



CommBank Pharmacy Insights Report 2021.

In partnership with UTS and IQVIA



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Foreword

To support our customers in the pharmacy sector, we continue to partner with the University of Technology Sydney (UTS) on its Pharmacy Barometer report. Each year this report tracks the confidence, perceptions, and opinions of pharmacy owners and employees from across Australia. The research is designed to help community pharmacy respond to industry challenges and to fill gaps in knowledge about the potential impact of policy and practice changes on community pharmacy businesses and professional practices.

No report on healthcare professionals can ignore the profound professional and business impact of the coronavirus pandemic, which highlighted the critical role of community pharmacists as frontline health workers. Most pharmacies were classified as an “essential service” and remained open to support the community at a time of high anxiety. Pharmacists were a trusted source of information and raised awareness about the continued importance of preventative measures. As such, they attracted considerable government support and far greater community appreciation of their value. This, along with their involvement in the coronavirus vaccination roll-out, may be a reason why a growing proportion of decision-makers expect the value of their pharmacy business to grow in the short- and medium-term, and why there is greater optimism about the viability of the sector among pharmacy owners and employees.

The introduction of guaranteed dispensing remuneration in the Seventh Community Pharmacy Agreement (7CPA) may be another contributing factor for this increase in optimism. Nevertheless, around two thirds of pharmacists are critical that the 7CPA withdrew funding for clinical interventions, and opinion remains divided about the allocation of funding between dispensing and professional pharmacy services. More than a third of pharmacists surveyed believe more funds should be allocated towards professional services. This aligns with pharmacists and industry bodies advocating for support to enable pharmacists to realise the full scope of their practice. This is not reflected in the 7CPA. Hence, although nearly 90% of pharmacists would like to see roles dedicated to providing services, less than 20% currently have pharmacists principally employed for this reason.

The pandemic forced more activity online, with two thirds of pharmacists experiencing an increase in e-prescriptions. Despite the continued migration of consumers online and the growth in digital health, a majority indicated they have no online presence and only a third use an online sales channel. Community pharmacy is, therefore, falling behind consumers’ expectations for digital interactions and missing the vast opportunity to improve performance and service delivery by leveraging data. Data analytics is an area where we are helping our customers gain valuable insights into their business performance and their customers.

While the take-up of e-prescriptions is growing, only 35% of pharmacists surveyed have increased their cybersecurity measures since the enabling legislation was implemented. Cybersecurity is another area where we continue to share our knowledge and expertise with our customers.

We hope this report provides valuable insights into the pharmacy sector to help you better understand the competitive landscape as well as the emerging opportunities. It is intended to help guide your planning and decision-making. The report contains commentary from members of the UTS Community Pharmacy Barometer expert panel.

Belinda Hegarty
Head of Healthcare
Commonwealth Bank of Australia

About CommBank Pharmacy Insights Report

This report is produced in partnership with the University of Technology Sydney (UTS). Running since 2012, the UTS Pharmacy Barometer is the first comprehensive research available to all stakeholders in the Australian pharmacy industry designed to track the confidence, perceptions and opinions of pharmacy owners and employees. Through the IQVIA online panel, 1,000 Pharmacists were sent an invitation to participate in an online survey. Data collection occurred in October 2020, with a total of 360 pharmacists completing the survey. This sample was representative of the Australian community pharmacy sector. Not all percentages may add up to 100% due to rounding. The Pharmacy Barometer is the intellectual property of the University of Technology Sydney. All research was conducted by, and is owned by, the University of Technology Sydney.

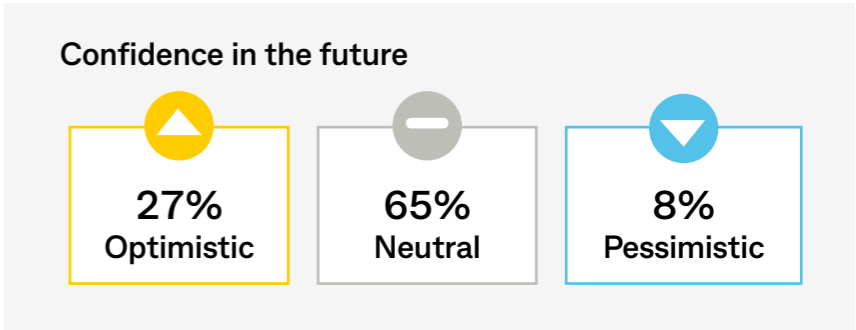
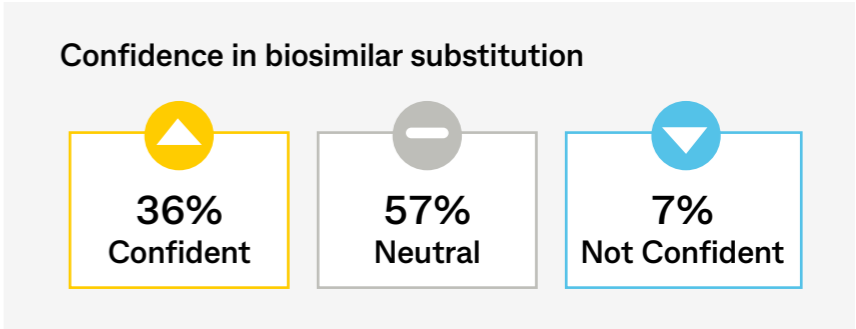
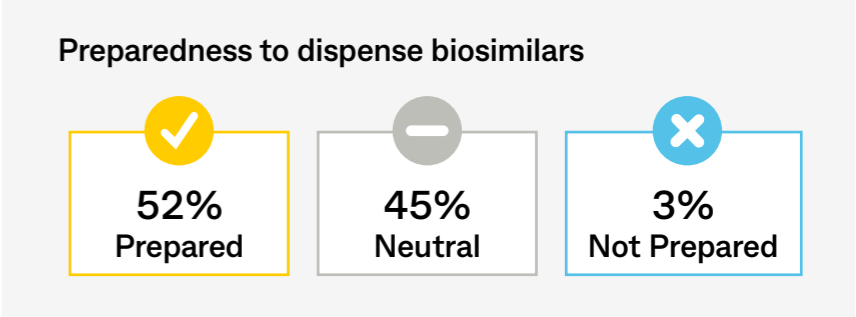
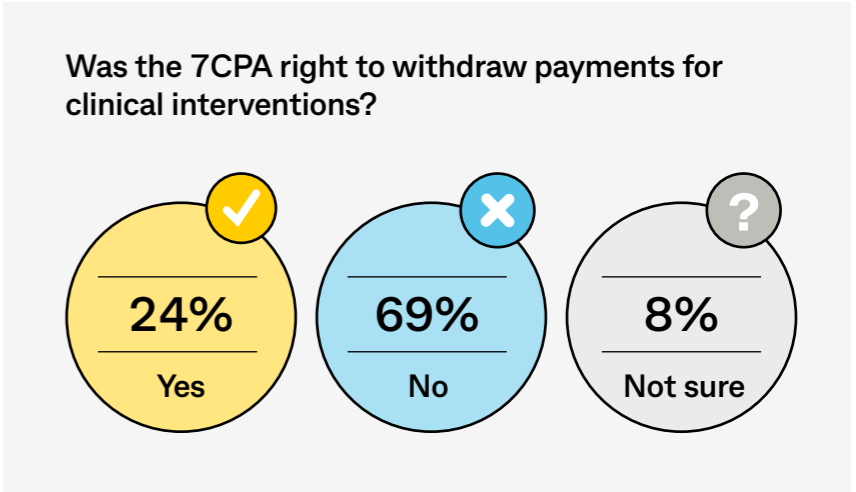
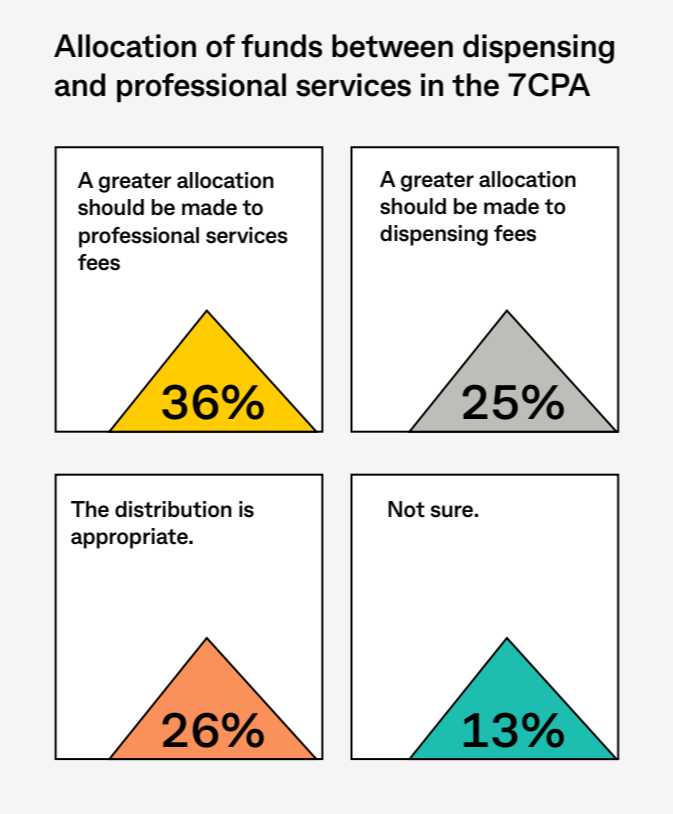
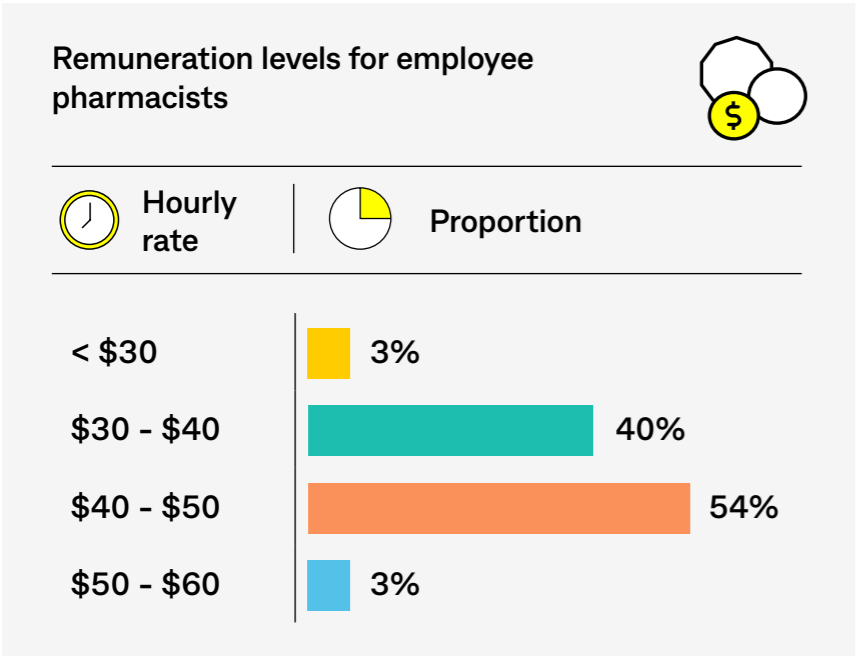
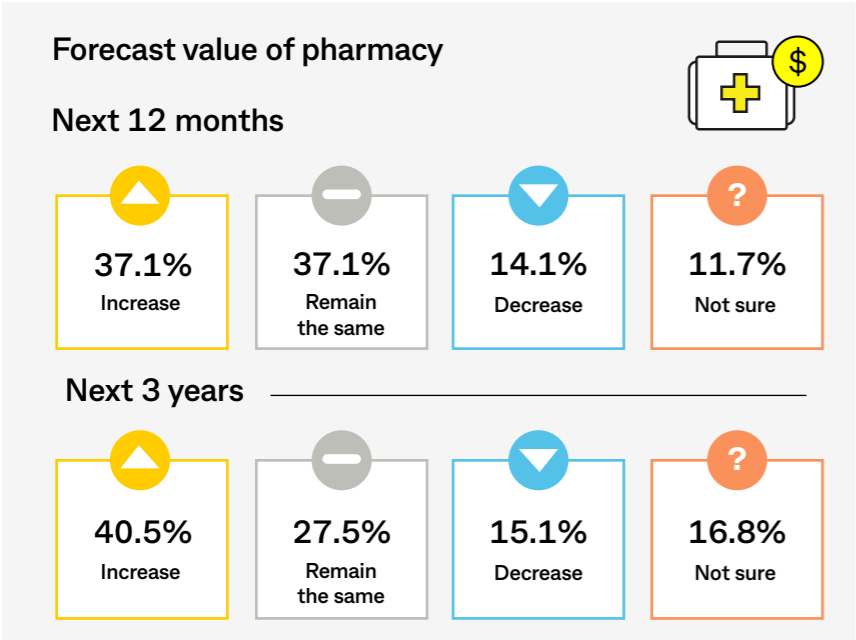
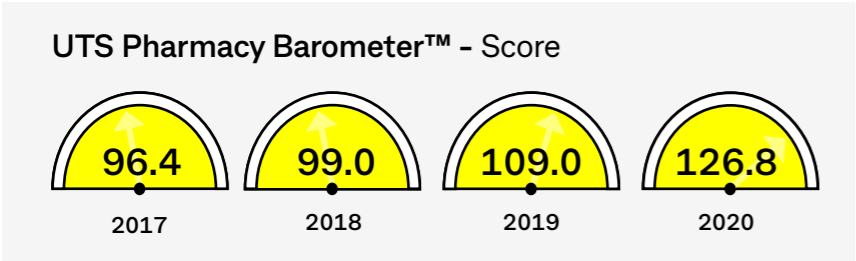
The UTS source report can be found at <https://www.uts.edu.au/sites/default/files/2021-04/GSH-Pharmacy-Barometer-Report-2020.pdf>

Things you should know:

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The UTS source document can be found at <https://www.uts.edu.au/sites/default/files/2021-04/GSH-Pharmacy-Barometer-Report-2020.pdf>. All analysis and views of future market conditions are solely those of Commonwealth Bank. The Bank does not accept any liability for any loss or damage arising out of the use of all or any part of this report. Commonwealth Bank of Australia ABN 48 123 123 124. AFSL and Australian Credit Licence 234945.

Key insights



Optimism continues to build in pharmacy

Each year the UTS Community Pharmacy Barometer™ tracks perceptions around the growth prospects of the pharmacy business and the viability of the community pharmacy profession among pharmacy owners and employees. The 2020 report also examined the professional and business impact of the coronavirus, the expanding role and remuneration of pharmacists, the 7th Community Pharmacy Agreement (7CPA), which took effect in July 2020, and biosimilar medicines.

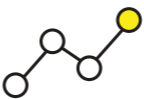
UTS Pharmacy created the 2020 survey in collaboration with IQVIA and the University of Technology Sydney pharmacy expert panel. This year 360 pharmacists participated in the online survey. Half were either an owner or owner-manager, while 31% were pharmacist-in-charge or pharmacy manager. The remaining 19% were employed pharmacists. Most work in either independent (45%) or banner (41%) pharmacies, and 14% work for buying groups.

The UTS Pharmacy Barometer index rose 17.8 points from 109 in 2019 to 126.8 in 2020. It is the second most significant jump in the barometer's history and continues the recent positive trend. With a score of 100 representing neutral confidence, 2020's score indicates high confidence among community pharmacists. This may be largely attributed to the consolidation that the 6CPA provided and the professional and economic potential of the 7CPA.

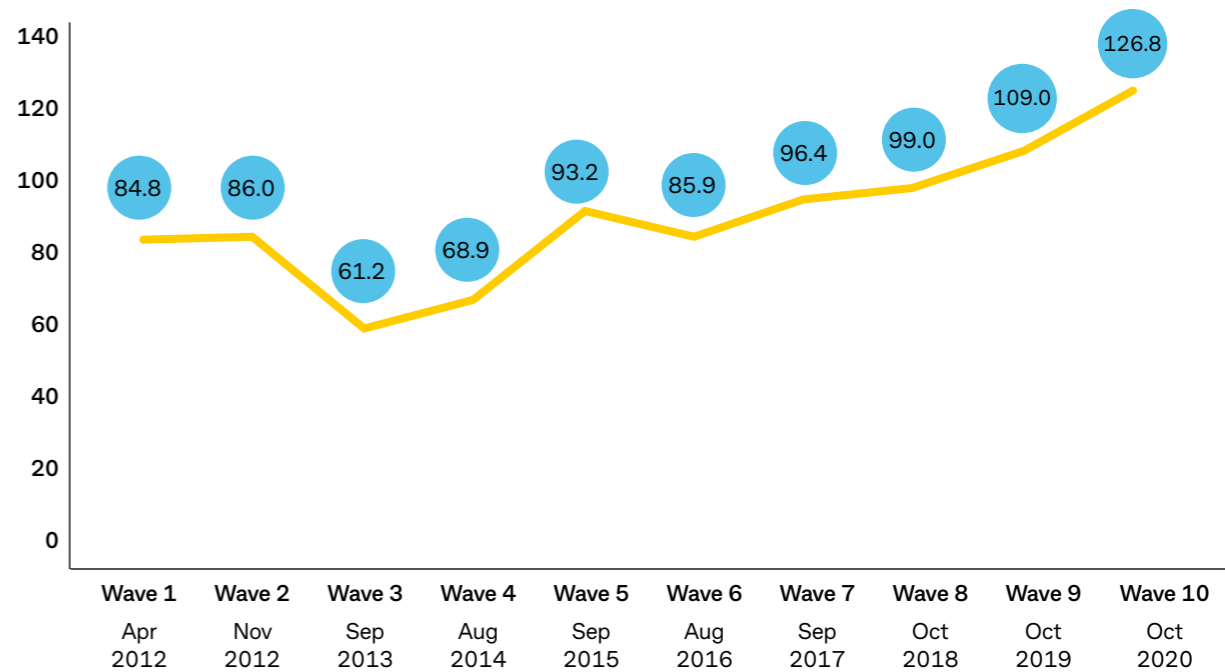


"It's not a coincidence that pharmacists' confidence has risen to an all-time high during a pandemic when the frontline healthcare role played by pharmacy has been reinforced."

John Montgomery
UTS Adjunct Professor



UTS Community Pharmacy Barometer Index*.



*Only those who answered all three Barometer questions were included. The three questions are: Do you believe the value of your pharmacy will increase, decrease or remain the same in the next year? Do you believe the value of your pharmacy will increase, decrease or remain the same in the next three years? On a scale of 1 to 10 where 1 is extremely pessimistic and 10 is extremely optimistic, how confident are you in the future viability of community-based pharmacy? The first two questions were only asked of decision-makers (owners, owner-managers, pharmacy managers and pharmacists in charge), n=291. The third question was asked of all pharmacists (n=360). (Barometer Index wave 10: n=232).

The expected value of pharmacy

The percentage of pharmacy decision-makers who expect the value of community pharmacies to grow in the coming year continues to rise. The 11.9 percentage point increase between 2019 and 2020 is the largest annual rise in the report's history. At the same time, the proportion who predict a decrease in the value of their pharmacy has fallen, as has the proportion who expect the value of their pharmacy to remain steady in the coming year.

Similar positive trends are evident among pharmacists' medium-term projections. The percentage of pharmacy decision-makers who expect the value of their pharmacy to rise over the next three years has increased from 31.8% in 2019 to 40.5%, while the percentage expecting no change has eased, along with the proportion expecting a decrease in value.

Pharmacists indicated that the longstanding trends of population growth and greater utilisation of their professional services would support the increase in value. More recent factors to emerge are accessibility of pharmacists during the pandemic compared with general practitioners and changing consumer behaviour which gives rise to online business models.

Pharmacists indicate that the biggest growth opportunities over the next three years are expanding and growing the range of professional services, opportunities associated with the vaccination roll-out, plus e-prescriptions and the potential of personalised care.

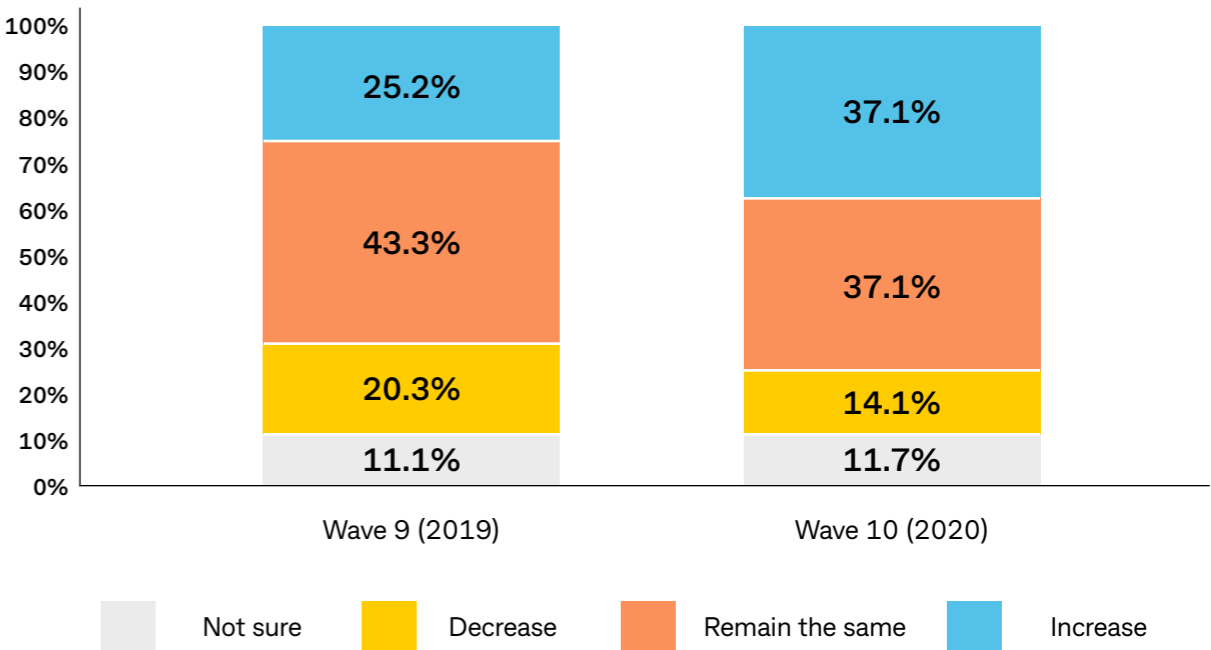


“Strategic financial drivers attributed to the 6CPA and reinforced in 7CPA bode well for the future of pharmacy.”

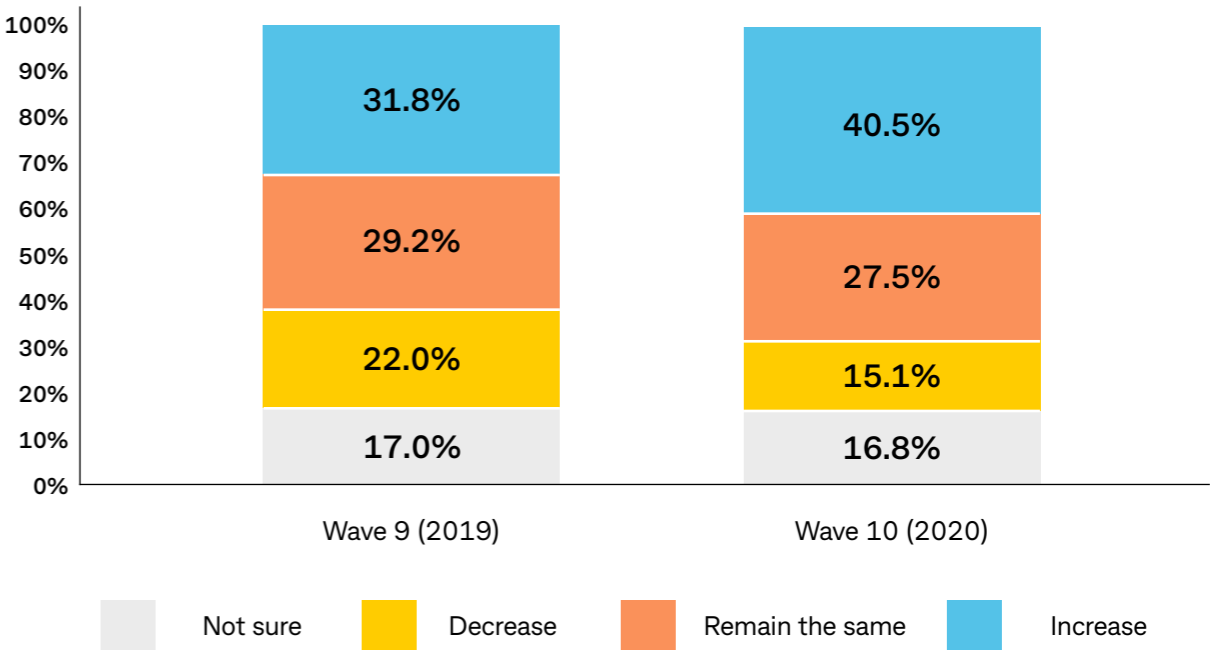
Shalom (Charlie) Benrimoj
Emeritus Professor



The expected value of pharmacy in the next year.



The expected value of pharmacy in the next three years.



Outlook for the future brightens

There has been a discernible shift in pharmacists' confidence in the future viability of community-based pharmacy between October 2018 and October 2020. The percentage of optimistic pharmacists has lifted eight percentage points from 19% in 2018 to 27% in 2020. There has been a corresponding eight percentage point drop in the proportion who are pessimistic – from 16% in 2018 to 8% in 2020.

The shift between the 2019 and 2020 surveys is the largest ever year-on-year change in pharmaceutical confidence across the ten waves of the report.

There continues to be a noticeable difference between owners and owner-manager pharmacists and employed pharmacists. The former group remains the most optimistic, while employed pharmacists are still the least confident in the future viability of community-based pharmacy.

Confidence among pharmacy managers and pharmacists-in-charge is also on the rise. However, as a group they remain in neutral territory.

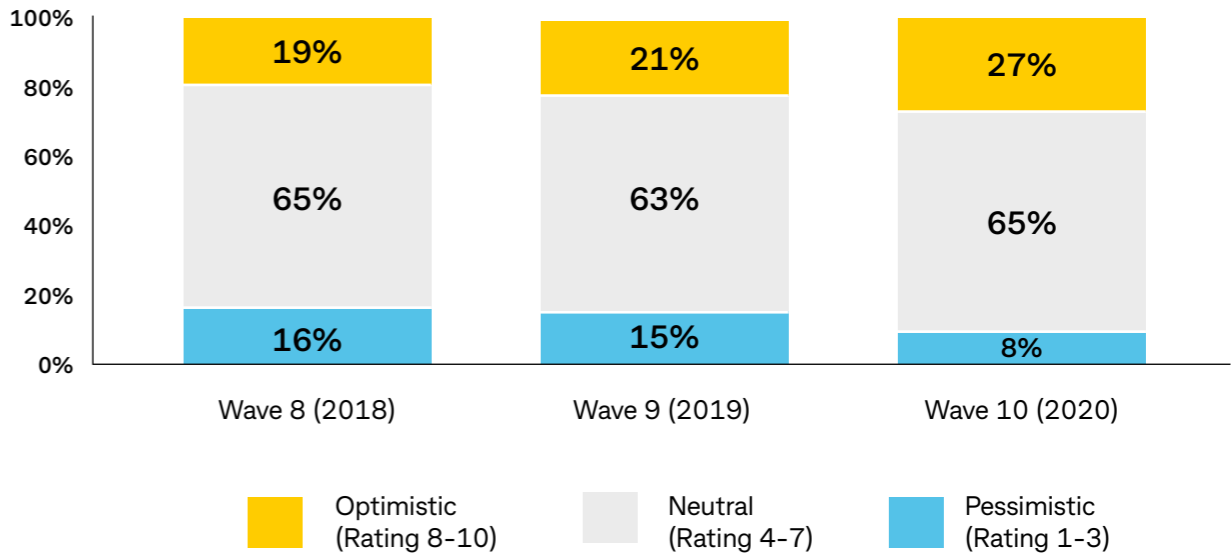


“The tides may be turning for community pharmacy; this is the first year we are seeing overwhelmingly positive responses from the profession.”

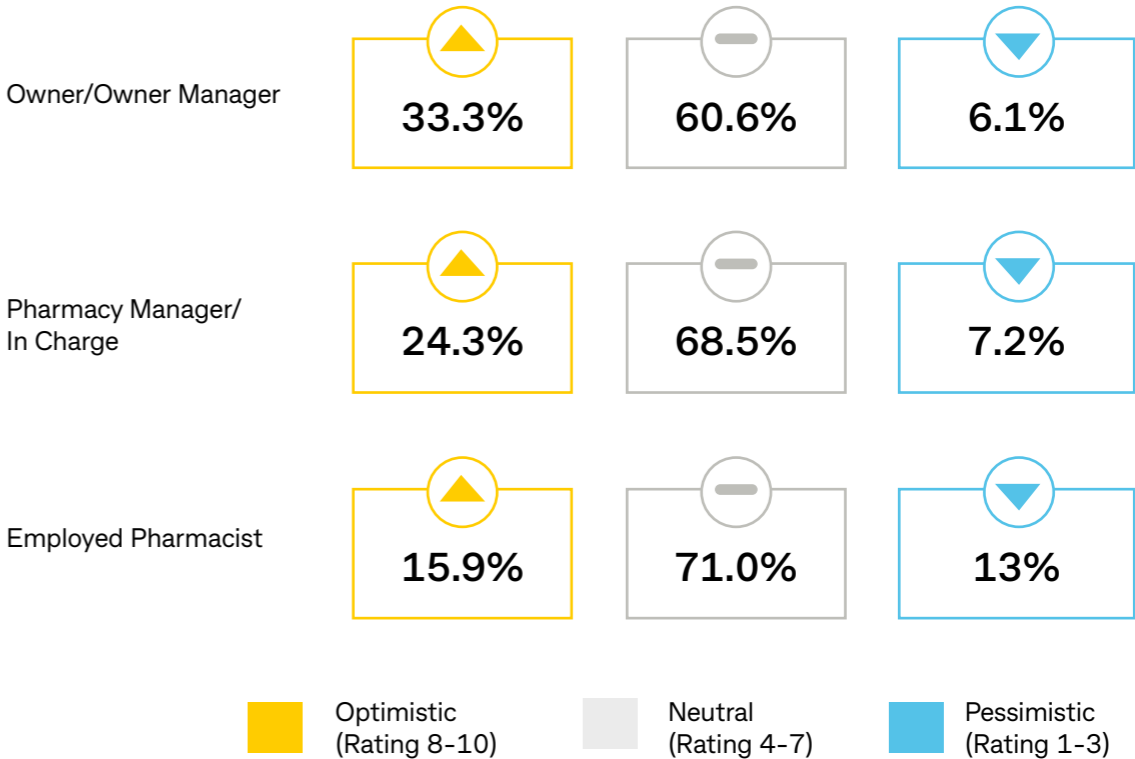
Victoria Garcia Cardenas
Senior Lecturer in Pharmacy Practice,
UTS Graduate School of Health



Optimism for the future viability of community pharmacy.



Pharmacists' confidence in the future viability of community-based pharmacy by role.



Seventh Community Pharmacy Agreement

The \$18.3 billion five-year 7CPA commenced on 1 July 2020. It introduced a guaranteed dispensing remuneration, namely a 9% increase in the \$7.74 dispensing fee over the period of the agreement and a 54% increase in the \$4.80 dangerous drug fee. Average remuneration per PBS prescription will increase every year of the 7CPA. The agreement is also expected to include a \$1.1 billion increase in dispensing remuneration for above co-payment prescriptions.

The 2019 report found that pharmacists are split over the distribution of funds between dispensing and professional services. That remains, with 36% saying a greater allocation should go towards professional services fees versus a quarter who think dispensing fees should receive a more significant share.

The financial incentives from CPAs related to professional services have plateaued. Therefore, it is likely that the opportunity to increase income from providing professional pharmacy services will come from direct payments by customers and other payers such as health insurers and state governments.

Opinion is also divided about the 7CPA ceasing the clinical interventions program. There is no funding for it in the 7CPA, yet most (69%) believe it should have been retained. Around a quarter agree the payment should have been withdrawn.

Possible factors behind the program being dropped include a lack of clinical evidence supporting the clinical and economic benefits, its cost-effectiveness, and a lack of clarity on the definition of a clinical intervention.

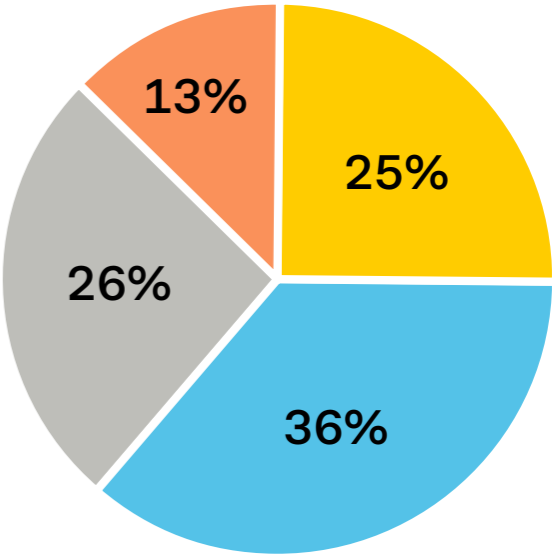
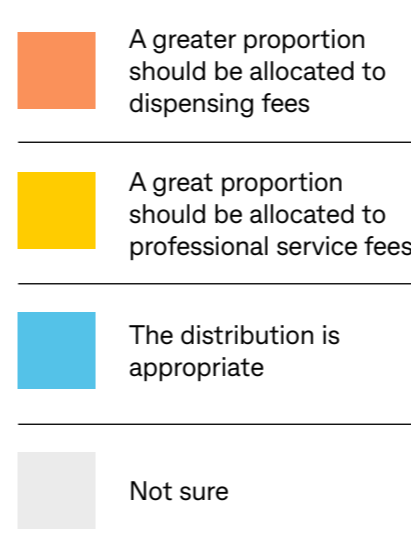


“Programs need to have inbuilt measurements of economic, clinical and humanistic outcomes to demonstrate continuing cost effectiveness.”

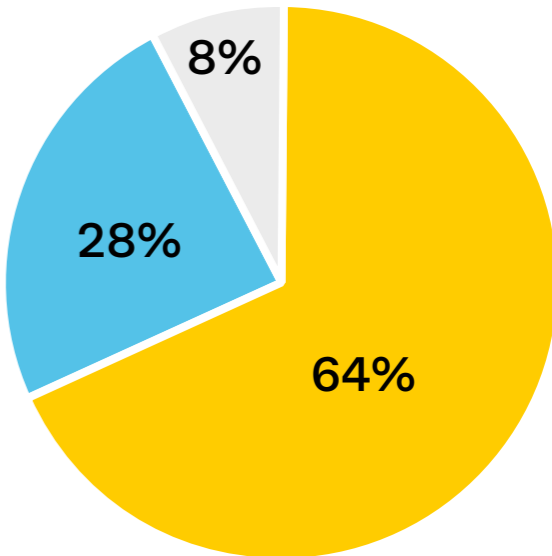
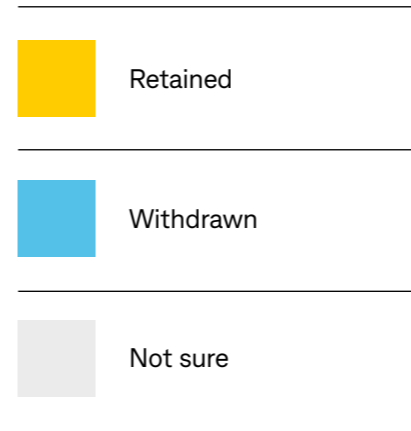
Shalom (Charlie) Benrimoj
Emeritus Professor



Distribution of funds between dispensing and professional services in the 7CPA.



Should payment for clinical interventions have been retained or withdrawn?



Professional services – the role of the pharmacy

Pharmacists remain one of the most accessible healthcare providers with, on average, customers visiting a pharmacy 14 times a year. They are also one of the most trusted, even as their role expands, and the complexity of their tasks evolves. Pharmacists, along with professional bodies such as the Pharmaceutical Society of Australia (PSA) and the Pharmacy Guild, are advocating for pharmacists to fulfil their full scope of practice.

Areas seen to complement their existing scope of practice relate to vaccinations and immunisations, disease state management, down-scheduling of medicines, self-care, and prevention.

However, given the 7CPA appears not to increase funding for community pharmacy services, it is unlikely there will be any significant increase in hiring of pharmacists solely as service providers. Thus, the vast majority (83%) don't consider this to be economically viable.

Yet 87% do support the concept of specialist roles, notably for vaccinations and immunisations (65%), self-care pharmacists to undertake triage and treat minor ailments (44%), disease state management (44%) and aged care pharmacists (40%).

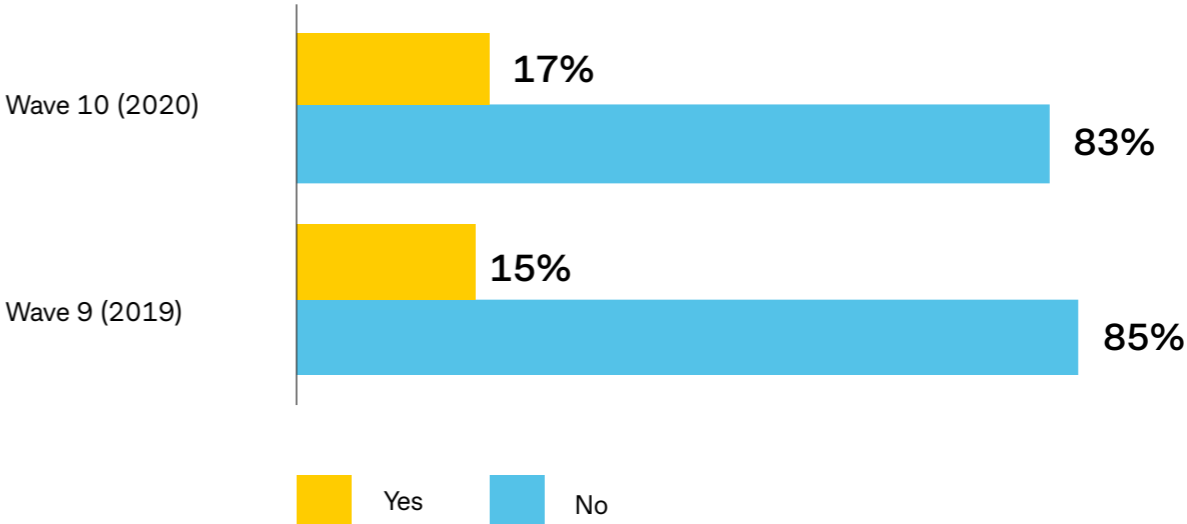
The reality is that pharmacists estimate that 61.6% of their time is currently spent dispensing medications, and 23.3% is spent with customers presenting with minor ailments. Just 13.5% of pharmacists' time is taken up with preventative care and overall wellbeing. This defies the general agreement among national and international organisations that the future of community pharmacy should be in customer services.

"We are a long way off having someone who can specialise in a particular area only, and for that to be a good financial investment for pharmacy."

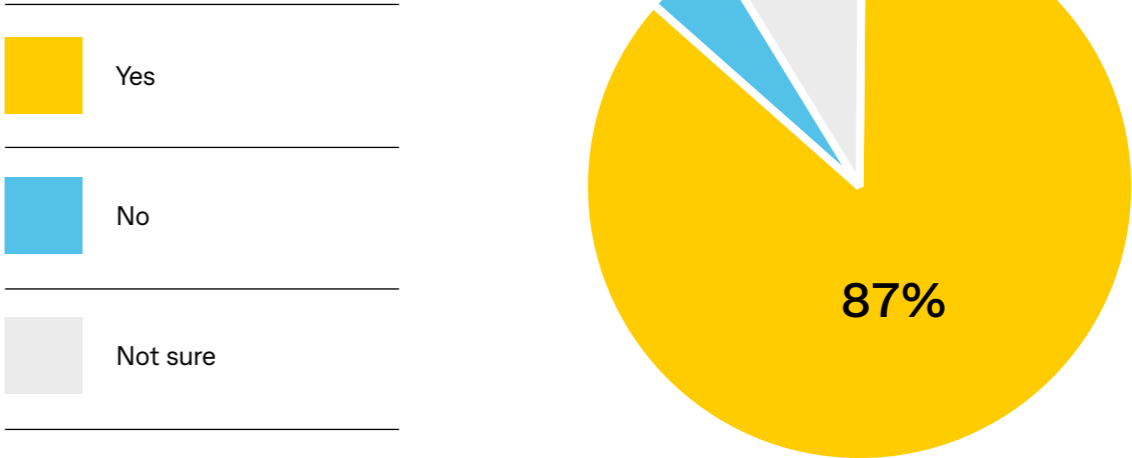
John Bell
Specialist Practitioner/Teacher,
UTS Graduate School of Health



Role of any employed pharmacist dedicated mainly to providing non-dispensing professional services.



Support for specialised roles for community pharmacists.



Remuneration is little changed

As the industry continues to advocate for pharmacists to practice to their full potential range, funding must be made available to ensure they are remunerated appropriately. The PSA’s “Pharmacists in 2023: Role and Remuneration” report found that the average hourly rate for community pharmacists is well below that of other professions with comparable levels of professional responsibility and training.

With changes to payments through the PBS and funding allocations through the 7CPA, there is a possible evolving trend of business models based on the volume of transactions or models that are clinically and customer focused. For example, there are opportunities in areas like vaccinations, point-of-care testing, and pharmacotherapy. There are also reimbursement opportunities split between fee-for-service and value-based care.

In the year to October 2020, 61% of pharmacists reported no change in remuneration, up from 48% in the previous year. This could reflect the economic uncertainty associated with the pandemic. The research found that 54% of pharmacists earn hourly rates of between \$30 and \$40 and that 40% are on hourly rates of between \$40 and \$50.

It is worth noting that the small group of pharmacists who chiefly provide professional pharmacy services earn higher hourly rates and could negotiate remuneration increases. Their employers appear to appreciate the value they bring and are remunerating them accordingly.

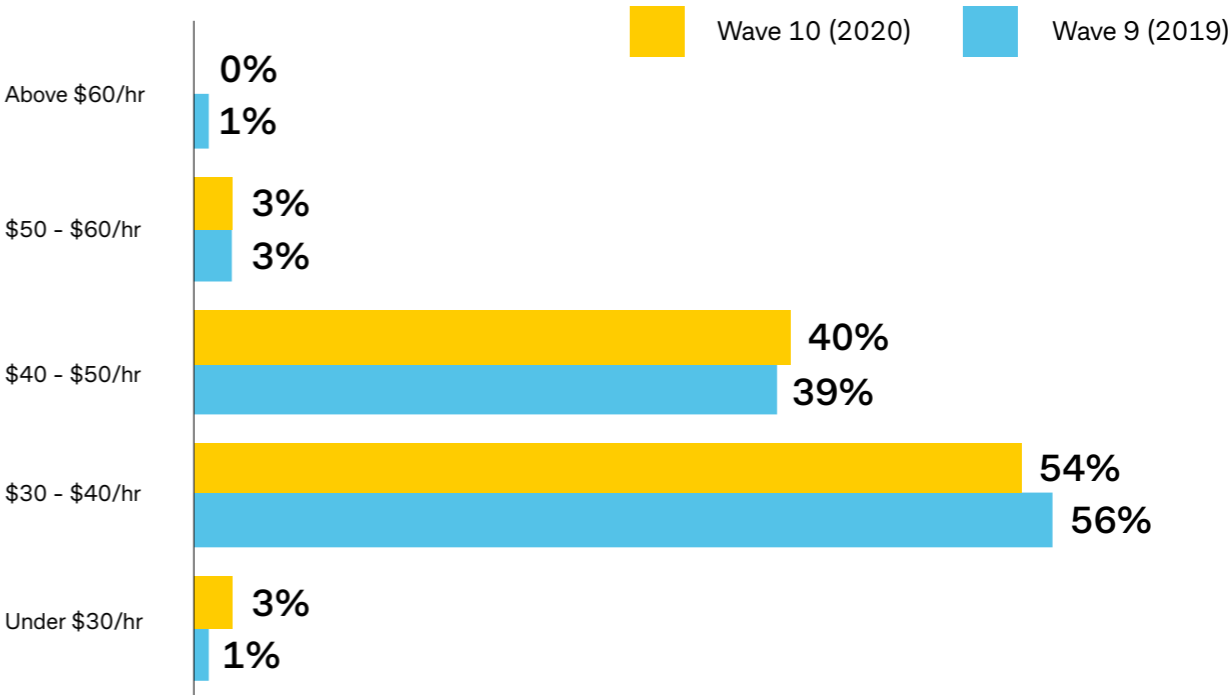


“Nobody is keeping pressure on employers to keep going with wage increases. There is a lack of political and economic pressure on owners.”

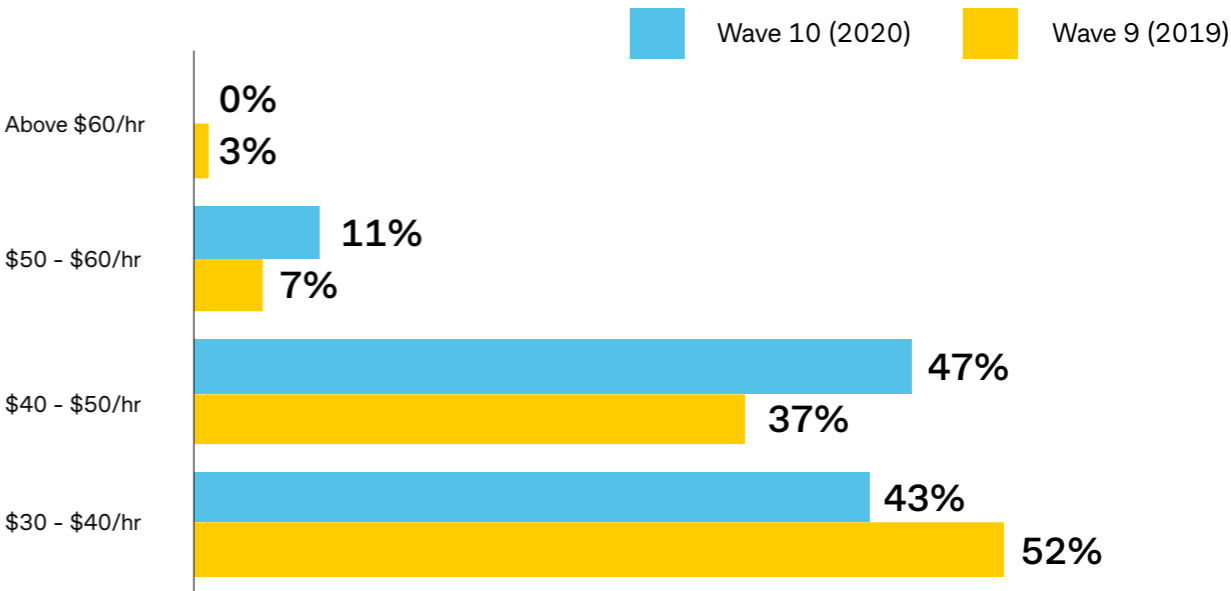
Shalom (Charlie) Benrimoj
Emeritus Professor



Hourly remuneration rate of employee pharmacists.



Average hourly rate of service provider.



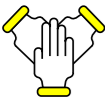
Coronavirus – the professional impact

The pandemic highlighted the valuable role that community pharmacy plays in Australia’s healthcare system. Most were deemed an ‘essential service’. They were therefore allowed to remain open and accessible to the public during lockdowns, unlike many other healthcare providers. As a result, pharmacists feel they are more valued and have more respect from the public than before.

Pharmacists were providing counselling, education and support to people at a time of great uncertainty. The profession played a vital role as a source of trusted information and raised awareness of the importance of preventative healthcare.

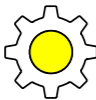
Pharmacists reported changes in services, with greater emphasis on professional services and dispensing. Some services were in less demand, such as flu vaccinations, as the reduced movement of people resulted in less spread of flu through the community.

With people reluctant to venture far from their home and avoiding face-to-face contact due to public health concerns, pharmacists’ interactions with customers were difficult or greatly reduced. Increasingly medicines were ordered online and delivered to people’s homes, and there was less blood pressure monitoring. Opportunities to discuss Dose Administration Aids (DAAs) with the elderly and chronically ill were reduced, and MedsChecks were conducted over the phone.



Government support

“More support from the state government. For starters, recognition and appreciation we are frontline workers. Hope there are more structures in place for support.”



Access to resources (masks, training, protocols, etc)

“More access to resources such as masks from the government, more training, and also assistance on understanding how pharmacy staff could assist the public during a pandemic.”



Shortages communicated to the public

“More awareness of drug shortages should have been communicated to the general public. Better guidance and support from the health authority.”



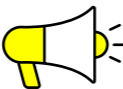
Standardisation across pharmacies, collaboration, coordinated response

“More of a standardised way of doing things so as not to cause confusion from one to another.” “A more coordinated approach.”



More interaction/collaboration with other HCPS

“Encourage more interaction with other health professions for information exchange for the benefit of the patient.”



Improved communication with health departments

“Improved direct communication from state health departments to ensure all pharmacists are working with the same information.”



Coronavirus – the business impact

Like most sectors, community pharmacy had to quickly implement new workplace health and safety practices to protect staff and customers. They also faced challenges around shortages of personal protective equipment (PPE) and medications. They helped address the latter issue by medicine substitution and restricting supplies to prevent customers from stockpiling.

Staff and roles were reallocated to align with changes in workflow. Home deliveries, teleconferences and faxed prescriptions added to the workload, accompanied by increased stress and mental health strain.

In January 2021, Federal Health Minister Greg Hunt announced \$200 million of funding to support community pharmacy to safely and effectively administer coronavirus vaccinations. Unsurprisingly, 75% of pharmacists surveyed in October 2020 support their involvement in the national vaccination campaign. A further 14% were unsure, and 11% were against it. This may relate to uncertainties around the storage and administration of the vaccine. As all other vaccinators, pharmacist vaccinators must undergo specific training before administering the coronavirus vaccine.

An increase in telehealth consultations resulted in increased e-prescriptions. More generally, a growing share of business operations moved online, meaning staff had to become familiar with new technologies.

Changes made due to the coronavirus



Professional services

“More emphasis professional services and dispensing.” “Reduction in services e.g. influenza vaccination requests dropped dramatically – I think perhaps partially because people were concerned about coming into store and due to home stay, risk of infection reduced. Reduced opportunity to discuss use of DAAs as elderly patients were calling to have meds delivered.”



Safety measures

“Social distancing, screens, hand sanitiser stations, etc.”



More stock

“Stocking of products for harm minimisation.”



Delivery, e-scripts

“Deliveries increased significantly, more e-scripts.”



Workflow processes

“Workflow processes especially with fax prescriptions.”



Online presence

“Moving to online platforms to ensure business is sustained.”



The digital opportunity

The pandemic has accelerated the shift of consumer and business activity to digital channels. Community pharmacy experienced decreased foot traffic as customers opted for home delivery services or online options. Yet 56% of community pharmacists indicated they do not have an online business. This defies growing consumer expectations for online options. It also means that pharmacists are missing opportunity to leverage data to understand their customers better and meet their needs.

As part of CommBank’s partnership with the UTS Pharmacy Barometer report, we added some questions to the survey to better understand the sales channels being used and the utilisation of data. We found that in-store and home delivery are by far the most popular sales channels. Only a third offered their customers the ability to shop online.

An even smaller percentage use customer data to improve service delivery or performance. Just 30% use data in this way, compared with 54% who don’t and 16% who responded they didn’t know.

Delving deeper, we asked pharmacists to rate on a scale of 1 to 5 how well they use customer data to provide a better service. Only 13% of pharmacists believe they are using customer data well, while 46% admit to not using it well. The remaining 41% rated their ability to use customer data at 3, placing them in the neutral ranking.

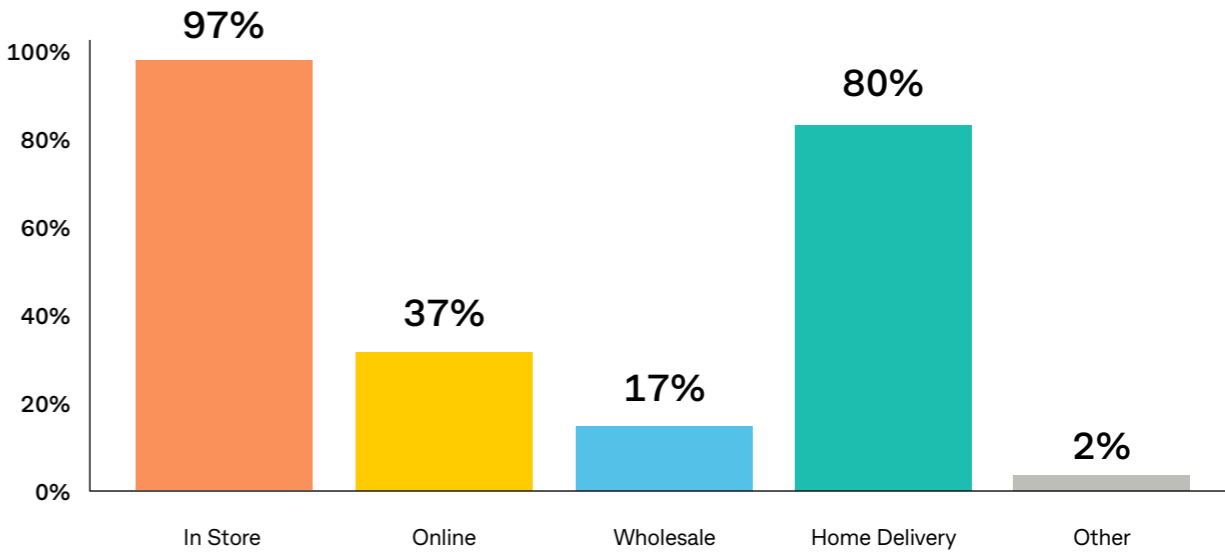


“There’s a reluctance to get involved and understand the added element that an online presence can provide. With an already large pharmacy player in the online market in Australia, I think smaller pharmacies question what added benefit it will provide.”

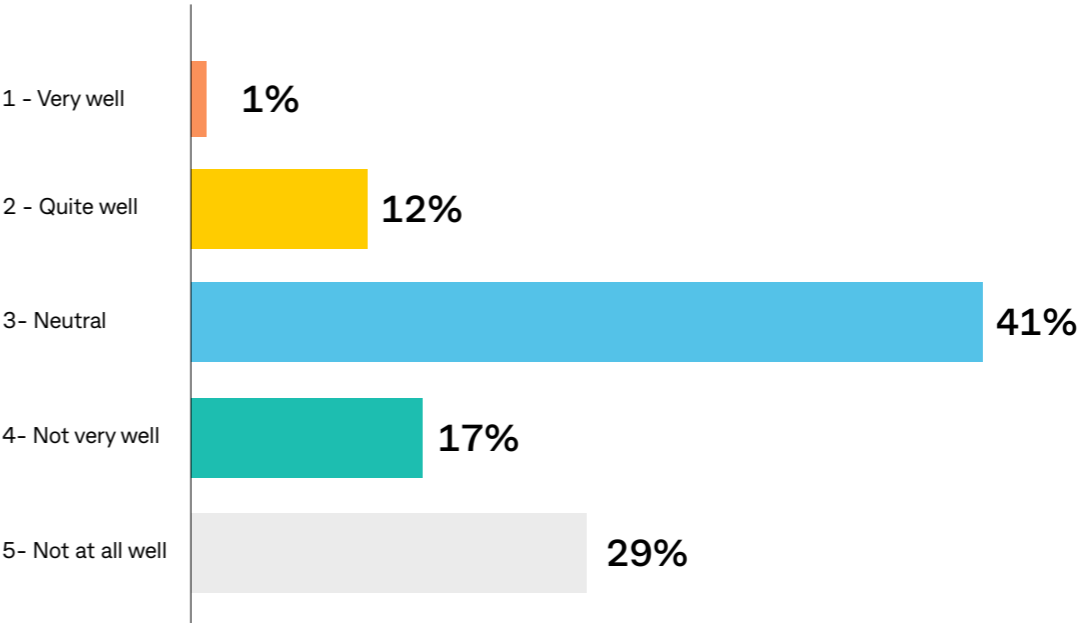
Professor Kylie Williams
Head of Discipline Pharmacy, Graduate School of Health & Professor of Pharmacy Practice



Which of the following sales channels do you use?



On a scale of 1-5, how well do you utilise customer data to improve service delivery and performance .



Electronic prescriptions and cybersecurity

When examining the business impact of the pandemic, the survey found that 67% of pharmacists had experienced an increase in e-prescriptions in the year to October 2020, while 31% reported no change. Many cited benefits including improved efficiency in prescribing and dispensing once initial systems were implemented, ending the need to handle and store physical paper prescriptions, supporting digital health services and ensuring continuity of customer care, increasing medicine safety, and maintaining customer privacy and integrity of personal information.

The Federal Government’s Electronic Prescriptions Security and Access Policy notes the inherent risks relating to cyber threat, saying, “It is incumbent on the organisation, in the context of the commentary below, to manage any such exposure.” Elsewhere the policy adds, “it is expected that reasonable measures are implemented to preserve the security, privacy and integrity of patient information contained within the software system.”¹

However, the survey found that only a third of pharmacists had increased cybersecurity measures since the legislation was introduced and that 43% had not. A further 22% were unsure.

When asked to assess their business’ preparedness to meet the risk of cybersecurity incidents on a scale of 1 to 5, only 36% indicated they were prepared to some extent, and almost a quarter responded that they were not well prepared. The remaining 41% assessed themselves to be neutral.

¹ https://www.health.gov.au/sites/default/files/documents/2021/03/electronic-prescriptions-security-and-access-policy_0.pdf (pp 3,5)

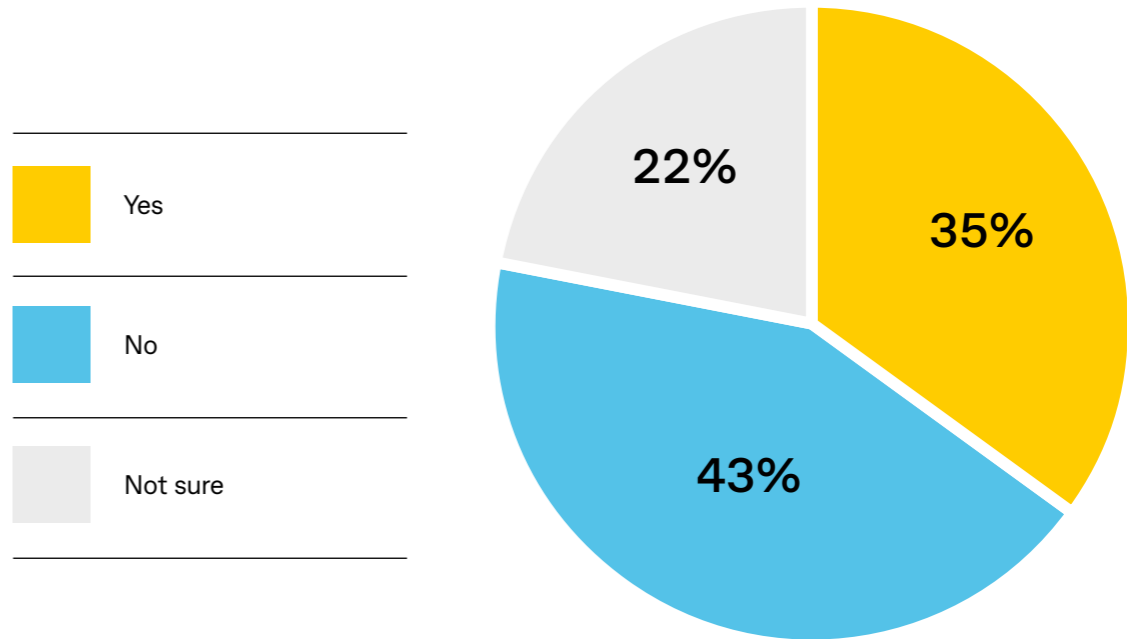


“Electronic prescriptions bring many benefits to community pharmacy and their customers, but they also come with an obligation to protect customer data from cyber threats.”

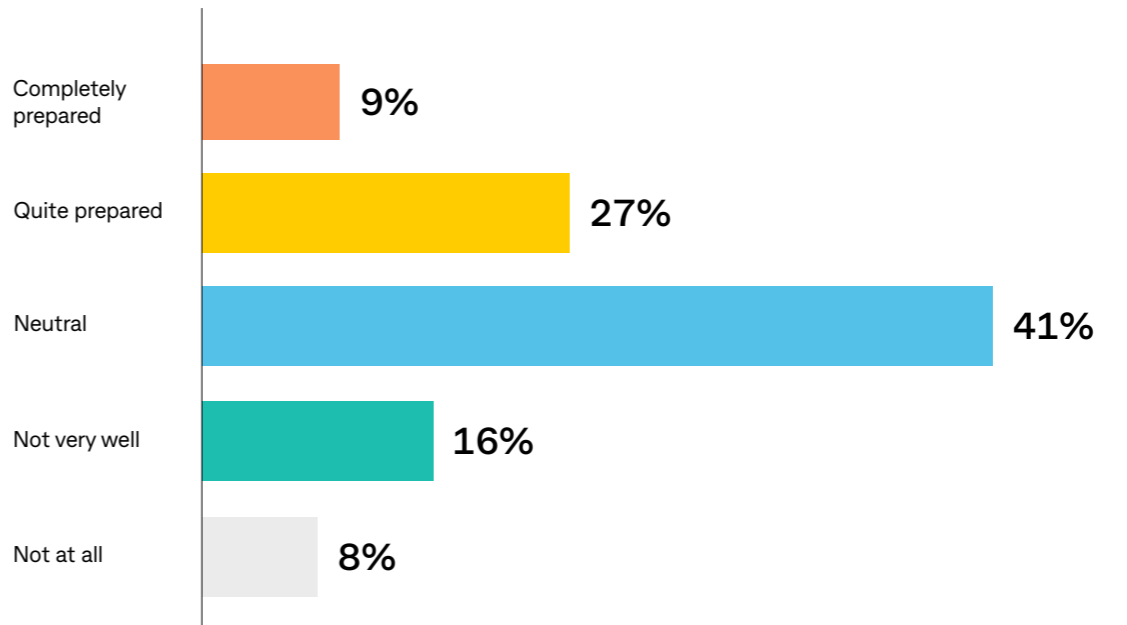
Belinda Hegarty
Head of Healthcare
Commonwealth Bank of Australia



Pharmacies that have increased cyber security measures since new electronic prescription legislation was introduced.



Self-assessment of business preparedness to meet the risk of cybersecurity incidents.



Confidence and preparedness to dispense biosimilars

Since 2010, the Therapeutic Goods Administration (TGA) has registered 27 biosimilar medicines, corresponding with 11 reference biological medicines, for use in Australia. They have been assessed to have no clinically meaningful differences and are therapeutically equivalent to the reference (first brand to market) medicine. The introduction and uptake of biomedicines is expected to deliver significant cost savings, improve competition, and increase access for customers. However, uptake and adoption have been slower than initially expected.

Between the 2019 and 2020 surveys, the percentage of pharmacists lacking confidence in biosimilars has dropped from 15% to 7%. However, the percentage expressing confidence has only edged up to 36% from 34%, and most pharmacists remain neutral.

Promisingly though, for the first time the majority of pharmacists indicated they are prepared to dispense biosimilars. This may be linked to increased awareness and the information and resources available to support biosimilar substitution.

Until that preparedness translates to confidence, Australia's healthcare budgets are missing the potential cost savings.

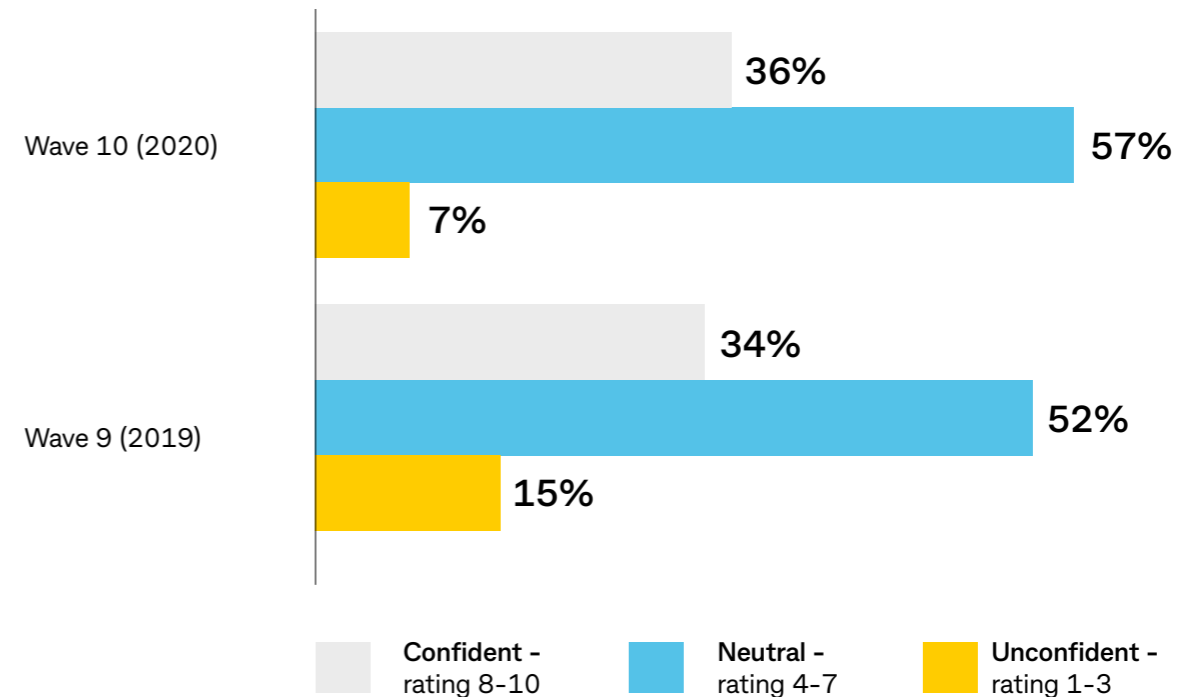


"The big increase in preparedness is encouraging and should begin to translate to greater confidence."

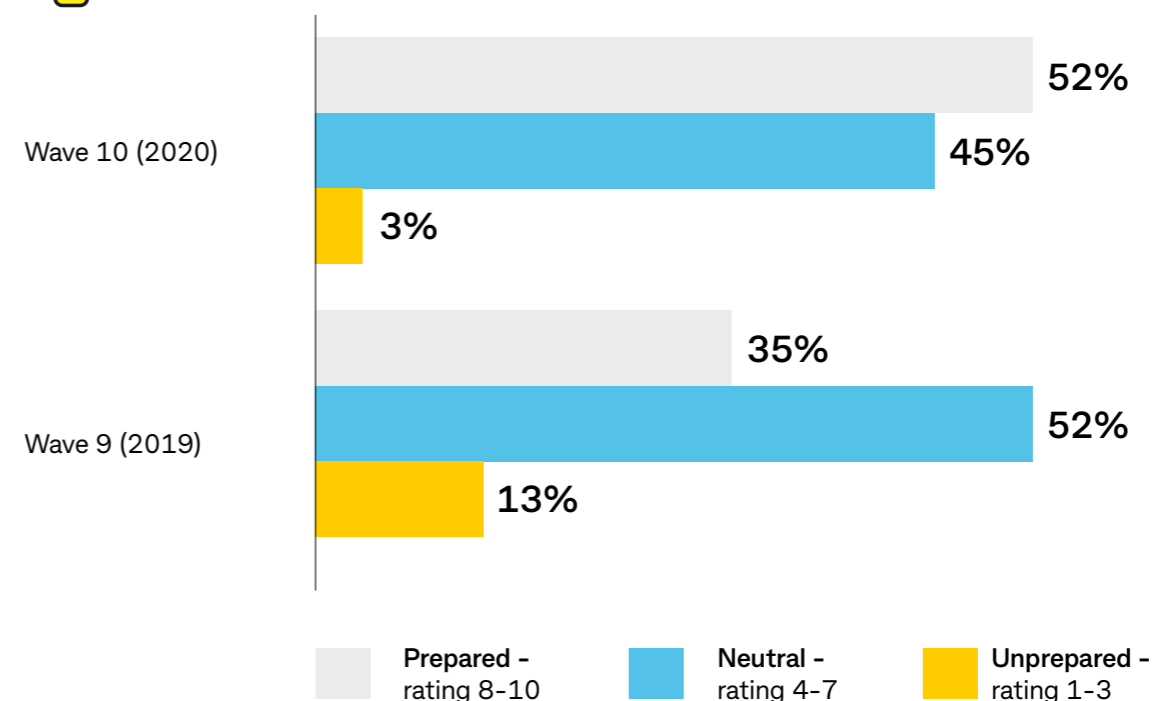
John Montgomery
UTS Adjunct Professor



Level of confidence in biosimilar substitution



Level of perceived preparedness to dispense biosimilars



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