

Summary: Proposed new Integrated Pharmacist Services in the Community Agreement

1. This document summarises the key features of the proposed Integrated Pharmacist Services in the Community Agreement (IPSCA), the 'new contract', and the differences between the new contract and the Community Pharmacy Services Agreement 2012 ('CPSA').

Proposed new contract structure

2. The proposed new contract retains many of the provisions from the CPSA, although we have redrafted many clauses for clarity. However, the proposed new contract is structured differently from the CPSA.
3. It features a head agreement, which sets out the terms that apply in respect of all services provided under the contract. The head agreement comprises the following parts:
 - (a) Part A – Background
 - (b) Part B - Service and quality requirements
 - (c) Part C - General terms
 - (d) Part D - Claiming and payment rules
 - (e) Part E - Definitions.
4. The proposed new contract also includes three service schedules, which describe the pharmacist services that a provider may be funded to provide. They are:
 - (a) Schedule 1: Pharmaceutical Supply Services currently provided under the Core Pharmacy Services specification in the CPSA
 - (b) Schedule 2: Professional Advisory Services currently provided under the Core Pharmacy Services specification in the CPSA
 - (c) Schedule 3: Service schedules for all other services currently provided under the CPSA.
5. More information about the head agreement and the three service schedules, as well as service change processes, payment and funding mechanisms, and the general drafting changes we have made, are detailed below.

The head agreement (Parts A to E)

6. The head agreement sets out the key provisions that establish the relationship between the District Health Boards and providers of pharmacist services. As set out above, it comprises Parts A to E, and its structure is similar to the structure of the primary care agreement (the PHO Services Agreement).

Part A – Background

7. Clauses A.1 and A.2 provide general background, by describing the context in which the contract is entered into and the purposes of the contract.
8. Clause A.3 describes the structure of the proposed new contract. It also includes a list of the service schedules that may be included in a provider's contract. A service schedule will only be included in a provider's contract if the provider is being funded to provide the service. For example, if a provider is not providing Special Foods Services, the Special Foods Services schedule will not be included in the provider's contract. That is a different approach to that taken under the CPSA, which:
 - (a) includes all service specifications in each provider's contract, even if the provider is not providing the service; and
 - (b) includes a note to each District Health Board to delete, from a list, the title of any specifications that do not apply to a specific provider.
9. Clause A.4 sets out the term of the contract. While the CPSA has a fixed expiry date, the proposed new contract is 'evergreen', meaning that it has no fixed end date and ends only when terminated. This is consistent with the approach taken in respect of both the PHO Services Agreement and age-related residential care (ARRC) and hospital specialist services (ARHSS) agreements. The nationally-consistent parts of the contract will however be reviewed annually, and changes can be proposed as part of that review. The review and change control provisions are included in Part C, and are described below.
10. Clause A.5 sets out relationship principles that describe how the District Health Board and the provider will work together. The description of how the parties will work together are principles-based, and are less detailed and prescriptive compared to the relationship principles in Part D of the CPSA.

Part B – Service and quality requirements

11. Part B includes provisions applying to all services provided under the contract. It retains many of the provisions from the CPSA, including provisions relating to:
 - (a) the Pharmaceutical Schedule (Part B of the CPSA);
 - (b) eligibility of service users and service location (Part C of the CPSA);
 - (c) Māori health (Part F of the CPSA); and
 - (d) quality specifications (Part G of the CPSA).
12. Some provisions of the CPSA relate to matters that are governed by professional standards that apply to the pharmacy profession, and the law relating to the sale and supply of medicines, and the provision of health services generally. We have, as possible and appropriate, replaced detailed CPSA requirements with references to professional standards and legal requirements. In particular, we have included at clause B.5 a general requirement that the provider comply with the Pharmacy Service Standards, the Code of Ethics, and any other professional requirements or

regulatory standards specified by the Pharmacy Council, the Ministry, or any other regulatory body. Other provisions of the CPSA duplicate requirements set out in the Pharmaceutical Schedule issued by PHARMAC, or the Procedures Manual and Pharmaceutical Transactions Data Specification. We have, as appropriate, replaced duplicated requirements with references to the relevant document.

13. In addition, clause B.23 requires that the Provider ensure that its premises is, to the extent required by law, licensed by the relevant regulatory authority. That means that if services required by law to be provided from a licensed pharmacy, the provider must have a licence. That differs from the current approach taken under the CPSA, which provides that the services must be provided from a licensed pharmacy (whether or not the service is required by law to be provided from a licensed pharmacy). If a legal or professional requirement changes in the future, providers will be required to comply with those requirements. However, the proposed new contract does not impose contractual requirements with which a provider must comply that exceed the provider's legal and professional requirements.
14. It is proposed that the new contract continue the Contract Group and Expert Advisory Group that were established when the term of the CPSA was extended to 30 June 2018. That is provided for in clause B.45 of the new contract. As under the CPSA, the roles, responsibilities, functions, and procedures for each group will be set out in a terms of reference. However, unlike under the CPSA, neither the Contract Group nor the Expert Advisory Group will have governance functions under the new contract.
15. Part B also includes meetings, reporting, and information provisions (clauses B.40 to B.48). The meeting provisions, which recognise that the parties may meet from time to time to discuss their relationship, are less prescriptive than the equivalent provisions in Part I of the CPSA.

Part C – General terms

16. Part C includes commercial terms applying to all services provided under the contract. It includes provisions similar to, and drawn from, provisions in the CPSA, including:
 - (a) audit (Part J of the CPSA)
 - (b) dispute resolution (Part K of the CPSA)
 - (c) variations (Part L of the CPSA)
 - (d) third party relationships (Part M of the CPSA)
 - (e) failure to perform and termination (Part O of the CPSA)
 - (f) other miscellaneous matters (Part N of the CPSA).
17. Part C includes, at clauses C.28 to C.35, new provisions that set out how changes can be made to the contract, at either a national level (in respect of the head agreement and nationally consistent service schedules), a local level by a District Health Board, or between a District Health Board and providers.

18. The national review provisions provide that the review will take place annually, and that providers and provider representatives will participate in the review. Any variations that providers or District Health Boards wish to make to the contract can be proposed and discussed as part of the review process. The review provisions reflect the approach taken in respect of the ARRC agreement and primary care in respect of the PHO Services Agreement. They replace the review provisions set out in Part L of the CPSA, which are not fit for purpose given that the proposed new contract is evergreen. It is also proposed that the new contract not include a facilitated negotiation clause, as such a clause is unnecessary given the inclusion of the review provisions described above. The review provisions are discussed in more detail later in this document, in relation to Schedule 3 and local commissioning.
19. The Audit Framework that is included in the CPSA as Schedule J1 is not included in the new contract. However, any provisions that impose requirements on the District Health Board or the provider have been incorporated into the audit provisions in clauses C.12 to C.21.

Part D – Payment and claiming

20. Part D includes claiming and payment terms that apply to all services described in Schedules 1 to 3. The provisions in Part D are based on the provisions in Part H of the CPSA.
21. However, the payment terms and funding formula for specific products and services will be set out in the relevant schedule in Schedules 1 to 3. That includes new funding that is being provided to support Professional Advisory Services under Schedule 2. This is described further below.

Part E – Definitions

22. Part E sets out words and phrases that have a defined meaning in the contract. However, words and phrases that are used only in one schedule are defined in that schedule.

Schedules 1 and 2 – Pharmaceutical Supply Services and Professional Advisory Services

23. The 'Core Pharmacy Services' specification in the CPSA is divided into two service schedules being:
 - (a) Schedule 1 – Pharmaceutical Supply Services
 - (b) Schedule 2 – Professional Advisory Services
24. This is to enable District Health Boards, in the future, to contract with providers who provide only Pharmaceutical Supply Services or only Professional Advisory Services. While it is possible that the provider who provides Pharmaceutical Supply Services for a service user may be different from the provider who provides Professional Advisory Services to the consumer, consumers will always be provided with both services (ie, it will not be possible for a provider to supply a pharmaceutical if appropriate professional advisory services have not been provided). This is explained further below.
25. As with the 'Core Pharmacy Services' specification in the CPSA, the services described in Schedules 1 and 2 will be provided and funded on the basis of nationally consistent service schedules. A

summary of how the Core Service Specification has been divided into two schedules is set out below.

Schedule 1 – Pharmaceutical Supply Services

26. The content of Schedule 1 is primarily drawn from the Core Service Specification in the current CPSA. However, clause 2 and 3 (in particular) contain some new content. Clause 3 sets out the key service requirements for Pharmaceutical Supply Services. The new content is intended to clearly explain the differences between the services that a provider must provide under Schedule 1, and the services that a provider must provide under Schedule 2.
27. At a high level, Schedule 1 providers are required to: check the prescription form, in accordance with legal and professional requirements; prepare the pharmaceutical; check that the prepared pharmaceutical is consistent with the prescription; deliver the pharmaceutical to the relevant person; and record the supply of the pharmaceutical. This is referred to in the contract as 'supply' rather than 'dispensing'.
28. The Schedule has been drafted to provide for two scenarios: where one provider provides both Schedule 1 and Schedule 2 services; and where different providers provide those services. If the services are provided by different providers, clauses 2 and 4 describe the interrelationship between those providers. Those clauses provide that a Schedule 1 provider must receive instructions from a Schedule 2 provider before providing Pharmaceutical Supply Services, and must then communicate with the Schedule 2 provider in order to ensure that service users' records are kept up-to-date, and that any issues identified as part of the supply process are addressed.

Schedule 2 – Professional advisory services

29. As with Schedule 1, the content of Schedule 2 is drawn primarily from the Core Service Specification in the current CPSA. However, some new wording is included, particularly in clause 2, which sets out the key service requirements for professional advisory services. The new wording is intended to differentiate Schedule 2 services from Schedule 1 services, so that there is a clear division of responsibilities in the event that Schedule 1 and Schedule 2 services are provided by different providers.
30. At a high level, Schedule 2 providers are required to: undertake a check of the prescription form and ensure that the pharmaceutical that has been ordered is appropriate for use by the service user and meets legal and professional requirements; and provide professional advice and counselling to service users, in accordance with professional standards and relevant guidelines. If a Schedule 2 provider does not also provide Schedule 1 services, the new contract requires the Schedule 2 provider to give the prescription form (along with instructions) to a Schedule 1 provider so that the Schedule 1 provider can supply the pharmaceutical, in accordance with those instructions.

31. Schedule 2 provides that the District Health Board will pay a Professional Advisory Services Fee (previously called the case mix fee or the Stage 4 Mechanism) for the provision of the services above.
32. In addition, Schedule 2 also provides that providers will be paid an additional Professional Advisory Services Support Payment. The clause will be included in clause 24 of Schedule 2 once the details of the additional payment have been finalised.

Other comments on Schedules 1 and 2

33. Provisions relating to Service User Records, barriers to access, facilities and settings, and staffing requirements are now included in the head agreement because these requirements could apply to any Service provided under the new contract. References to administrative requirements have been deleted because they are unnecessary.

Schedule 3 services – local commissioning, and service change processes

34. In addition to Core Pharmacy Services, there are a range of other services that are funded by District Health Boards under the CPSA (referred to as ‘Specific Services’ in the CPSA). It is proposed that those services be included in the new contract as Schedule 3.
35. Schedule 3 is divided into three categories of schedules, being;
 - (a) services that will be provided and funded on the basis of nationally consistent service schedules (Schedule 3A);
 - (b) services that may in the future be provided and funded under local District Health Board service schedules (local commissioning), but with the starting point on 1 July 2018 being the current nationally consistent service schedules (Schedule 3B); and
 - (c) services provided on a limited basis, by a limited number of providers, including most services included in ‘Part P’ of the CPSA (Schedule 3 C).
36. The key difference between the services described in Schedules 3A, 3B, and 3C is that the services provided under Schedule 3A will be provided and funded on a nationally consistent basis, and any amendments to the service schedules will be subject to the national review process described in clause C.30 and C.31. District Health Boards will not, under the proposed new contract, be able to undertake local commissioning in respect of any Schedule 3A services.
37. In contrast, the services provided under Schedule 3B may be provided on the basis of a nationally agreed service specification, but can also be subject to local commissioning by District Health Boards. A District Health Board wanting to make a change to a service described in Schedule 3B would need to comply with the local review process described in clause C.32. That process requires the District Health Board to consult with providers, and provider representatives in relation to the proposed change, and to take any submissions received into account before making a decision on the change. Any changes will be agreed by the District Health Board with the relevant providers as voluntary variations.

38. The services provided under Schedule 3C are generally services that District Health Boards fund one (or a limited number) of providers to provide. These services include most of the services described in 'Part P' of the CPSA that are intended to continue after 1 July 2018 (excluding Pharmacist Influenza Immunisation Services, which are in Schedule 3A, and smoking cessation services, which are in Schedule 3B if those services are provided and funded in accordance with the national service specification). Changes to a service described in Schedule 3C will not be considered as part of the national review or through a local process. Rather, such changes will be discussed and agreed by the District Health Board and the relevant providers, as happens under the CPSA.
39. The table below shows where it is proposed that each service specification from the current CPSA will sit in the proposed new contract:

Schedule 3A	Schedule 3B	Schedule 3C
Opioid Substitution Treatment Services (Schedule 3A.1)	Long-Term Conditions Pharmacist Services (Schedule 3B.1)	Other 'Part P' services that are intended to continue after the expiry of the CPSA on 30 June 2018 excluding influenza immunisation services, which are in Schedule 3A, and smoking cessation services, if those services are provided and funded by the DHB accordance with Schedule 3B).
Pharmacist Clozapine Services (Schedule 3A.2)	Community Residential Care Pharmacist Services (Schedule 3B.2)	
Aseptic Pharmacy Services (Schedule 3A.3)	Age-Related Residential Care Pharmacist Services (Schedule 3B.3)	
Sterile Manufacturing Services (Schedule 3A.4)	Special Foods Services (Schedule 3B.4)	
Pharmacist Influenza Immunisation Services (Schedule 3A.5)	Community Pharmacy Anti-Coagulation Management Services (CPAMS) (Schedule 3B.5)	
	Smoking Cessation Services (Schedule 3B.6) – this Service Schedule could be the national service schedule that is included in the proposed new contract for consultation, or a service schedule developed by a District Health Board	

40. As described above, each of the service specifications described in Schedule C1 of the CPSA (excluding Core Pharmacy Services) has been included in the proposed new contract as a Schedule 3 service. The services that each of the service schedules require providers to provide are unchanged from those described in the CPSA. However, we have redrafted the schedules for clarity, and have made some other changes, which are described below:
- (a) The Pharmacy Methadone Services schedule has been renamed as the Opioid Substitution Treatment Services schedule, and no longer refers to 'Class B controlled drug services'. All other Class B controlled drug services will be provided in accordance with Schedules 1 and 2. The new Schedule 3A.1 also reflects that both methadone and buprenorphine+naloxone are used in the provision of Opioid Substitution Treatment Services.
 - (b) Schedule C2 of the CPSA includes a Clozapine Dispensing Protocol. Under the proposed new contract providers are still required to comply with that Protocol. However, the Protocol is not included in the proposed new contract as that is unnecessary given the clinical nature of the requirements that it describes. The Protocol will instead be available on TAS's webpage, and is included as an appendix in the new contract for the purpose of consultation.
 - (c) The proposed new contract includes, as Schedule 3B.6, the nationally consistent Community Pharmacist Funded Smoking Cessation Services. Some District Health Boards are funding smoking cessation services on the basis of a modified version of the nationally consistent service specification. Those District Health Boards will include their service specification for this service in Schedule 3B.

Funding, payments, and claims

41. The payments for services provided under the CPSA in the 2017/18 financial year, and the formula through which those payments are calculated, are carried forward into the proposed new contract.
42. Payment and claiming provisions that apply to all Services provided under the proposed new contract are set out in Part D. This includes many of the provisions set out in Part H and Schedule H1 of the CPSA, including provisions relating to co-payments, pharmacy charges, and product premiums.
43. In relation to key payments:
- (a) the transaction fee that the District Health Board will pay for the supply of pharmaceuticals, including the relevant handling fee and handling fee multipliers, is set out in Schedule 1 (Product Supply Services);
 - (b) the case mix fee payments (referred to as the Stage 4 Mechanism in the CPSA) are set out in Schedule 2 (in relation to Professional Advisory Services) and Schedule 3 (in relation to LTC Pharmacist Services); and
 - (c) the amounts that the District Health Board will pay for the supply of pharmaceuticals and provision of professional advisory services for each service described in Schedule 3,

including the relevant handling fee and handling fee multipliers, are set out in the relevant schedule in Schedule 3.

44. Schedule 1 also includes payments (and the relevant formula) for supplying:
 - (a) pharmaceuticals supplied in accordance with a practitioner supply order or bulk supply order;
 - (b) Extemporaneously Compounded Preparations Services;
 - (c) Named Patient Pharmaceutical Assessment (NPPA) Services (both A and B);
 - (d) Class B Controlled Drugs Pharmaceutical Services; and
 - (e) pharmaceuticals that are subsidised unregistered medicines (section 26 and section 29).
45. Payment provisions in the CPSA relating to the annual funding envelope and transition payments are not included in the new contract, because those provisions have expired. In addition, the proposed new contract does not include an expenditure commitment, or reference to the new services initiatives that were funded in the 2017/18 financial year. The current expenditure commitment, and the funding for the new services initiatives in the CPSA, both expire on 30 June 2018.

Other proposed changes

46. Other drafting changes made to the proposed new contract are summarised below:
 - (a) for clarity, the parties are referred to as 'the Provider' and 'the District Health Board', rather than 'you' and 'we' as in the CPSA;
 - (b) the services provided, and funded, under the contract are referred to as 'pharmacist services' rather than 'pharmacy services';
 - (c) 'Core Pharmacy Services' are now referred to as 'Pharmaceutical Supply Services' and 'Professional Advisory Services';
 - (d) 'Specific Pharmacy Services' are now referred to as 'Population Services';
 - (e) as appropriate, references to 'Pharmacies' are now to 'Premises' or to 'the Provider';
 - (f) provisions that have now expired (eg, provisions relating to the transition period of the CPSA, provisions relating to PHAM services) have not been included in the new contract.
47. We have also, more generally, redrafted the proposed new contract for clarity. Some clauses have been deleted or shortened to avoid repetition, and to remove unnecessary detail (some of which is set out in other documents, such as the Pharmaceutical Schedule and the Medicines Act).