Appendix J: EFC Reimbursement algorithm

The Efficient Funding of Chemotherapy (EFC) measure was introduced to calculate PBS reimbursement on the basis of the cheapest possible combination of vials, minimising the cost of each infusion to taxpayers and thus contributing to the sustainability of the chemotherapy program.

A reimbursement algorithm calculates the appropriate PBS reimbursement, including the retail mark-up and applicable preparation and dispensing fees, as follows:

1. The ex-manufacturer price for a single vial is derived.
2. The retail mark-up on a single vial is calculated.
   Retail mark-ups for infusions dispensed by a community pharmacy are set out in the Fifth Community Pharmacy Agreement (5CPA) for community pharmacy (table 1). s94 private hospitals receive a flat 1.4% mark-up on the medicine cost and s94 public hospitals do not receive a mark-up on the medicine cost.

Table 1. Retail mark-up tiers (s90 community pharmacy as per 5CPA)

Drug cost (ex-manufacturer)	Retail mark-up on medicine cost
Less than or equal to $30.00	15.00%
$30.00-$45.00	$4.50
$45.01-$180.00	10.00%
$180.01-$450.00	$18.00
$450.01-$1750.00	4.00%
Over $1750.00	$70.00

3. The per-vial medicine price is derived.
4. The total medicine price for the infusion/patient dose is calculated, based on the cheapest combination of vials.
5. The applicable dispensing and dispensing fees are added to give the dispensed price.

	Community Pharmacy	Public Hospital	Private Hospital
Wholesale/distribution fee	$24.79		$24.79
Diluent fee	$4.91		$4.91
Preparation fee	$41.33	$41.33	$41.33
Dispensing Fee	$6.63		$6.63
Total fee	**$77.66**	**$41.33**	**$77.66**

The pharmacy is reimbursed the dispensed price, minus any patient co-payments.

Example of a dispensed price calculation for an infusion supplied in an approved community pharmacy.

Step One: Derive price ex-manufacturer for a single vial

Vial	Ex man price
Powder for I.V. infusion 100 mg	$311.97
Powder for I.V. infusion 500 mg	$1559.86

Step Two: Calculate mark-up on single vial

Vial	Vials required for maximum amount	Ex man price for maximum amount	Determine retail mark-up	Mark-up per vial
100 mg	11	$311.97 × 11 = $3431.67	$70 ($1750+ band)	$70 / 11 = $6.36
500 mg	3	$1559.86 × 3 = $4679.58	$70 ($1750+ band)	$70/ 3 = $23.33

Step Three: Derive per-vial medicine price

Vial	Vial price including mark-up
100 mg	$311.97 + $6.36 = $318.33 (3.1833 per mg)
500 mg	$1559.86 + $23.33 = $1583.19 (3.16638 per mg)

Step Four: Calculate the total medicine price for the infusion/patient dose

The cheapest combination of vials to make up the max amount of 1100 mg is:

$$2 \times 500 \text{ mg} + 1 \times 100 \text{ mg} = \$1583.19 \times 2 + \$318.33 = \$3484.71$$

$$2 \times 500 \text{ mg} + 1 \times 100 \text{ mg} = \$23.33 \times 2 + \$6.36 = \$53.02$$

Step Five: Calculate the infusion's dispensed price

The applicable fees for community pharmacy are:

Fee	Amount
Wholesale Fee	$24.38
Diluent Fee	$4.83
Preparation Fee	$40.64
Ready Prepared Dispensing Fee	$6.52
Total	$76.37

$$DPMA = \$3484.71 + \$76.37 = \$3561.08$$