



Summary: WPC Member Survey on Funding & Payment Structures

Background

A WPC member survey was conducted in March-April 2021. The survey was designed to provide WPC members with a broad understanding of funding and formal payment structures for community pharmacy in each WPC country. The survey covered payments for dispensing, payments for pharmacy services, and other general or specific purpose payments from third parties (government or insurers) that are specific to community pharmacy. Responses were received from every WPC member country. Thank you to those who contributed to these responses.

The survey did not seek to collect specific fee levels or payment amounts. The focus was on the structure and types of payments, and on what is paid for by each funding stream, and on the relative significance of each component. The focus was not on comparing funding levels or fee amounts.

In some countries funding arrangements vary between states, regions or funders. This survey was not intended to capture every variation.

The results of this survey will not be made public. This summary, and the raw responses from each member organisation, are being made available to WPC members only, for internal use.

THE FOLLOWING PROVIDES A BRIEF OVERALL SUMMARY. IT IS RECOMMENDED THAT YOU VIEW THE INDIVIDUAL RESPONSES THAT ARE AVAILABLE ON THE WPC MEMBER WEBSITE, AND CONTACT INDIVIDUAL MEMBER ORGANISATIONS IF YOU NEED MORE INFORMATION ABOUT ANY PARTICULAR ASPECT.

Summary of Findings

Fee structures for dispensing

No countries reported anything other than a **fee (or margin) per item** approach for the core dispensing service. Some variations within this standard model exist, including:

- Ireland: differential fees depending on the number of items dispensed by each pharmacy annually (lower fees for larger pharmacies).
- Australia: two separate fees – a dispensing fee and an “administration, handling and infrastructure” fee, with the latter linked to price (up to a cap) for drugs above \$100.
- Up to a threshold price, Spain has a percentage margin. Above the threshold, it is a fixed margin.
- In Portugal, fees and margins are different according to the price range (the higher the price, the fixed fee increases and the percentage margin decreases)
- In addition to a (relatively small) dispensing fee, England’s funding contract has a “retained margin” element that is built into the reimbursement price and managed through a survey of pharmacy’s invoices.
- New Zealand’s model includes a lower dispensing fee for repeat dispensing, and a casemix fee that increases slightly if multiple medicines are dispensed on the same day.
- Denmark’s model includes a fee per delivery of medicine (including multiple packages) that are supplied through a centralised or hub-and-spoke dispensing model.

USA was the only country to report any element of **performance-based structure**, although it is a flawed system. The NCPA's response noted that "in Medicare Part D, PBMs often claw back fees from pharmacies well after a transaction. Called direct and indirect remuneration (DIR), PBMs claim those fees are performance based, but in reality they are often unpredictable and seemingly unconnected to a pharmacy's performance."

How are dispensing fees and structures determined and regulated?

- There are formalised, **national negotiations** with the country's government in Australia, Denmark, Ireland, New Zealand and the United Kingdom.
- In Portugal, margins are set by the government. The last revision was done in 2014.
- **Cost of dispensing studies** are commonly used in the USA to establish published fees.

Payments for dispensing-related services and medication management

Payment for **compliance packaging** (which is also known by many other names, including dose administration aids or personalised dosage systems) are quite common amongst WPC member countries, either as a fee-for-service (Australia, Spain), or as part of bundled services (eg. NZ's Long Term Conditions service).

Other examples of paid dispensing-related or medication management services include:

- New Zealand's Community Pharmacist Anticoagulation Monitoring Services (CPAMS) – this provides eligible patients with INR point of care testing by accredited community pharmacists and allows for adjustment of warfarin doses within a defined range.
- NZ's Long Term Conditions (LTC) service, focused on adherence.
- The New Medicines Services in England.
- Australia's MedsCheck and Diabetes MedsCheck services.

Funding caps exist at a regional or pharmacy level for each of the services listed above in Australia, NZ and England.

In Portugal, "services as the compliance packaging, specialty medicines dispensing in community pharmacies or vaccination services are being discussed to be implemented in local pharmacies, with the payment from the NHS or municipalities."

Bundled payments & managed care

There are some examples of bundled or managed care style payment structures for services such as medication management, chronic disease management and related consultations:

- USA: "Pharmacies are paid a set amount for medication review OR this service is may be part of a "per member/per month" fee in which the pharmacist/pharmacy is paid a monthly fee for managing the patient's overall drug therapy." This is paid by insurance.
- Ireland: "Separate arrangements are in place for dispensing of high tech medicines and for methadone dispensing. High tech arrangement is a monthly patient care fee and patients are linked to one pharmacy only. The methadone scheme has a patient care fee and then a per item dispensed

fee, so is more mixed model.”

- New Zealand: “A Long-Term-Conditions (LTC) Service – a medicine adherence service - exists nationwide for registered patients (up to a local district level cap).” This involves a monthly payment to the pharmacy for each registered patient.

Payments for public health services, chronic disease management or prevention

Examples of paid services in these areas include:

- Payment structures for vaccinations exist in most countries, although others rely on a consumer-pays system.
- There are state-based funding arrangements for opioid substitution therapy in Australia.
- Locally-commissioned services vary throughout England.
- New Zealand’s locally funded services include: Gout management and education, fee-for-service in some local regions, Asthma Control Tests, fee-for-service (one region only), Smoking Cessation Counselling, fee-for service nationally funded (capped total pool), SSRI education and support – fee-for service.

Outcomes or performance-based arrangements

USA: refer to page 2 comment regarding Direct and Indirect Remuneration.

England has quality payments whereby “pharmacies can achieve certain quality markers and receive payment for doing so. There is a capped number of ‘quality points’ they can earn each year and a payment per point achieved will be made to the pharmacy.”

Lump sum payments

Some countries have government payments to pharmacies for certain infrastructure or establishment costs, or specifically aimed at pharmacies in more rural areas. These include:

Ireland: “Pharmacies can claim a grant of up to €6,350 for costs incurred for adapting premises to facilitate methadone dispensing. This can be claimed once and then again after 6 years if more improvements are need.”

Denmark: “Rural pharmacies receives a subsidy that falls in proportion to the pharmacy’s total turnover”

Australia: The Regional Pharmacy Maintenance Allowance provides regular payments to pharmacies. The payment levels increase based on the degree of rurality/remoteness, and higher payments are made to pharmacies with lower prescription volumes.

Sources of revenue

Revenue from dispensing remains the core of community pharmacy income in each country. There is a clear trend toward diversification of revenue sources, and this is being pushed both by pharmacies and by payer who are putting downward pressure on funding for dispensing.

Notably, even in the USA where Medication Therapy Management services and others such as vaccination are quite mature, only 4% of revenue comes from services outside of dispensing.