



FOR IMMEDIATE RELEASE
THURSDAY 22ND JUNE 2017

Review options “lack rigour” – CSO wholesalers

Australia’s major pharmacy wholesalers have today expressed disappointment that options put forward in the Review of Pharmacy Remuneration and Regulation’s Interim Report are lacking in rigour and ignore the key problems in the supply chain funding model.

In its Interim Report, the Review Panel outlined three alternatives for removing, retaining or replacing the Community Service Obligation (CSO), the mechanism of the National Medicines Policy that promotes competition, provides accountability and ensures all Australians receive timely access to medicines wherever they live.

The first alternative suggests putting the obligation of medicine delivery directly on manufacturers through a panel of distributors, while the second retains the CSO. The last of the three alternatives suggests a “*separate review of the CSO to ensure current arrangements demonstrate value for money*”.

NPSA Chair Mark Hooper said the document was “extremely disappointing” and that it failed to identify any consequences of its recommendations.

“We already have medicines shortages in Australia, so we fail to see how a proposal to effectively shift away from a hub and spoke distribution model with in-built redundancy will alleviate this or enhance access to essential medicines for consumers,” he said.

“We have said for some time that Australia’s pharmaceutical supply chain is becoming critically unbalanced because it relies on an unsustainable remuneration formula. The ongoing impact of price disclosure means that more than 90% of PBS medicines are now unprofitable to distribute.

“The CSO wholesalers welcomed the opportunity to engage throughout the Review process, providing extensive evidenced based submissions and independent economic modelling. However, rather than attempt to fix the problem, the Interim Report has instead suggested three disparate ideas that fail to address the fundamental funding issue that threatens to undermine what has proved to be an efficient, effective, safe and world-class system for Australian patients.

“It is also particularly disappointing that the Panel has chosen to make supply chain suggestions that appear to fundamentally ignore not only submissions provided by the CSO wholesalers but also those of the Guild, Medicines Australia and individual manufacturers.

“It is perplexing that the Panel acknowledges that its Review had “*not been concerned with the specifics of implementation*”, then proceeds to impose an onus for distribution of medicines on manufacturers – and that is simply not practical.

“NPSA provided a detailed and independent report to the Panel and invested considerable time and money in doing so. Having provided the Review Panel with a number of options, we are very disappointed that our considerable input appears to have been ignored.”

The National Pharmaceutical Services Association represents CSO wholesalers Australian Pharmaceutical Industries, National Pharmacies, Sigma Healthcare and Symbion.

Contact: Donna Staunton on 0413 185 724 or Phil Martin on 0418 817 876