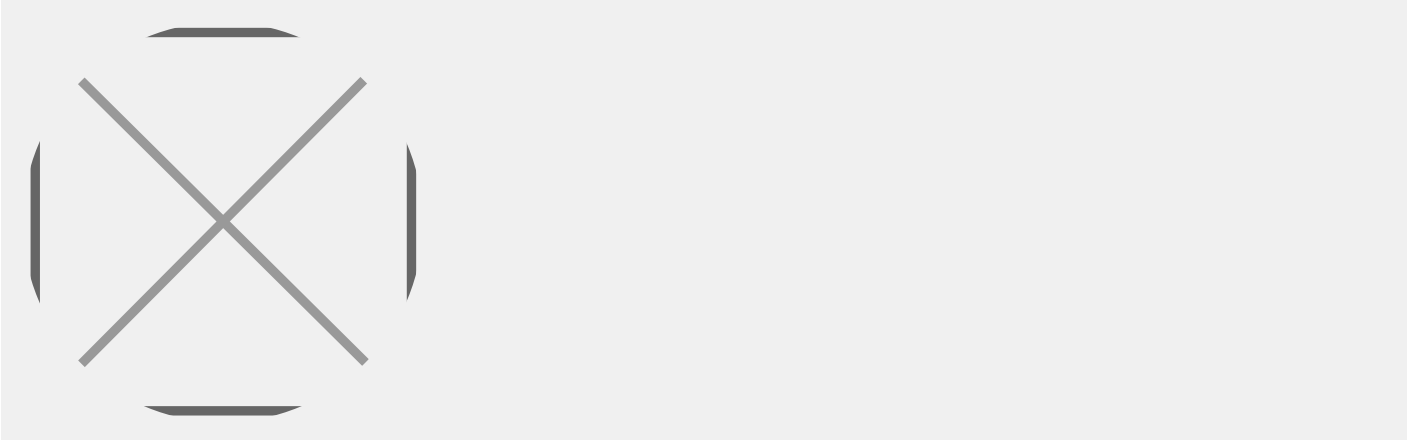
Interview with Kos Sclavos, National President, Pharmacy Guild Australia



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Could you please introduce the Pharmacy Guild to our readers, giving an insight in its function and its membership?

We are the premium body representing community pharmacies in Australia, about 5200 locations including private hospital pharmacies. In reality it is safe to say that we represent all pharmacies that are not owned or run by the government, or over 90 percent of Australian pharmacies.

We are a well resourced organization; we own Guild Insurance, the premium insurance companies for pharmacies, dentists, physiotherapists, and optometrists; we own a law firm with 43 lawyers to support our members; and we own Gold Cross Products & Services, our endorsement arm that helps members in their business operations.

Furthermore the association leads three IT companies. One of the companies is the leading vendor for dispensary software. Its FRED Dispense System holds over 50 percent market share. InnovationRx does our real time monitoring of products, while Guild Link looks after all consumer medicines information of pharmaceutical companies and is driving a lot of our patient support, compliance programs and government programs.

The guild has 250 staff throughout Australia in all states and territories and employs another 500 people throughout its various companies.

How has the organization developed under your leadership over the past six years?

When I took over as president our focus was to create systemized national programs, and we knew we could not do that without IT. The government was interested not just in what a few leading pharmacies were doing but they wanted to know what services are offered across all pharmacies in Australia> From a political perspective this is important that in every electorate patients have access to servcies. We knew we had to develop IT solutions to ensure the same systemised service could occur on a Monday morning or on a weekend throughout the country.

Another big focus has been on compliance and adherence with medicines, and this is probably the biggest challenge facing the industry. We developed a compliance score called MedsIndex Score, which looks at prescription information, including dosage instructions, and works out the compliance. Every script has a date stating when it was first dispensed. Even if the second repeat did not come through the same pharmacy, the system can still calculate based on the number of days between the first dispense and the current repeat as to the level of compliance. On the basis of that MedsIndex Score we can target patients with low adherence.

The Guild is committed to supporting and maintaining the community pharmacy model as the most appropriate and efficient system of delivering medicines. With criticism on the model increasing, do you still feel the model is most appropriate & efficient?

Consumers need to trust who is dealing with their health data, and we know from our research that clients do not like supermarkets to have their health information. The supermarkets are not interested in health otherwise they would not sell $5B of cigarettes a year. Four out of five biggest selling products in supermarkets are cigarette brands, so we do not feel that their interest is with our health; else they would not sell cigarettes. The sale applies to alcohol sales and there is a huge cost to our nation with the misuse of this product.

Some say that competition among community pharmacies is lacking and that the fact that Australia does not have supermarket pharmacies or home delivery pharmacies is a proof of that. What would you say to refute such criticism?

There have been many reviews on the health system since the Labor Government came to power in 2007. Many reports have identified numerous parts of the health system that are failing Australians and have needed huge cash injections by Government. The PBS supply system through community pharmacy has been the shining light. One of the key platforms of the Guild is to have equitable access to medicine. To achieve that the association and the government decided to put a cap on the price – for example a pension/ concession card holder pays 5.80 dollars for a medicine. If it were up to the free market, rural and regional Australians would pay more, but we do not believe that is the best for patient outcomes. Australia is a very decentralized country and a patient can live anywhere and pay the same price for medicines.

That is unique in the world, and unique in Australia and it does not occur in any other commodity except for stamps. You cannot tell a patient in outback Queensland who is on five or six chronic therapy meds each month that his medicine is going to suddenly cost 30% or 40% more because that is the price differential they pay for essential food items.

There is no ‘fat’ in the community pharmacy sector. The government knows their fiscal constraints on community pharmacy are functioning well when scores of pharmacies are going bankrupt. We believe that the Australian government has now gone too far, a belief bolstered by the record levels of bankruptcies among pharmacies. In addition low consumer confidence in Australia is hurting the pharmacy sector. People are very pessimistic about spending especially when compared to the good economic times. This strongly influences pharmacy as much as the retail sector.

What solution do you envision in which the government would be able to retain growth of healthcare expenditures while not harming the pharmacy sector?

We see that the government squeeze compromises the future existence of many pharmacies. It puts pharmacies in a situation where they’ll have to cut down patient services and reduce opening hours, all of which will lead patients to turn up at emergency wards. You cannot tell a ten-year old that he cannot fall ill on a Sunday, but we receive the same remuneration for the script dispensed on the Sunday despite increasing penalty rates for wages. We can’t and we don’t want to have to push up prices at after hours locations because we have to pay employees more.

Having highly accessible and high quality pharmacists comes at a cost: a labour cost as well as a professional cost, and that is obviously something that we continue to fight for. Our strength in Australia is that pharmacists are the most accessible health professional.

While we can say that Australian pharmacy is progressive in international perspective, we see at the same time that the pharmacies are not able to provide fairly basic tasks such as vaccination. Why is that?

Things sometimes move very slow within government. We signed a five-year agreement in 2010 and were supposed to have pharmacies doing continuation of therapy (pharmacist prescribing) on statins and contraceptive pills by now. It is difficult to grasp that we are now in October 2012 and this still has not been rolled out. Bureaucracy and government work slowly, while on the other hand if that delay was caused by the Pharmacy Guild we would be in a lot of trouble by now. The point I am making is that change takes time in Australia.

Pharmacy is a crucial element in providing mental health care. The drug companies inform the doctors about their quality product and the clinical benefits, the doctors get on board and start to prescribe the product, but then the patient never gets that script filled – as much as 15 percent of scripts in mental health are never filled. We are trying to build mechanisms to ensure compliance,

for which e-health is very well suited. We can the develop programs where we engage with the patients, find out why they did not fill their script, which can be concerns about side-effects for instance, and we can then inform them that that will not happen or risk is on with one in 100,000 people and that we make sure to check for early signs. This information exchange would then overcome their concerns. We need systemized IT-based programs to support patients through pharmacy. In the area of mental health non-adherence to medicines can lead to the need for relatively expensive health support systems. Pharmacy has proven our systems work in other parts of the health system and we can then avoid costs further down the system system.

In terms of e-health I do not know any other profession that is more ready in Australia than the pharmacy sector, and we invested millions to get there. I remember clearly a conversation with a colleague from the UK, whom I asked what type of dialogue had occurred with government and the large software providers. He then answered, 'Lad, it was no dialogue, it was a monologue.' Pharmacy had not been consulted at all. So what is our current situation in Australia and what has pharmacy developed? People tend to forget that we are delivering 3.5 million electronic script records per week. From our estimates over 90 percent of eHealth records in Australia are being undertaken by the pharmacists. The research papers from strategic consultancies say there are big savings are in e-health. We have tried to position pharmacy in that space. If you help the patient take their medicine appropriately then they will get prescriptions more regularly and avoid larger health costs elsewhere in the health system.

The average compliance in Australia is 72 percent, and thus patients are missing the equivalent of four scripts per year. From a business perspective you don't have to worry about attaining new customers through the door; you just have to help your current patients to take their medicines appropriately.

How is the relationship with big pharma in this regard, what cooperation opportunities do you see?

We have seen a big change over the past three or four years. Big pharma have engaged heavily with the Guild. Four years ago, 99 percent of our relationships were with generics manufacturers, as in most countries, but everyone is realizing that pharmacies can play an important role and pharmaceutical companies have to maximize usage of their medicine while it is on patent. When I became president we dreamed that we would be working with AstraZeneca, Pfizer, Eli Lilly, etc., It is now reality in Australia.

What would you earmark as the biggest challenge in establishing stronger relations with the big pharma companies?

It is hard for the Guild to deal with an industry sector where CEOs change frequently. Also, in many Asian countries pharmacists play a marginal role, and we sometimes see players coming in who at

first are not aware of the different role of pharmacies here in Australia.
Of course the Guild explains that this is not the case and the pharmacies have an indispensable place in the supply chain of medicines. In Australia patients with chronic diseases they often see the pharmacist five times over a six month period while seeing their doctor only once. The link with the individual family doctor is disappearing, which makes the pharmacists' role more crucial.

What is your vision for the future of the industry, and the work the Guild will be doing in terms of advocacy and its expected outcomes?

Community Pharmacy in Australia delivers by its five year agreements. Everything is about the five-year agreements with the Federal Government, and at the moment our focus is on implementing the remaining points of the agreement and consolidation our great results. A key focus in the coming years for the Government will remain e-health and thus I expect it to feature heavily in our Agreement. We hope that the disappointing results in eHealth thus far highlight why pharmacy should have a greater role. The Guild has invested heavily in e-health, has succeeded and now pharmacy should have a greater role. The Guild has invested heavily in e-health, has succeeded and now pharmacy shoul;d be rewarded for that success.

Theoretically we were supposed to have millions of Australians with electronic health records today, while in reality the number stands at around 10.000. The infrastructure is there, we built it for hundreds of millions of dollars.

Another point is that we should have more pharmacists in the health system to support the patient and ensure the appropriate use of medicines from prescription medicines to over the counter medicines. For instance, in the area of mental health poor compliance can be attributed to the patient's belief that mental health medicines are addictive. This is ironic, because if it would be addictive there would be better compliance. In a lot of countries pharmacists do not have sufficient decision support tools to firstly identify patients and then inform and educate the patient on such issues. In Australia the pharmacists do have the national systemised programs in place and we will continue to strive that pharmacy's growing list of professional services are available to our patients.

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