

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Additional Estimates 2010-2011, 23 February 2011

Question: E11-129

OUTCOME 2: Access to Pharmaceutical Services

Topic: FIFTH GUILD GOVERNMENT PHARMACY AGREEMENT

Written Question on Notice

Senator Fierravanti-Wells:

- a) During negotiations for the 5th Guild – Government Pharmacy Agreement was the Department aware of possible changes in Pfizer's distribution arrangements with pharmaceutical wholesalers?
- b) If so, what did the Department do to manage any real or perceived conflicts of interest that the Guild, which negotiated on behalf of wholesalers, may have had?
- c) Were these procedures followed?
- d) What are the requirements for timely delivery for companies supplying under the PBS?
- e) Are there any requirements on the cost of delivery for drugs supplied under the PBS?
- f) What are the consequences for non-compliance?
- g) Does the Department have any information on the timeliness and cost of delivery under the new Pfizerdirect delivery system?

Answer:

- a) No.
- b & c)
Not applicable.
- d) Under the Community Service Obligation (CSO) Funding Pool arrangements, an eligible CSO Distributor is required to supply any brand of Pharmaceutical Benefits Scheme (PBS) Medicine (as defined under CSO Funding Pool arrangements) within their jurisdiction, generally within 24 hours from the regular order cut-off time.
- e) The relationship between a pharmaceutical supplier and a community pharmacy is a commercial arrangement with agreed trading terms. CSO Distributors cannot, however, supply PBS medicines to community pharmacies at more than the Approved Price to Pharmacy. CSO Distributors are financially remunerated from the CSO Funding Pool for stocking and supplying the full range of PBS medicines and delivering them generally within 24 hours. The Commonwealth also subsidises community pharmacies the cost of delivery through agreed remuneration arrangements under the Fifth Community Pharmacy Agreement.

- f) For those wholesalers operating under the provisions of the CSO Funding Pool sanctions (financial and non financial) may be applied for not meeting CSO Compliance Requirements or CSO Service Standards.

- h) Pfizer guarantees next business day delivery for orders placed by 1pm each weekday. From 1 April 2011 Pfizer provides five free deliveries per month. For the sixth to tenth monthly delivery there is a charge of \$10 per delivery and for subsequent deliveries \$30 is charged. Prior to 1 April there were no delivery charges imposed by Pfizer. Pfizer has advised the Department it is meeting its performance standards in more than 99% of orders placed.