Policy Directive: compliance is mandatory

Pharmaceutical reform: policy for public hospitals

Objective file number: eA278819
Policy developed by: Public Health and Clinical Coordination
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Summary
The Pharmaceutical Reform: Policy for Public Hospitals Policy Directive outlines conditions and policies for South Australian public hospitals participating in the pharmaceutical reform initiative including:

- the Pharmaceutical Reform Agreement between the Commonwealth and South Australian governments
- reporting against milestones and key performance indicators to achieve continuity in medication management
- a standard process for dispensing and charging of medication

Keywords

Policy history
Is this a new policy? N
Does this policy amend or update an existing policy? Y
Does this policy replace an existing policy? N

Applies to
All Local Health Networks
Public hospitals only

Staff impact
All Staff, Management, Admin, Students; Volunteers
All Clinical, Medical, Nursing, Allied Health, Emergency, Dental, Mental Health

PDS reference
D0174

Version control and change history

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Pharmaceutical reform: policy for public hospitals

1. Introduction
This policy directive establishes a standard process that is to be followed in all South Australian public hospitals engaged in the pharmaceutical reform initiative for:

- participating in pharmaceutical reform
- implementing the Australian Pharmaceutical Advisory Council’s (APAC) guiding principles to achieve continuity in medication management
- implementing the patient charges and business rules for dispensing medication.

2. Background
In December 2006, the South Australian Government agreed to accept an Australian Government offer to participate in a process of pharmaceutical reform in public hospitals. The reforms comprise a dual outcome:

- access to medications via the Pharmaceutical Benefits Scheme (PBS) for outpatients, patients on discharge and for a range of chemotherapy medications for day-admitted patients and outpatients
- implementation of the Australian Pharmaceutical Advisory Council’s (APAC) guiding principles to achieve continuity in medication management.

The key objectives of the pharmaceutical reforms are to improve:

- equity of access to medication for patients regardless of their place of care – public hospital, private hospital or the community sector
- safety and quality of medication management, including a smooth transition between hospital and community-based care.

Formal approval from the Chief Executive, SA Health is provided before hospitals can commence participating in the pharmaceutical reforms.

3. Definitions
The following definitions apply to this policy

- Day-admitted patient - a patient who is admitted and separates on the same date.
- Discharge - the process by which an episode of care for an admitted patient ceases.
- Eligible person - the same meaning as in section 3 of the Health Insurance Act 1973 or any person that is treated as an eligible person under that Act – that is, an Australian resident or an eligible overseas representative.
- Outpatient - a patient who is receiving an out-patient service.
- Public hospital services - defined in the Australian Health Care Agreement (AHCA) as ‘services of a kind or kinds (including admitted patient services and non-admitted services) that are currently provided, or were so provided on 1 July 1998...’
4. Policy

4.1 Pharmaceutical Reform Agreement

The Pharmaceutical Reform Agreement sets out the conditions upon which certain pharmaceuticals may be provided to eligible persons. All participating hospitals are required to abide by the conditions contained in that agreement.

Participation

The conditions for a hospital to participate in the pharmaceutical reforms are:

> The hospital may participate in the Chemotherapy Pharmaceutical Access Program (CPAP) or its successors, provided they are also participating in the Pharmaceutical Benefits Scheme (PBS).

> To participate in either the CPAP (or its successors) or the PBS:
  > The hospital must be granted written approval for participation by the Chief Executive, SA Health, subject to such conditions as the Chief Executive deems necessary or convenient
  > The Chief Executive, SA Health, must provide written advice to the Secretary of Health, Canberra
  > The Australian Government and the South Australian Government must agree on the milestones for implementing the APAC guiding principles, as well as mechanisms for reporting and audit of the implementation effort.

> The hospital must obtain approval as an approved hospital authority under section 94 of the *National Health Act 1953*.

PBS and CPAP (or its successors)

Pharmaceutical benefits may only be prescribed to:

> an eligible person who is an out-patient or patient on discharge from a participating hospital (PBS only)

> an eligible person who is receiving a day-admitted patient service from, or is an outpatient of, a hospital that provides public hospital services to that person (CPAP, or its successors, only).

The conditions for supplying pharmaceutical benefits in accordance with the PBS and CPAP (or its successors) are set out in the Pharmaceutical Reform Agreement.

The conditions for payment for the supply of these pharmaceutical benefits are set out in the Pharmaceutical Reform Agreement.

The SA Health Chief Pharmacist will maintain a register of hospitals approved by the Chief Executive for participation in the Pharmaceutical Benefits Scheme and the Chemotherapy Pharmaceutical Access Program (or its successors).

4.2 APAC guiding principles

A public hospital participating in the reforms must implement the APAC guiding principles and meet the agreed milestones.

To facilitate this work, SA Health has provided seeding funds to hospitals to recruit human resources, including sufficient to raise the ratio of clinical pharmacists to beds to the national standard\(^2\) (as referenced in the APAC guiding principles). Metropolitan hospitals must maintain this standard as a minimum. The number of graduate trainee pharmacist positions has also been increased to support recruitment and retention and
must be maintained as a minimum.

Other models of practice will be employed in rural and remote areas where pharmacy services are not delivered by the hospital.

Reporting

> APAC milestones

The milestones have been agreed between the Australian Government and the South Australian Government. Hospitals participating in the pharmaceutical reforms are expected to achieve the milestones within the timeframes indicated from commencement of claiming PBS reimbursement.

Hospitals will report achievement of the milestones to the pharmaceutical reforms team, Medicines and Technology Programs, SA Health, under the hospital performance agreements. They will then be reported to the Special Access Programs Branch, the Department of Health and Ageing, Canberra by Intergovernment Relations Unit, SA Health.

> APAC key performance indicators

The key performance indicators (KPIs) measure the impact of implementing the APAC guiding principles. The KPIs evaluate improvements in medication management from a health service and consumer perspective. They are to be reported annually to the pharmaceutical reforms team, Medicines and Technology Programs, SA Health, under the hospital performance level agreements.

4.3 Patient charges and business rules

Hospitals participating in pharmaceutical reforms are required to accept and implement the patient charges and business rules to maintain compliance with the PBS rules, consistency across the public sector and to maintain equity with the community sector.

5. Scope

This policy directive applies to:

> All public hospitals participating in the pharmaceutical reforms initiative.

6. Responsibility

Participating hospitals are responsible for:

> complying with the terms and conditions of the Pharmaceutical Reforms Agreement

> reporting the achievement of the APAC milestones and APAC key performance indicators to SA Health

> accepting and implementing the patient charges and business rules.

SA Health is responsible for:

> reporting to the Special Access Programs Branch of the Department of Health and Ageing, Canberra through the pharmaceutical reforms team, Medicines and Technology Programs, SA Health, and Intergovernment Relations Unit, SA Health.

7. Risks

Non-compliance with the conditions of the Pharmaceutical Reforms Agreement will revoke the hospital’s entitlement to participate in the PBS Access Program and the Chemotherapy Pharmaceuticals Access Program (or its successors).

Achievement of APAC milestones and key performance indicators is at risk if appropriate resources are not sustained.

South Australia has been allocated a ceiling for its public hospital PBS and CPAP expenditure. If the
combined CPAP and PBS expenditure exceeds the ceiling, the state is responsible for 50 per cent of the expenditure above the ceiling.

A non-standardised approach to dispensing and charging under the PBS and CPAP programs will result in patient and staff confusion as well as lack of equity across the public sector.

The inability to recruit and sustain appropriate staff levels will impact negatively on the hospital’s ability to achieve continuity in medication management.

References
