



Restructure of remuneration arrangements for section 94 private hospitals

Information for hospital pharmacists

Background

As announced in the 2010-11 Budget, the remuneration arrangements for private hospitals approved under section 94 of the *National Health Act 1953* (NHA) will change.

Medicare Australia will implement these remuneration changes, effective from 1 October 2010.

Under this initiative, the current wholesale mark-up will be replaced with a flat storage and handling mark-up of 11.1 per cent and the pharmacy mark-up will be replaced with a flat 1.4 per cent private hospital mark-up.

These mark-up changes will only apply to Pharmaceutical Benefits Scheme (PBS) medicines supplied under section 85 of the NHA by section 94 private hospitals.

Note: a section 94 private hospital is a private hospital authority approved under section 94 of the NHA to supply PBS medicines.

Benefits of this initiative

Better alignment of remuneration with pharmacy operational arrangements.

The Australian Government recognises the existing differences between the operational arrangements for private hospital pharmacies compared to community pharmacies and public hospital pharmacies.

This difference is not adequately reflected in the existing remuneration arrangements for section 94 private hospital pharmacies, which are currently remunerated in line with community pharmacies.

Under this initiative, section 94 private hospital pharmacies will have a remuneration structure that is different to community pharmacies and public hospitals participating in pharmaceutical reforms under the health care agreements.

Ensuring sustainability of the health sector

The Australian Government is committed to ensuring the sustainability of the health sector, while achieving affordability for consumers in the long term.

What will section 94 private hospitals be paid from 1 October 2010?

Under the new remuneration arrangements, each section 85 PBS medicine supplied by a section 94 private hospital pharmacy will be paid:

- the cost of the medicine
- a flat 11.1 per cent storage and handling mark-up
- a flat 1.4 per cent private hospital mark-up
- the relevant dispensing fee and
- when applicable:
 - a dangerous drug fee
 - a container feeminus the relevant co-payment.

Which PBS medicines will be affected by the changes?

The new remuneration arrangements will apply to section 85 PBS medicines supplied by section 94 private hospital pharmacies, which attract a government subsidy.

This includes PBS medicines supplied to Department of Veterans' Affairs (DVA) entitled consumers.

Section 85 PBS medicines are medicines and medicinal preparations supplied as pharmaceutical benefits in accordance with section 85 of the NHA.

These medicines are available under the Schedule of Pharmaceutical Benefits (The Schedule), and include:

- Special Pharmaceutical Benefits
- General Pharmaceutical Benefits
- Pharmaceutical Benefits for Palliative Care
- Pharmaceutical Benefits for Dental Use
- Pharmaceutical Benefits for Optometrical Use.

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Which PBS medicines will NOT be affected by the changes?

The following types of medicines will not be affected by these changes:

- all medicines supplied under section 100 of the NHA. This includes medicines from the:
 - Highly Specialised Drugs Program
 - Chemotherapy Pharmaceutical Access Program
 - Emergency Treatment Program
 - Aboriginal Health Services
 - Intravenous Chemotherapy Supply Program
- all Extemporaneously Prepared medicines (including standard formula and average price items)
- all Emergency Drug (Doctor's Bag) supplies
- all medicines listed only in the Repatriation Schedule of Pharmaceutical Benefits
- all unlisted DVA medicines
- stoma medicines and appliances.

Which prescriptions will be affected by the change to remuneration?

The existing remuneration arrangements will apply to prescriptions with a date of supply before 1 October 2010.

Where the date of supply of the prescription is on or after 1 October 2010, the new pricing arrangements will apply.

Any repeat prescriptions supplied on or after 1 October 2010 will have the new pricing arrangements applied, regardless of when the original or earlier repeats were processed.

Will there be any changes to fees paid to section 94 private hospital pharmacies?

The current dispensing fees will apply and when applicable, section 94 private hospital pharmacies will be paid a dangerous drug fee and ready-prepared container fee.

Is a wastage factor still applicable?

Yes, if a prescription is for a quantity less than the manufacturer's pack, and where the pack can be broken, a wastage factor can be applied as per current remuneration arrangements.

What you need to do

Medicare Australia has engaged with pharmacy software vendors to ensure they are aware of the remuneration changes.

You will need to contact your pharmacy software vendor and arrange an update to your dispensing software so you can reconcile your claim.

For more information

Visit Medicare Australia
www.medicareaustralia.gov.au then go to **For health professionals > PBS > Pricing of PBS medicine**

Call PBS enquiry line (option 2) **132 290***
PBS information line **1800 020 613****

* Call charges apply.

** Call charges apply from mobile and pay phones only.