



**Australian Government**  

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**Department of Health and Ageing**

**Community Service Obligation (CSO)  
Pool**

**Payments for the distribution of  
Pharmaceutical Benefits Scheme (PBS)  
Medicines**

**Request for Comment**

**Australian Government Department of Health and Ageing  
17 March 2006**

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## 1. Introduction

The Pharmaceutical Benefits Scheme (PBS) is a key part of Medicare. It provides timely access to medicines that Australians need, at a cost individuals and the community can afford.<sup>1</sup> The PBS is the fastest growing part of the Government's health budget; due in part to Australia's ageing population, and the growing role of new medicines in modern health care.

To meet its affordability objective, the Government regulates the price of PBS medicines to consumers and makes a payment to pharmacies to enable them to recover supply costs. Supply costs include the cost of:

- the medicine (price ex-manufacturer);
- getting a PBS medicine from the manufacturer to the pharmacy (wholesale cost);
- handling and storing PBS medicines within the pharmacy (retail cost); and
- dispensing (professional services and advice associated with dispensing).

Currently the Australian Government makes no payments direct to wholesale distributors of PBS medicines. All payments to pharmaceutical wholesalers are made by pharmacies, with wholesalers competing on the basis of prices and services.

Government nevertheless has an interest in ensuring efficient and effective distribution and supply networks for PBS medicines, in order to ensure that all Australians can get timely access to the PBS medicines they need, regardless of where they live.

Since the early 1990s, the Australian Government has negotiated a series of Agreements (Community Pharmacy Agreements) with the Pharmacy Guild of Australia (the Guild), including the formula that governs payments to pharmacists for dispensing PBS medicines.

Historically, payments to community pharmacies have included a margin to cover wholesaling costs. This margin is based on a percentage of the ex-manufacture price of each PBS medicine. Pharmacists use this funding to pay manufacturers and wholesalers for the supply of PBS medicines, under normal commercial arrangements. Competition among pharmaceutical wholesalers ensures that the margin paid to wholesalers by community pharmacy covers their costs in distributing PBS medicines to the pharmacy door.

Wholesaler costs vary across PBS products, suppliers and geographic markets according to factors such as the location of pharmacies, the level of service provided to pharmacies by the wholesaler, turnover of specific PBS lines, and specific product characteristics. It is common practice for pharmaceutical wholesalers to compete with rivals and to encourage more efficient ordering practices by offering discounts on the margin paid to pharmacies for PBS medicine deliveries.

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<sup>1</sup> Page 1 Australian Government Department of Health and Ageing (1999) National Medicines Policy 2000, Canberra

The pharmaceutical wholesaling industry is composed of three main types of distributors to community pharmacy:

- Full-line wholesalers supply the full range of medicines listed on the PBS schedule that are available to wholesalers from manufacturers. They deliver to pharmacies at frequent intervals and in response to orders of any volume.
- Short-line wholesalers supply a more limited range of PBS medicines to pharmacy. They may also deliver to pharmacies at less frequent intervals and may choose to stock those items where higher volume orders can be expected.
- Direct distributors are pharmaceutical manufacturers who choose to supply their products directly to pharmacy.

Under the Fourth Community Pharmacy Agreement (Fourth Agreement), the Australian Government and the Guild have reached agreement on new arrangements on payments for the wholesale supply of PBS medicines. The Agreement provides for the payment of \$11.1 billion for the distribution and supply of PBS medicines over the period 1 December 2005 to 30 June 2010.

As part of the Agreement, the Australian Government has also agreed to provide funding of \$150 million per year, for a Community Service Obligation (CSO) Pool. For the first time, a direct payment will be made to participating wholesalers in addition to retaining a wholesale component as part of the manufacturer's price. This change, along with other changes to pharmacist remuneration, is covered in Parts Two and Three of the Fourth Agreement.

## **2. Objective of the CSO Pool**

The primary objective of the CSO is to ensure that arrangements are in place to provide Australians with ongoing, timely access (usually within 24 hours), via their community pharmacy, to the full range of PBS medicines, and regardless of where the consumer lives. -

PBS listed medicines include a wide range of products, including products that are:

- expensive to manufacture;
- only required by consumers periodically, or in low volumes (low volume products); and
- more costly to distribute, handle and store (eg those requiring cold chain storage).

This means that the cost of distribution and supply of medicines is higher for some PBS medicines, than others.

Specifically, the CSO will ensure that:

- a) low-volume PBS products will continue to be delivered to pharmacies anywhere in Australia or the State/Territory serviced by the participating wholesaler; and
- b) all PBS products (regardless of volume) continue to be delivered to all pharmacies in rural and remote Australia, or in rural or remote areas of the State/Territory serviced by the participating wholesaler.

For community pharmacies, the CSO will provide certainty that the full range of PBS medicines will be distributed to pharmacies, usually within 24 hours, at a reasonable price, and regardless of the relative cost of distribution.

### **3. CSO Payment Arrangements**

The CSO Funding Pool will provide payments to pharmaceutical wholesalers that provide timely delivery of the full range of PBS medicines to all pharmacies nationally, or to all pharmacies within a particular State or Territory.

Payments from the CSO Funding Pool will be made to eligible pharmaceutical wholesalers for the *additional* costs they incur in providing the full range of PBS medicines to community pharmacies, regardless of their location.

Specifically, payments will be provided for the distribution of all PBS medicines to any community pharmacy in Australia by participating wholesalers.

The CSO Funding Pool will be a capped amount and fixed annually, commencing at \$150 million in 2006-07, and indexed by WCI9 annually thereafter for the period of the Fourth Community Pharmacy Agreement.

Pharmaceutical wholesalers who meet required service standards for access to the CSO Funding Pool and who enter into a written undertaking with the Commonwealth, will be eligible to receive payments.

Payments will be made on a monthly basis, in arrears. Eligible wholesalers that can demonstrate sales of PBS medicines that are consistent with PBS dispensing data, will be eligible to receive payments from the CSO pool, based on the actual volume of all PBS medicines supplied to community pharmacies in rural and remote areas and for low volume PBS products, and on analysis of information supplied by the wholesaler on compliance with the Community Service Obligation service standards.

### **4. Eligibility and Participation Requirements**

Eligibility to participate in the CSO Funding Pool will be determined on the basis of:

- Infrastructure capacity to meet the CSO Service Standards (see below). Infrastructure capacity is defined as: assets to hold the full range of all included PBS items<sup>2</sup>, maintaining the quality of those medicines to the storage conditions required, complying with all relevant state and national legislation and having the capability to service pharmacy locations (in particular States / Territories or nationally).

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<sup>2</sup> For the purposes of the CSO Funding Pool, the full range of included PBS items includes all Schedule of Pharmaceutical Benefits listed medicines dispensed under the Pharmaceutical Benefits Scheme (PBS) or Repatriation Pharmaceutical Benefits Scheme (RPBS) that attract any PBS wholesale mark-up. Medicines listed on the Repatriation Schedule of Pharmaceutical Benefits (RSPB) and under PBS section 100 are excluded.

- Direct sourcing from manufacturer (or manufacturer's agent or pre-wholesaler) of 100% of the included PBS range of products supplied through community pharmacy, and available to wholesalers from PBS manufacturers and suppliers.
- Submission of current license / certificate for each distribution centre used by the wholesaler to supply included PBS medicines under the CSO.
- At least 12 months of distribution sales records showing that the percentage of sales to rural and remote pharmacies<sup>3</sup> and sales of low-volume included PBS medicines are in line with PBS dispensing data.
- For new entrants without 12 months history as described above, satisfactory evidence that they have the capacity to meet the CSO Service Standards. Ongoing eligibility will require participants to demonstrate achievement of eligibility criteria (or continuous growth in these criteria to within 10% of the threshold) at a point in time after the initial 12 month period, and thereafter in line with other participants.

To participate in the CSO Funding Pool and receive entitlements, wholesalers must demonstrate that they meet the CSO Service Standards set out below.

## CSO Service Standards

### 1. Full Range

**To supply all included PBS medicines that are supplied through community pharmacy and that are available to wholesalers from PBS manufacturers and suppliers. 'All included PBS medicines' must include at least one brand of every PBS medicine supplied through community pharmacy.**

**Explanation:** The full range is all included PBS lines that are available to a participating wholesaler from a manufacturing agent or pre-wholesaler. The wholesaler must be able to supply at least one brand of each of these medicines.

PBS lines that are only available solely through a manufacturer's direct supply (i.e. medicines not available through pharmaceutical wholesalers) will not be included as part of this criteria.

### 2. Benchmark-Priced Products

**To supply at least one benchmark-priced product for each included PBS line where a benchmark-priced product is available to pharmaceutical wholesalers from PBS manufacturers and suppliers.**

**Explanation:** At least one benchmark-priced product (which may be a generic product) must be available for each multi-branded included PBS line to ensure that community pharmacies can supply products without the brand price premium where required.

This will exclude those PBS lines that are solely available through a manufacturer's direct supply (i.e. medicines not available through pharmaceutical wholesalers).

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<sup>3</sup>For the purposes of the CSO, rural and remote pharmacies will be defined as those locations which have an ARIA+ value of >0 (further information about the ARIA+ index can be obtained from [http://www.gisca.adelaide.edu.au/products\\_services/ariav2\\_about.html](http://www.gisca.adelaide.edu.au/products_services/ariav2_about.html)).

### 3. All Pharmacies

**To deliver the full range of included PBS lines to any pharmacy in Australia (National Participating Wholesalers), or (for State Based Participating Wholesalers) to deliver the full range of included PBS lines to any pharmacy in the State/s or Territory/s for which the wholesaler is operating for the purposes of the CSO.**

**Explanation:** The wholesaler must be able to deliver to all community pharmacies within their jurisdiction/s (National or State/Territory). This does not mean that the wholesaler must deliver to all community pharmacies within their agreed jurisdiction, but that they must have the capacity to do so.

Participating pharmaceutical wholesalers do not need to have a distribution centre in every State or Territory for which they provide services under the CSO, however they must be able to meet the CSO Service Standards (either at a national level or for the jurisdiction/s where they are providing services) in order to be eligible for payments under the CSO.

The proportional volume of included PBS items distributed by participating wholesalers to rural /remote pharmacies must meet or exceed the proportional volume of total PBS items dispensed by rural/remote pharmacies. The proportional volume of low-volume included PBS items distributed by participating wholesalers must meet or exceed the proportional volume of total low-volume included PBS items dispensed.

### 4. Timely Delivery

**To have the capability to deliver the full range of included PBS items within 24 hours of a pharmacy's regular order cut-off time, and to deliver emergency supplies on demand.**

**Explanation:** It is recognised that there will be exceptions to the 24 hour delivery standard but that the service standard should be met by participants when required. This provides consumers with confidence that their PBS medicines will be delivered in a timely manner under the CSO arrangements.

Exception reports will be provided by wholesalers on a monthly basis to give account for exceptions to the 24 hour delivery standard. The exception reports will not require case-by-case information, but must enable follow-up action by the Administration to respond to complaints where necessary.

There will be some pharmacies (eg. those in very remote locations), that cannot receive deliveries within 24 hours. A common list of pharmacies that generally fall outside the standard 24 hour delivery timeframe will be compiled for use by all CSO participants.

The participating wholesaler is not required to supply all orders within 24 hours. It is recognised that some orders, such as weekly or monthly bulk deliveries, may be more efficiently handled by both the wholesaler and community pharmacy outside the 24 hour CSO standards. However, the wholesaler must allow / provide for the community pharmacy to choose and have a PBS item delivered within 24 hours when required.

## 5. Low Volume/Single Pick Items

**To deliver low volume medicines (medicines supplied by an average pharmacy less than once per week), including in single units, where requested by pharmacy.**

**Explanation:** Around 90% of all PBS medicines are required by community pharmacies at an average frequency of less than one unit per week. Dispensing demand at this level or less requires pharmacies to purchase in an ad-hoc manner without any opportunity for regular purchasing behaviour. These medicines must still be available when required by consumers and must therefore also be available for purchase by pharmacies when required.

The proportional volume of low-volume included PBS items distributed by each participating wholesaler must meet or exceed the proportional volume of total low-volume included PBS items dispensed across all community pharmacies.

## 6. Price

**To supply PBS medicines to pharmacy at or below the Approved Price to Pharmacist.**

**Explanation:** The Approved Price to Pharmacist is defined in the National Health Act 1953, subsection 98B (3). The wholesaler must allow any pharmacy to purchase any included PBS item in any quantity at a price no greater than the Approved Price to Pharmacist. Existing and commercially acceptable fees of an accounting nature can be retained by wholesalers participating in the CSO. Any proposed changes to these fees must be submitted to the Administration for advice on appropriateness in relation to the CSO purposes.

Eligible National and State Based Full Line Wholesalers will be invited to participate in the CSO Funding Pool by entering into a written undertaking with the Commonwealth. The written undertaking will be in a standard form and will include issues such as the following:

- commitment to meet CSO Service Standards;
- commitment to electronically report monthly sales records and to provide a monthly declaration on compliance (or non-compliance) with the CSO Service Standards, in the prescribed manner. Sales record data will be reconciled with PBS dispensed data. Required data indicators for sales records are described at Appendix A.
- commitment to provide an annual declaration in a standard form verifying that the criteria for eligibility were maintained throughout the period, along with an electronic price book for reconciliation. Required price book data will include:
  - PBS Item Code
  - Product Name (proprietary name and manufacturer)
  - Cost per unit; and
- an agreement to be subject to audit.

## 5. Financial and Reporting Arrangements

The Government has set the total value of the CSO Funding Pool at \$150 million per annum (commencing 1 July 2006), indexed annually thereafter by WCI9.

The total CSO Funding Pool contains a separate allocation of up to \$5 million per annum (commencing 1 July 2006) for payments to eligible State Based participating Wholesalers and \$1 million per annum set aside for the administration of the CSO Funding Pool.

State Based funding will be apportioned across States and Territories, and will be capped for each State and Territory (i.e. an eligible State Based Full Line Wholesaler in a particular State will have access to payments up to that wholesaler's share of the funding allocation in that State).

Funding will be apportioned across States and Territories according to a combination of the proportion of total included PBS volume dispensed in each State or Territory and their respective relative freight costs (or other factor, as agreed between eligible wholesalers and the Australian Government).

The balance of the CSO (i.e. \$144 million per annum commencing 1 July 2006) will be shared between eligible National participating wholesalers.

Eligible wholesalers will provide data on the actual volume of sales of included PBS medicines to all pharmacies, including low volume included PBS medicines, and included PBS medicines supplied to rural and remote pharmacies, on a monthly in-arrears basis.

Payments from the CSO Funding Pool will be made monthly, in arrears, based on each wholesaler's actual monthly share of the actual volumes of included PBS medicines supplied to all pharmacies by participating wholesalers.

Eligible wholesalers will be paid a share of the CSO Funding Pool only if actual sales to rural and remote pharmacies and actual sales of low-volume included PBS medicines are in line with PBS dispensing data<sup>4</sup>. This will be validated on an annual basis in the context of a year of PBS dispensing data, reconciled against data provided by eligible wholesalers on actual sales volumes of included PBS low volume medicines, and included PBS medicines supplied to rural and remote pharmacies.

Eligibility can be reviewed and funding will be adjusted in the following year's monthly payments or recouped as required. This could occur where the data provided by an eligible wholesaler indicates that for the respective year, their volume of sales had not met the required CSO Service Standards.

State and Territory based full line wholesalers will not be entitled to a greater amount per item than the national full line wholesalers.

The payment claim will be electronic and comprise the following elements:

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<sup>4</sup>PBS dispensing data is data received by Medicare Australia relating to PBS medicines dispensed by community pharmacies.

Quantitative:

- Provision of data under the standard agreement between the wholesaler and the Commonwealth for the CSO (See Appendix A).

Qualitative:

- Report on performance against the CSO Service Standards; and
- Declaration of compliance with the CSO Service Standards.

## **6. Administration and Governance**

The CSO Funding Pool will be established as a separate administrative program of Government (hereafter, ‘the Program’). The Program will establish the rules for the CSO Funding Pool including eligibility criteria, service standards, administrative and compliance requirements.

The costs associated with the administration of the Program will be met from the Pool funds, up to a maximum of \$1 million per annum.

A CSO Administration will be introduced as part of the Program. This Administration could:

- be located in a Government agency and include an expert advisor; or
- be outsourced to an independent body.

The role of the CSO Administration will be the following:

- Assess the eligibility of National and State-based Full Line Wholesalers who apply to participate in the CSO Funding Pool.
- Administer arrangements with participating wholesalers, including monitoring and audit arrangements.
- Assess payment claims by participating wholesalers, and allocate the Pool funds on the basis of approved claims.
- Implement a mechanism for receiving complaints regarding participating wholesalers and other CSO issues and investigate these complaints.
- Report annually on the status of the CSO Funding Pool including industry performance against CSO Service Standards, compliance and audit activities, and financial reporting.

A CSO Payment Agency may be established to administer funds and make payments to participating wholesalers. The Agency could be part of the Department of Health and Ageing (DoHA) or another Commonwealth agency (e.g. Medicare Australia) or outsourced to an independent body which would report to DoHA.

## 7. Compliance and Risk Mitigation

Under their written undertaking to the Commonwealth, participating wholesalers will be required to report monthly and annually on their compliance with the CSO Service Standards, against an agreed set of standard output and performance indicators.

Compliance with the Standards will be evidenced by data provided by participating wholesalers, by their declaration of compliance with CSO Service Standards and by regular audit and review by the Administration.

### Allowable Exceptions

It is acknowledged that compliance with the CSO Service Standards will not always be possible or reasonable. Allowable exceptions regarding products supplied and delivery times will include the following:

#### *Product range*

- Products out-of-stock at the manufacturer.
- Products distributed *solely and directly* by the manufacturer.
- Products subject to participating exclusive distribution arrangements and not available for distribution by all wholesalers.

#### *24 hour delivery*

- Delivery to a limited number of identified remote locations which receive deliveries on a 48 hour order cycle.
- Where circumstances are beyond the participating wholesaler's control (e.g. natural disasters).
- Where the pharmacy places an order on a non-working day (the order to be delivered within 24 hours beginning the next working day).
- Where the pharmacy places an order on a working day immediately prior to a non-working day (the order to be delivered within 24 hours beginning the next working day).

### Sanctions for Non-Compliance

Sanctions may be imposed by the CSO Administration on participating wholesalers for non-compliance with CSO Service Standards or Agreement conditions. Any decision to impose sanctions will include consideration of issues such as

- the 'seriousness' of the non-compliance, however defined (e.g. the extent to which the act or omission threatened the health, welfare or interests of consumers);
- the participating wholesaler's compliance history.

### *Possible Sanctions*

The sanctions could address payments to the participating wholesaler and/or the participating wholesaler's CSO status:

#### *Payments*

- Payments to be dependent on demonstrated improvements, the participating wholesaler being subjected to increased monitoring until they can demonstrate sustained improved performance.
- Loss of Commonwealth payments: permanent/temporary, total/partial loss, as appropriate.
- Repayment of some/all Commonwealth monies.

#### *Participating wholesaler status*

- Suspension/revocation of participating wholesaler status. However,
  - account will be taken of possible effects on consumers; and
  - provision will be available to re-apply for certified wholesaler status.

### *Process*

The processes for imposing sanctions will be based on principles of natural justice, and will involve, in order:

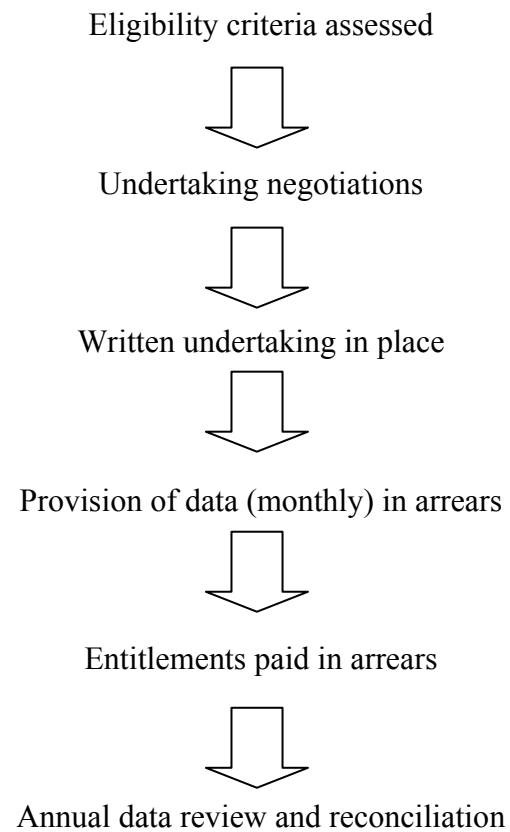
- Issuing a notice of non-compliance.
- Issuing a notice of intention to impose sanctions or a notice to require remedy of the non-compliance.
- Issuing a notice of the CSO Administration's decision on whether to impose sanctions.

## **8. Complaints mechanism**

While compliance with the CSO Service Standards will be assessed by the CSO Administration through the data and reports provided by the participating wholesalers under their monthly reporting obligations, a complaints mechanism will also be established, which will allow consumers, pharmacies *et al* to lodge complaints with the CSO Administration regarding wholesalers' performance against the Standards.

The CSO Administration will investigate these complaints and take whatever actions are appropriate as regards the terms of the agreement with the wholesaler and/or the sanctions regime outlined above.

## Flowchart of CSO Funding Pool Process for Wholesalers:



## 9. Invitation to Comment

Interested organisations and individuals are invited to comment on the proposed arrangements for the CSO Funding Pool, as set out in this paper.

Responses will be analysed by the Department of Health and Ageing and a report provided to the Minister for Health and Ageing, the Hon Tony Abbott, MP.

A pro forma to assist with responses is provided below.

Any evidence or data cited in support of comments should be sourced, to assist in analysis and preparation of a report. Reference may be made to either publicly available or unpublished papers. Unpublished reports or data referred to in your response should be attached to your submission, or made available on request.

Any information, data or reference containing commercially sensitive material should be marked as *Commercial in Confidence*.

Responses must be received by the Department no later than close of business (cob) 31 March 2006.

Responses should be addressed to:

Community Pharmacy Agreement Taskforce  
(CSO Pool Arrangements – Request for Comment)  
Pharmaceutical Access and Quality Branch  
Department of Health and Ageing  
MDP 96  
GPO Box 9848  
CANBERRA ACT 2601

Responses can be hand-delivered by prior arrangement.

Responses by email will also be accepted. Please address your emails to:

4cpa.wholesale@health.gov.au

## **10. Format for Responses**

The format provided below is suggested for structuring responses to this Request for Comment. The format is a suggestion only, and is not meant to limit the scope of any response.

Please feel free to provide whatever information you consider relevant to Government consideration of the arrangements for the CSO Pool.

### **Section 1 – CSO Payment Arrangements**

- Provide any comments on the proposed CSO payment arrangements.

### **Section 2 – Eligibility and Participation Requirements**

- Comment on the proposed eligibility and participation requirements.

### **Section 3 – Financial and Reporting Arrangements**

- Comments on the proposed financial and reporting arrangements.

### **Section 4 – Administration and Governance**

- Comments on the proposed administration and governance arrangements.

### **Section 5 – Compliance and Risk Mitigation**

- Comments on the proposed compliance and risk mitigation arrangements.

### **Section 6 – Complaint Mechanism**

- Comments on the proposed complaints arrangements.

### **Section 7 – Other Comments**

- You may also wish to identify any broader implications of the proposed arrangements, for example impact on the sustainability of the PBS, easy and timely access to medicines, impact on the manufacturing sector, and impact on existing and new wholesalers.

## 11. Respondent Information

We would also appreciate descriptive information about organisations and individuals responding to this request for comment. All information provided will be treated as confidential by the Department of Health and Ageing, and not disclosed to persons outside Government.

Please complete the following questionnaire for return with your comments.

### Contact Details

1. Name:

.....

2. Are you responding as a company, peak body or individual?

Company

Peak Body

Individual

3. What is the nature of your interest in this issue?

.....  
.....  
.....  
.....

### Wholesale Suppliers/Distributors

4. Number of distribution centres you operate in Australia:.....

5. Number of pharmacies to which you distribute:.....

6. Area serviced (select as many as required):

Australia wide:

Selected Region/s:

Selected Pharmacies:

7. Please describe the regions/pharmacies served:.....

8. Delivery frequency: (Select as many as required)

Daily:

Weekly:

Monthly:

Emergency:

9. Number of PBS Stock Keeping Units (SKUs) in stock (Select one)

0-100

101-500

501-1000

1001-2000

2001-2500

2501+

10. Order pick options: (Select as many as required)

Single:  Outer:  Carton:  Pallet:

11. Type of PBS items distributed (Select as many as required)

Standard Handling  Cold Chain  Cytotoxic

Dangerous Drugs  Other  specify):.....

12. Range of manufacturers for whom you distribute:

Own products only:  or

Other manufacturers' products 1-5  5-10  11-20

21-50  50+

13. Number of PBS items distributed in 2004-2005:

.....  (by PBS prescription quantity), or  By single item

**Pharmacies (optional)**

14. If you are a pharmacist, please tell us about your business, for example, how many pharmacies in which you have an interest, whether you buy direct from a wholesaler, or if you are part of a buying group (or banner group). How many wholesalers do you regularly use?

.....  
.....  
.....

**Pharmaceutical manufacturers (optional)**

15. If you are a manufacturer, please tell us how you distribute your products – eg through direct marketing to pharmacies using sub-contracted logistics suppliers, exclusively through a specialist wholesaler/s etc.

.....  
.....  
.....

## Appendix A: Definitions

**Approved Pharmacist** – has the same meaning as Part VII subsection 84(1) of the *National Health Act 1953*.

**Benchmark-priced medicine** – Any product at the lowest dispensed price for a PBS item, or for a reference priced group of PBS items.

**CSO (Community Service Obligation)** – the program introduced as part of the Fourth Community Pharmacy Agreement (the Agreement) to provide discreet funding to ensure the full range of PBS medicines are available to all pharmacies when required.

**CSO Funding Pool** – Commonwealth Government funding of \$150 million per annum (indexed by WCI9) made available under the Community Service Obligation arrangements of the Fourth Community Pharmacy Agreement.

**Eligible Pharmaceutical Wholesalers** - wholesalers will be eligible to access the CSO Funding Pool if they can demonstrate the capacity to meet the CSO eligibility criteria and service standards.

**Fourth Community Pharmacy Agreement** – an agreement established between the Commonwealth Government and the Pharmacy Guild of Australia under section 98BAA of the *National Health Act* for the supply of pharmaceutical benefits. The text of the Agreement is available at :

**Generic Medicine** – A non-innovative version of a medicine for which the patent has expired.

**Included PBS Lines** - all Schedule of Pharmaceutical Benefits listed medicines dispensed under the Pharmaceutical Benefits Scheme (PBS) or Repatriation Pharmaceutical Benefits Scheme (RPBS) that attract any PBS wholesale mark-up.

**Innovator Brand** – A new, usually patented, brand.

**Participant** – for CSO purposes, a participant is a wholesaler who has been assessed eligible to access the CSO Funding Pool and has entered into a written undertaking with the Commonwealth to receive CSO payments.

**Pharmacy Approval Number** – a number issued by Medicare Australia to an approved pharmacy for the supply of pharmaceutical benefits.

**PBS (Pharmaceutical Benefits Scheme)** – the Pharmaceutical Benefits Scheme established under Part VII of the National Health Act.

**RPBS (Repatriation Pharmaceutical Benefits Scheme)** – a scheme established under the Veteran's Entitlements Act that provides a wide range of pharmaceuticals and dressings for the treatment of eligible veterans, war widows / widowers and dependants.

**Wholesaler** – any one or any organisation that has the capacity to buy or offer to buy pharmaceuticals for resale and distribution to approved pharmacists.

## Appendix B: Required Data Fields (to be submitted by wholesalers participating in the CSO)

Field	Description	Format	Purpose
PBS Item Code	The code for the pharmaceutical benefit that appears in the <i>Schedule of Pharmaceutical Benefits</i> Eg 1148K	5 char (4 numeric, 1 alpha check char)	Mandatory for payment and reconciliation
Generic name	Name of drug referred to by the PBS Item code for the pharmaceutical benefit that appears in the <i>Schedule of Pharmaceutical Benefits</i> Eg Captopril	Alpha	Mandatory for reconciliation
Form, strength	The form and strength of the drug referred to by the PBS Item code for the pharmaceutical benefit that appears in the <i>Schedule of Pharmaceutical Benefits</i> Eg Tablet 25mg	Alpha, numeric	Optional
Unit	The multiple of the PBS Maximum Quantity for the drug referred to by the PBS Item code for the pharmaceutical benefit that appears in the <i>Schedule of Pharmaceutical Benefits</i> considered by the distributor as a single distribution unit. Eg 1	5 char (5 numeric, 0 filler if reqd at start)	Mandatory for payment and reconciliation
Brand name	The proprietary name of the drug referred to by the PBS Item code for the pharmaceutical benefit that appears in the <i>Schedule of Pharmaceutical Benefits</i> Eg Capoten	Alpha	Optional
Manufacturer code	Manufacturer's code representing the brand of the pharmaceutical distributed as appears in the <i>Index of Manufacturers' Codes</i> in the <i>Schedule of Pharmaceutical Benefits</i> Eg BQ	2 char (2 alpha)	Mandatory for payment and reconciliation
Volume distributed	Total quantity of distribution units of the drug referred to by the PBS Item code for the pharmaceutical benefit that appears in the <i>Schedule of Pharmaceutical Benefits</i> to a single pharmacy identified by a single approval number	5 char (5 numeric, 0 filler if reqd at start)	Mandatory for payment and reconciliation
Pharmacy approval number	Approval number allotted to the approved pharmacist or approved medical practitioner by Medicare Australia	6 char (6 alpha/num, 0 filler if reqd at start)	Mandatory for reconciliation