the pharmacy and dampening consumer interest in consulting the pharmacist as a health professional.

***Clinic-style pharmacies attract more support from the public than from pharmacists***

This research showed that the Australian public has an appetite for a pharmacy environment that reflects a more clinical focus. The current typical set-up of the community pharmacy environment negatively impacts the clinical trust placed by consumers in pharmacists, as well as their willingness to accept extra services provided by them. Consequently, across all the service scenarios tested in the survey, a dispensing or clinic style pharmacy was the most preferred choice. A clinic-like pharmacy with private consultation rooms is favoured for accessing a specialised program or service and for discussing a health issue with a pharmacist, while a dispensing pharmacy with less focus on retail is most commonly favoured for filling both a repeat script and an initial script. Around half those participating in the survey believe that creating a health care atmosphere (instead of a retail feel) should be a requirement of pharmacists, given they receive government payments to dispense PBS medicines.

The positioning of the pharmacist in-store, the typically high bench in the rear or side, and the privacy issues that come with a crowded or open environment also impacts consumers' perceptions of the pharmacist.

Consumers see an overreliance on one-way (pharmacist to consumer) verbal communication in a busy setting with others around, and when consumers themselves may be unwell or distracted, as less than ideal. So pharmacists that demonstrate an understanding of privacy issues by coming down from the bench, or show a willingness to speak with members of the public in a more private fashion, are memorable. So too are pharmacies that offer seating or a private consultation space.

Unlike consumers, pharmacy professionals responding to the survey are polarised in their views of the benefits of a clinic-style pharmacy environment. Two in five surveyed agree that it would deliver a better health service than a retail-style pharmacy, however more than a quarter expressly disagree that it would. Practising pharmacists (non-owners) appear more likely than pharmacy owners to have positive views about clinic-style pharmacies.

### ***Alternative Arrangements to Remunerate Pharmacists for Services***

#### ***Pharmacists show support for remuneration under the Medicare Benefits Schedule***

With regards to the system by which pharmacists' payments for dispensing are distributed, overall pharmacy professionals in this survey most commonly prefer remuneration for the provision of advice under the Medicare Benefits Schedule (MBS). The current per prescription system is the next most favoured remuneration arrangement. Interestingly, the reverse is observed among owner pharmacists, who appear to prefer the payment per prescription system, while practicing pharmacists (non-owners) surveyed are significantly more likely to prefer remuneration under the MBS.

In terms of the sale of Schedule 2 and 3 medicines, the overwhelming majority of pharmacy professionals responding to the survey support the importance of the current sale of these medicines within pharmacies. Most believe that the restrictions on the sale Schedule 2 and 3 medicines currently strike the right balance between consumer safety and access - if anything, pharmacists surveyed are calling for tighter restrictions, as one in five indicate they could be more restrictive.

## Regulation

### *Regulatory Landscape*

#### *Pharmacists strongly support that negotiations include parties beyond the Guild*

The majority of pharmacy professionals in this research believe that negotiations with the Government about remuneration of medicines dispensing and remuneration of other professional services should include parties beyond the Pharmacy Guild of Australia. The parties most favoured by those responding to the survey to be involved in such negotiations are other professional bodies or unions representing pharmacists – including Professional Pharmacists Australia and the Pharmaceutical Society of Australia. Overall there is more support for such non-Guild bodies or unions to represent pharmacists than there is for Pharmacy Guild involvement. Practicing pharmacists that are not owners feel more strongly about including other professional bodies in negotiations than do pharmacy owners.

Pharmacy professionals responding to the survey express a preference for a partnership approach (which is the current approach) to remuneration and regulation of community pharmacy in Australia. Pharmacists believe that this approach, rather than a licensing or contract approach, would be preferable in supporting the provision timely and reliable access to medicines to the community.

#### *Many pharmacists react against price discretion and the discounting of PBS medicines*

Pharmacy professionals participating in this research are mostly not in favour of discounting or pharmacist price discretion, in particular discounting medications, covered by the PBS. Nearly two thirds of pharmacy professionals reject discounting of PBS subsidised medicines and nearly two in five also reject discretionary price rises above the PBS dispensed price for a medicine. A minority reflect the view that under certain specific circumstances, discretion should be permitted or that there should be no limits on pharmacist discretion.

A number of participating pharmacy professionals believe that discounting runs counter to the intention of the PBS and there are a range of perceived negative impacts; among them a reduced focus on service and health outcomes and an increased focus by pharmacists on sales and consumers on price. Consequently, some express the view that there should be fixed prices for PBS medicines. Not surprisingly then, the vast majority of pharmacy participants are not in favour of applying the \$1 PBS co-payment discount, and few believe it is a very positive step for consumers.

#### *Consumer understanding of medicine price setting is low*

Among members of the general public in the qualitative research, awareness of the way in which medicines are priced is low, though awareness of the existence of the PBS was widespread. This is in contrast to the self-selected quantitative sample where consumer awareness of the way in which

prices of medicines are set was high, with most claiming awareness of the role of the Commonwealth Government in negotiating and setting prices of PBS medications.

This is much higher than might be expected, suggesting that the quantitative consumer sample may not be representative of the Australian public. There is broad public understanding that the PBS makes medicines available at a low rate for concession card holders, however, price variations in non-concessional co-payments confuse consumers about how the PBS benefits those with no concession.

### ***Members of the public expect consistent and transparent medicine pricing***

This research clearly indicates a consumer expectation that subsidised medicines are the same price regardless of where they are purchased. Three quarters of consumers responding to the survey are supportive of consistent and transparent pricing for PBS medicines and some limits for pharmacist pricing discretion. Consumers largely disagree that pharmacists should be allowed to charge more than the co-payment, but some are in favour of discounting. Less than one quarter of these consumers are in favour of concession-only co-payment discounts.

## ***Pharmacy Location Rules***

### ***Pharmacists and consumers alike support the principles underpinning location rules***

Pharmacy professionals participating in this survey showed strong support for location rules, as most are of the view that the removal of location rules across the board or just in urban areas would have a negative impact on consumer access to medicines. More than four in ten believe these changes would also have a negative effect on medicine affordability. Pharmacy owners in particular are concerned that removing the location rules would have a negative impact on both access and affordability to medicines, particularly if it applied to all locations.

Fewer than half of the pharmacy professionals participating in the survey support any of the changes to location rules that were tested. Receiving the most support were the addition of a requirement for approved pharmacies to maintain minimum service levels in locations where rules restrict additional pharmacies from operating, as well as relaxing rules relating to shopping centre proximity so pharmacies are not locked into one centre. Around a quarter of pharmacy professionals were in favour of maintaining the status quo.

Consumers and pharmacists are aligned in their support for location rules. Among pharmacy consumers, support for government policies which aim to ensure all Australians have access to pharmacies regardless of where they live outstrips support for pharmacies to be free to locate wherever they choose based on commercial considerations.

## ***Hospital Pharmacies***

### ***Public access to hospital pharmacies is not seen as an easy fix for access issues***

There was little support among pharmacy professionals responding to the survey for allowing hospital pharmacies to serve the broader community and greatest resistance was observed among pharmacy owners. Even allowing hospital pharmacies to continue to serve patients post-discharge was unpopular among these pharmacists.

Consumers are more divided in their perceptions of the benefits of using hospital pharmacy as a means of improving access to pharmacy. The possible new service perceived to be of greatest public benefit was hospital pharmacies providing members of the public after-hours access to medicines after local pharmacies have closed. However, few see a pressing need to allow access to hospital pharmacies to non-patients or out-patients, and concerns exist regarding the potential flow-on impacts on hospital patients, on their visitors and even on the potential new cohort of hospital pharmacy customers.

Hospitals are seen to be under-resourced and consumers see inpatients as deserving the highest priority from the hospital pharmacy. The concern is that widening access to the general community might have a negative impact on hospital patients in terms of delays. Given perceptions of limited hospital resources, there is an expectation among consumers that hospital pharmacies would have longer wait times than local community pharmacies, as well as presenting accessibility issues such as parking. Hospitals are also seen by some as a 'germ haven' which should be avoided except by those in serious need.

The majority of consumers responding to this survey say they would not be interested in using hospital pharmacies as a member of the public if it means nearby community pharmacies are negatively impacted.

## ***Aboriginal Health Services***

A minority of the general public in this research were aware of Aboriginal and Torres Strait Islanders (ATSI) pharmacy programs, though the most support their existence.

### ***ATSI people sometimes rely heavily on pharmacy services though awareness of particular services varies***

In the qualitative research, people from Aboriginal and Torres Strait Islander backgrounds appeared to be more knowledgeable and aware of programs and services available through pharmacies than the average consumer – perhaps because of more complex health needs and consequent higher levels of need for pharmacy products and services, and perhaps due to greater applicability and

need for support programs. These participants keenly felt the importance of developing a relationship with a local pharmacy and placed great trust in the advice provided by pharmacists.

Those people currently accessing prescription medication under the Closing the Gap (CTG) PBS co-payment measure were highly appreciative that relevant medicines are provided at low or no cost, and cited this as helping them comply with their medication regime. Having said this, many Aboriginal participants in this research had not heard of the measure, and awareness appeared far lower in Alice Springs than in both Western and Inner Sydney.

### ***Differential treatment and lack of choice can impact how pharmacy services are received***

Difficulties with participation in the CTG measure included GPs forgetting to annotate scripts with 'CTG' and pharmacists, pharmacy assistants or hospital staff being unaware of the measure, or unable or reluctant to process CTG scripts. In such instances, ATSI customers report feeling too self-conscious or ashamed to both ask GPs to grant the benefit or to explain the initiative to pharmacists – this can mean the general or concession co-payment price is paid or that doses of medicines are missed. Consequently some feel they have little choice but to use Indigenous Health Services if they want to be able to access the CTG benefit seamlessly and with dignity.

Lack of choice about where to obtain prescriptions under the CTG measure leaves ATSI people with less choice and limited ability to 'vote with their feet' to obtain better or more timely pharmacy service, unless they can afford to pay for it. Having said this, pharmacy practices that were perceived to deliver differential treatment based on race at other community pharmacies mean many feel 'caught between a rock and a hard place' in trying to conveniently access affordable medicines in a culturally sensitive (or at least a non-discriminating) environment.

## ***Other Areas of Regulation***

### ***Technology enabled dispensing holds much promise, though some hold reservations***

Technology enabled dispensing was seen by many pharmacy professionals responding to the survey as an inevitable change – the majority believe that innovation in pharmacy will be the result. There was some concern about possible consequences but on balance pharmacists believe that benefits for consumers outweigh the drawbacks.

Consumers see technology enabled dispensing positively. Perceived benefits include improved public access to medicines from remote dispensing and advantages relating to record keeping (such as access to personal medical history and saving or keeping track of prescriptions). Others, particularly older consumers, struggle to get beyond concerns about security and how it would work. Specifically they wonder how they will establish their identity without a paper prescription, how they will remember when their repeat prescription needs to be filled, and whether their choice will be removed if they have to use the same pharmacy each time. Consumers in regional, rural and remote

areas raise some concern about patchy phone and internet coverage and being unable to access records when in need.

By and large this advance was considered positive, though this research indicates that implementation would require consumer education and support.



## Wholesaling, Logistics and Distribution Arrangements

### *Direct supply from manufactures attracts little support from pharmacists*

For the pharmacy professionals responding to the survey, allowing direct supply by manufacturers outside of the Community Service Obligation (CSO) most commonly received a negative response from pharmacy professionals, both in terms of its perceived impact in potentially reducing consumer access to medicines and medicine affordability. There is little support for the supply of PBS medicines direct to pharmacies from manufacturers and the vast majority agree that manufacturers that supply direct to pharmacies should be required to comply with minimum standards.

There is a low level of support among professionals participating in this survey for extension of the guaranteed supply period or the introduction of minimum ordering quantities, most believe these would have a negative impact on medicine access and affordability.

A minority of pharmacy professionals surveyed provided suggestions for ways in which the CSO could be improved. The most common views are that direct from manufacturer supply arrangements should be removed, that wholesalers should be better remunerated, and that wholesalers should carry all medicine lines.

## Accountability and Regulation

### *Pharmacists seem more concerned with upholding existing standards than changing them*

Overall pharmacy professionals responding to this survey feel that professional standards for delivery of services and dispensing of medicines are being upheld in community pharmacy. However, pharmacists that do not work in discount pharmacies seem to be more critical of the service quality in a discount pharmacy environment. Overall, only a minority believe that current professional standards are insufficient to result in quality pharmacy services.

### *Data is seen as beneficial though pharmacy professionals seek funding to supply it*

Most pharmacy professionals responding to this survey appear keen to see data on the impact of pharmacy programs on health outcomes. They realise that they play a role in generating this data but believe they need funding to support this.

The types of data pharmacy professionals suggested they could access to support the evaluation of the efficacy of pharmacy programs include clinical intervention records, patient feedback, compliance or outcome data, dispensing data or ratios, Guildcare programs data and time spent providing advice or counselling to patients.

### *Choice of pharmacy not sufficient on its own as a consumer feedback mechanism*

The consumer research showed that people are generally satisfied with the level of choice they have in relation to pharmacies and while many are satisfied with being able to ‘vote with their feet’, others have limited choice and cannot provide feedback in this way. On balance, consumers reject the notion that the only form of customer feedback needed is being able to choose your pharmacy. The majority of consumers consider the ability to provide customer feedback to pharmacies as important, but few are confident of how they would provide it.

Consumers are largely unaware of formal mechanisms for providing feedback when things do not go well. This is particularly important when one considers the degree of inconsistency in the advice and services provided in relation to the dispensing of prescription medicines as described by participants in this research. Many were surprised to learn that there are a number of required components to this service, in particular for medicines covered by the PBS. There appears to be widespread consumer support for a formal feedback process, consumer education about what to expect from pharmacists and accountability in pharmacy.

## Consumer Experience

### ***Pharmacy services and advice***

#### ***Consumers are well aware of core pharmacy medicine related services***

This research shows a wide variation in the Australian public's awareness of the range of services that can presently be offered by pharmacists with some universally known (such as medicines advice) and some known about by a minority (such as wound care).

Almost all pharmacy consumers appear to be aware of what they perceive to be the core services of the dispensing of prescription, over the counter and pharmacy shelves medicines, and provision of associated advice. This level of awareness also extends to pharmacist advice on treating minor injuries or ailments. Though not always aware of the availability of medication preparation or packaging services, consumers see this as a very suitable fit with pharmacists' perceived expertise.

#### ***Some lesser known services are seen as valuable, but others stretch pharmacists' skills too far***

There is a high degree of alignment between the services consumers are aware of, those they believe should be offered by community pharmacy and those they personally wish to access. However other lesser known services such as medication management services, outreach services and ASTI programs, still receive high levels of public support, despite a minority of consumers needing and expecting to use them.

Less well known services, such as the issuing of absence certificates and wound care, are considered by some to be outside the core skills and training of a pharmacist. Some consumers see this as pushing further, perhaps too far, into territories occupied by General Practitioners and nurses. Though attracted much less interest than other services, around half of the still indicated they may want to use such services in pharmacies.

#### ***Consumers are willing to pay for some services, but pharmacist advice is an expectation***

Among consumers who indicate interest in accessing particular pharmacy services, there is also some willingness to pay for these services. The exception to this is pharmacist advice, which the vast majority want to access, but for which few are willing to pay. This research indicates that, while the Australian public does value pharmacist advice, they expect it and see it as the discharge of a professional responsibility in selling medicines. If done well, it additionally demonstrates a level of care and concern for patients.

***Dispensing service expectations vary depending on whether the prescription is new or repeat***

As mentioned in the section 'The Role of Pharmacists', consumers do want and expect a minimum level of service in relation to the dispensing of prescription medicines, but show very little awareness of the extent of the services that pharmacists should provide, and have no knowledge that their delivery is mandated. When filling a prescription for the first time, a majority of consumers responding to the survey expected to be asked about other medicines they are taking and given advice on what the medicine is for, how to take it and its possible side effects. Most also expect pharmacists to suggest services that may be relevant, get in contact with their doctor if required and be sensitive to affordability issues by offering cheaper alternatives or information on safety net implications.

Consumer experience and expectations vary significantly if it is not the first time they have taken a medication. Fewer service elements were expected for repeat prescriptions with the minimum being advising of cheaper generics available, getting in contact with their doctor if needed and checking about other medicines patients may be taking.

***Service faults to avoid are making dispensing mistakes and judging customers***

When it comes to service quality in pharmacy, most consumers are very clear about what good service is, and are also very clear about what it is not. The two service flaws that appear to do the most damage to consumer perceptions of pharmacists are; a sense that the pharmacist is judging them by challenging their choice or asking intrusive questions, or the making of mistakes when providing medications. For the vast majority of consumers participating in this survey, service quality is inconsistent - service expectations are met every time for only one in every seven consumers. The same proportion have rarely or never had their pharmacy service expectation met.

***Generic medications are appreciated by most consumers but there are some concerns***

Consumers appreciate a budget sensitive choice and most people in the qualitative research expect to be offered a cheaper generic alternative when filling an initial or repeat prescription. When it came to choosing generics, two thirds of consumers responding to the survey are likely to choose a cheaper generic medicine if it is available, though one in eight consumers will not choose one. This may be due to perceptions of the efficacy and safety of generics as there is some disagreement about the clinical integrity of generic and biosimilar medicines. The majority of consumers responding to the survey consider them to be as safe as branded medications, yet a quarter are undecided. The qualitative research shows that consumers may be concerned about whether generic medicines work as well as the one their doctor has prescribed and some fear that generics are manufactured in countries or in facilities that do not have the same quality standards as the producer of the branded medication.

The consistency of pharmacists offering generics to consumers and the persuasive way in which they are sometimes presented leads some consumers to be doubtful about the pharmacist's motives.

If they conclude that there is a monetary incentive involved, this is at odds with perceptions of pharmacists as providers of clinical services. Whatever their preference for branded or generic medications, consumers now expect to be offered a choice. The challenge for pharmacists is to ensure that offers of generic medicines are not seen as pushy, and are also not seen as undermining the doctor's choice of medicine.

### ***Different pharmacy models***

#### ***Some pharmacy consumers purchase from a repertoire of pharmacies for different needs***

From this research it appears that consumer choice of pharmacy is initially driven by convenience of location, but thereafter service needs and expectations and price do play a role. Some consumers report shopping within a repertoire of pharmacies and pharmacy types, selected to meet particular needs at that time. Eight in ten consumers responding to the survey have used a traditional community pharmacy in the last year, just under half have used a discount pharmacy, meaning more than a quarter have used both pharmacy types in recent times.

#### ***Choice of traditional community pharmacies is driven by service quality and clinical trust***

Traditional community pharmacies are generally preferred for purchasing medicines and seeking advice, as they are associated with more friendly and consistent personal service, better advice, shorter wait times, a sense of being 'more professional' and more instances of 'going above and beyond' for patients. There is a tendency for patients to believe these pharmacies care more about them, which in turn appears to inspire a greater degree of clinical trust.

#### ***Discount pharmacies are sought out for their cheaper prices and wide range***

Consumers seek out discount chemists mainly for health related products, non-prescription and complementary medicines, beauty and other grocery items. These discount-style pharmacies are widely experienced as offering reduced prices; alongside less time spent with patients, reduced extent and quality of advice and low familiarity with individual patients. These are qualities which consumers may not be prepared to compromise on if they feel it will impact health outcomes, such as when taking a new medication. Overall clinical trust in discount pharmacies is lower than traditional community pharmacies – though there are exceptions. Some report being surprised to find individual pharmacists at discount pharmacies to be knowledgeable and helpful, which led to greater trust in accessing prescription and other medicines at this type of pharmacy.

#### ***Consumers perceive differences in service quality between pharmacies***

The majority of pharmacy consumers see the standard of service provided in pharmacies as inconsistent. Variations in service levels are generally perceived to be due to several factors – including the skills or qualities of individual pharmacists, how busy and well-staffed the pharmacy is and type of pharmacy (traditional community vs discount).

### ***Consumer education and awareness***

As mentioned in the previous section, many of the programs and services offered by some pharmacies are not universally known by consumers. Around a third of consumers responding to the survey are not aware that medicines reviews and medication management services are available in pharmacy and half are unaware of outreach services. Awareness levels in the qualitative research were even lower. Further, just under half indicate they are well aware of the pharmacy services and programs that are personally relevant to them, while many others are uncertain.

### ***Consumers see increasing the awareness of services as role of pharmacists, doctors and government***

In terms of improving this situation, consumers see that increasing awareness of pharmacy services is primarily the domain of pharmacies or doctors, as well as government. Most support is given to pharmacist-driven measures, including pharmacists taking the time to explain, proactively communicating and educating consumers, responding to questions and notifying patients in person about relevant services. Also valued are posters or displays in pharmacies, better collaboration between doctors and pharmacists and more thoroughness from doctors in ensuring consumers are fully informed before they leave an appointment. Consumers suggest these methods be backed up by paid government advertising either on TV, or in the newspaper, and written information in pharmacies and surgeries.

### ***Pharmacy professionals believe improvements in awareness will come from public education***

Pharmacy professionals responding to the survey also view consumers as *not* generally informed of the services and programs pharmacists can provide or that they are entitled to use. Many pharmacists attribute this to inadequate promotion of these services to consumers and suggest a government-funded public advertising campaign to improve public awareness of available pharmacy programs and services, rather than any particular action by pharmacists or at a local pharmacy level. Most participating pharmacy professionals do not see that loosening current limits on the promotion of medicines and related services to consumers would support this end.

### ***Few consumers admit to have problems in understanding medicines and how to use them***

Around one in ten consumers who responded to the survey claim to experience difficulty in obtaining information about medicines or understanding how to use them. However the qualitative research indicated that incomplete medicines information or understanding can occur in more subtle ways that still impacts the quality use of medicines by these consumers. From the written information on pack

inserts, to the way advice is communicated in pharmacy, there is certainly scope for improvement in the way advice is provided to consumers.

### ***Information gaps could be filled by verbal, written and trusted online communication sources***

Consumers see an overreliance on one-way (pharmacist to consumer) verbal communication in a busy setting with others around, and when consumers themselves may be unwell or distracted, as less than ideal in supporting quality communication exchange. In this research, consumers believe that there are several initiatives that could drive increased consumer knowledge and understanding of medicines and their use, including; a more private or less rushed pharmacy setting, pharmacists (and doctors) taking the time to explain and respond to queries, better and more consistent provision of plain language written information, and public resources such as government websites.

### ***Conflict between retail and health care environment***

#### ***Consumers respond positively to the idea of a more clinically focussed pharmacy***

As mentioned in detail in the 'Alternative Business Models for Pharmacy' section of this report, the emphasis on retail products and the typical pharmacy layout does impact consumer experiences in pharmacy. In particular, the communication of information and trust in pharmacists to deliver professional services can be negatively impacted. Consequently the Australian public has an appetite for a pharmacy environment that reflects a more clinical focus. This consumer preference is not reflected by pharmacy professionals who seem to be less convinced about the benefits of a clinic-style pharmacy environment.

#### ***Complementary medicines are seen to belong in pharmacies***

The inclusion of complementary medicines and treatments (primarily thought of by consumers as vitamin and mineral supplements) in pharmacies attracts majority support among Australian consumers. Most want to access these products in pharmacy. This result is unsurprising given the current Australian health climate that reflects a widespread belief in complementary medicines or treatments as a part of managing one's health, based on the influence of doctors, health experts, spokespeople, media and word of mouth. Pharmacies are the main consumer outlet for health products and the place where consumers can access the expertise of pharmacists about medicines and their interactions. Consumers rely on pharmacists to help them understand whether certain complementary medicines are safe to take with their pharmaceutical medicine.

#### ***Consumers expect pharmacists to know about the complementary medicines they stock***

The presence of these products within the pharmacy environment does, to some extent, allow complementary medicines to borrow some of the clinical trust placed in the pharmacy. However, this research finds no evidence to support the view that their presence in turn negatively impacts clinical trust in the pharmacist. Consumers do agree that treatments that make dubious health claims should



not be sold in pharmacy, but it is unclear from this research what consumers consider is a dubious health claim. If pharmacies are to stock complementary medicines, this brings with it a consumer expectation these products have been selected for their health benefits and that staff will be able to provide related product advice – especially about possible interactions or side effects.

### ***Most professionals also see pharmacies as suitable outlets for complementary medicines***

Pharmacy professionals reflect similar views to consumers, with pharmacies commonly seen as a suitable home for these complementary products by most pharmacy professionals. Only one in five pharmacists who responded to the survey are concerned that sales of complementary medicines create a conflict of interest for the pharmacist. Some admit that the stocking of these products in pharmacy may suggest to consumers that there is scientific evidence to support their use. Around a third support the idea that there should be limitations on the types of products pharmacies should sell.

## ***Affordability of medicines***

### ***Australians appreciate our health system which makes medicines are generally affordable***

Just under four in ten consumers completing the survey asserted that prescription medicines are affordable while only one in eight people disagree with this. Consumers in this research most commonly relate affordability issues to the purchase of private prescriptions. They also mention affordability issues for people who needed a number of medicines but are not concession card holders (such as families) and for those who required many, many medications (even if they receive the concession rate).

### ***Awareness of the Pharmaceutical Benefits Scheme is high, but knowledge is limited***

Consumers are broadly aware of the Pharmaceutical Benefits Scheme (PBS), but beyond an understanding that the PBS makes medicines available at a low rate for concession card holders, knowledge is limited. Encouragingly, just over half of consumers completing the survey agree with the proposition that it is fair for people to contribute to the cost of PBS medicines through the co-payment, while only one in twenty reject this notion. This support for patient contribution towards the cost of medicines increased further to seven in ten once consumers were reminded of the potentially high costs of medicines. A willingness to contribute is not surprising since most people in this self-selected sample are aware that PBS subsidised medicines can represent a significant cost to the Government above the co-payment.

### ***Consumers desire transparency and consistency medicine pricing***

Most consumers want to know what price is going to be charged in advance of a prescription being filled and to be able to see the Government's contribution to the price. The majority also want to pay the same consumer contribution (and co-payment) for the same medicine across all pharmacies.



### ***The benefits of the Pharmaceutical Benefits Scheme for non-concession holders are not well understood***

This research reveals a low level of understanding of how the PBS benefits those for whom no concession applies. This is fueled by the inconsistent and widely varying general co-payment amounts for PBS listed medications that consumers report paying.

This research shows that there is little consumer understanding of the reasons for variations in medicine prices between pharmacies and that consumers expect that subsidised medicines be same price for concession and non-concession card holders, regardless of where they are purchased.

### ***The impact of the \$1 discount on consumers in this research is muted***

Consumers in this research had varying levels of awareness of the \$1 co-payment discount. Less than a quarter of those completing the survey claimed to have benefited from the \$1 co-pay discount and most say that whether or not this discount is offered by a pharmacy has not impacted their choice of pharmacy.

## ***Consumer access***

### ***Most believe they have sufficient access to medicines***

In this research, which captured the views of members of public from many walks of life and with a variety of health conditions, consumers mention few issues with accessing medicines when they need them. Nearly three quarters of people responding to the survey agree that they are easily able to access pharmacy products and services when required. People who have an established relationship with a particular pharmacist and who have been taking the same medication for many years do not generally report access issues. Importantly if an access issue was urgent, consumers claim that they are able to access health care or medicines from a hospital, medical centre or more distant pharmacy.

### ***Consumer access to medicines can be impacted by a number of factors***

There are three main influences on medicine access. Firstly that consumers have access to a pharmacy itself. This is impacted by proximity to home or work, hours of operation and access while travelling, and seems to be infrequently an issue for Australian consumers. Secondly, once inside a pharmacy, physical access issues such as stairs or narrow aisles for walking aids or strollers can pose a problem for some. Finally, consumers report finding that a pharmacy will sometimes not have the required medicine in stock. This can be problematic for prescription medication that patients have been instructed to take immediately. Problems with availability of stock appear to be especially prevalent for high cost or unusual medicines and those that requiring compounding.

### ***Particular groups of people encounter specific access issues***

Opening hours can be an access issue for consumers such as those who need pharmacies for unanticipated health problems (such as; illness in young children), working consumers who need after-hours access and people using smaller community pharmacies which don't open for extended hours. Consumers living in remote communities are most effected by not having access to a local pharmacy.

### *Placing pharmacies inside supermarkets is not a popular solution to access issues*

While the convenience of a pharmacy inside a supermarket might be advantageous, consumers have concerns about the quality and turnover of staff, the privacy of the environment and quality of service they would receive at a supermarket pharmacy. Extended opening hours at existing pharmacies, better stock management and a greater number of pharmacies in particular areas are seen by consumers as better solutions for improving consumer access to medicines. Some consumers also identify better links between doctors and pharmacists as a possible way to resolve access issues.

### *Nearly all consumers value extended opening hours*

Most consumers completing the survey indicate that it is important for them to be able to access a pharmacy on weekends, for the same hours as nearby medical clinics and outside of standard retail hours (for example, until 9pm). Being able to access pharmacies early in the morning was rated far lower in importance. Consumers most want after-hours pharmacy access to prescription medicines and other treatments they cannot access elsewhere. Other products that can be purchased at a supermarket, such as complementary medicines/treatments or general retail products, attract much less interest for after-hours pharmacy access.

Consumers in this research were evenly split in their willingness to pay higher prices in a pharmacy that opens extra hours – around four in ten of consumers responding to the survey would be deterred by this, while a similar proportion would not.

### ***Inequity issues for rural, remote and culturally and linguistically diverse consumers***

Many of the sub-groups of interest in this research did have varying experiences and opinions about pharmacy in Australia, and differing pharmacy needs. Rural and remote consumers and culturally and linguistically diverse (CALD) consumers are considered below.

### *More limited access to doctors in remote areas can mean greater reliance on pharmacists*

Rural and remote areas often have fewer doctors available than in metropolitan areas, resulting in longer waiting times for appointments. Many consumers therefore use the pharmacy as a first port of call to determine whether appropriate treatment is available over the counter, or alternatively if it is worth consulting a doctor. Given that there is no need to plan a visit to the pharmacy in advance,

people in regional and rural areas perceived the pharmacy as a form of free, fast and flexible medical advice for non-urgent or minor matters.

***Relationships between pharmacists and consumers may be longer term in rural areas***

Many small town residents had a regular pharmacist just as they have a regular doctor. They built an ongoing, trusting relationship with their pharmacist, who is aware of their medical history and may even have stored records of past prescriptions. This made them somewhat reluctant to go elsewhere – whether there is choice available or not.

***Privacy concerns can be more acute outside metropolitan areas***

In remote areas and regional small towns, people seem to be more concerned about privacy in pharmacies than in people in metropolitan areas. Some are embarrassed by their condition or merely value their privacy, as they are concerned that news spreads quickly in a small community. The idea of a booth or private consultation area is appreciated by consumers as a means of overcoming privacy concerns.

***Shopping in more than one type of pharmacy is evident in rural as well as urban areas***

Similar to metro consumers, regional and rural consumers use different types of pharmacies to fulfil different needs. There also appears to be a stronger desire to support local small business in a smaller town community. In some rural areas, a discount chemist may mean a longer trip out of or into town, so often people waited and bought in bulk.

***Regional and remote consumers do not report greater affordability issues***

Most do not have a problem with how much they pay for medicines in regional and rural areas and while there was an expectation that prices may be higher in these locations due to freight costs, they do not find that they are being charged a premium when they compared prices with pharmacies in other towns or larger regional centres.

Inequity issues were also explored among people from culturally and linguistically diverse backgrounds (CALD), who represent an increasingly large proportion of the Australian population. For the most part, those from such backgrounds that are born and raised in Australia do not differ markedly from the rest of the population from English-speaking backgrounds in terms of their views, expectations and experiences of pharmacy.

***Relatives and friends are leaned upon to support consumers who speak little or no English***

While this research did not explicitly include people who speak little or no English, it did include people for whom English is not their first language and those who have parents who struggle with English. Many of these participants are helping parents and family members navigate the medical

system in Australia, including in relation to pharmacy, and acting as interpreters, translators and guides.

### ***Conveying medical concepts and medicines information can be challenging***

Many mention struggling to translate medical concepts and information about medicines, which can be complex and technical, into other languages for their relatives. In the pharmacy context, this information has often been passed on by a pharmacist verbally and is being translated to the patient at a later time, introducing the opportunity for advice to be missed or misconstrued and dosing and other errors to occur. A preference is expressed for better translated printed information on medicines or to access trained bilingual staff in pharmacies located in areas with significant proportions of people speaking languages other than English.

### ***Pharmacy items are sometimes sent overseas to relatives***

People from some cultural backgrounds, including Asian, South Asian and Middle Eastern backgrounds express a strong interest in some pharmacy products, including off the shelf painkillers and other medicines, vitamin supplements and medical devices such as blood pressure and blood glucose monitors. In addition to higher than average reported personal use of these products compared with other audiences we spoke to, participants with cultural backgrounds from across these regions report purchasing and sending such items to family in their home country, taking these products back with them when visiting family, or helping visiting family members from these countries stock up while here. Australian products in these categories are held in high regard for their perceived purity, bioavailability, safety and quality.

### ***Discount pharmacies can be popular for buying in bulk***

Some people from CALD backgrounds also showed cost-consciousness, with people shopping regularly at discount pharmacies to access cheap bulk retail and complementary products which are noted to be far cheaper than at the supermarket, particularly when they are deeply discounted on sale. Despite being regular customers for these retail products, as for the other audiences we spoke to, few opt to fill a prescription or obtain pharmacist advice at discount chemists, preferring to use smaller community pharmacies for this purpose where clinical trust is higher.