

Learning from New Zealand pharmacy

The parallels between the challenges faced by pharmacy in New Zealand and Britain are extraordinary. Bernard McKone, chairman of the Pharmaceutical Society of New Zealand (Inc), tells **Clare Bellingham** about recent events and the impact on pharmacists

New Zealand may be on the other side of the world, but the challenges its pharmacists are facing are remarkably similar to those being faced by pharmacists in Britain. New Zealand pharmacy has seen new rules around the regulation of pharmacists, modernisation of its professional and regulatory body, extended role development, deregulation of pharmacy ownership, even a “vision” for pharmacy. These are familiar issues in Britain but all of them have been tackled in slightly different ways.

Perhaps the single most important change for pharmacy in New Zealand took place on 18 September. On this date, the Health Practitioners’ Competency Assurance Act came into force. It put an end to self-regulation of health professionals and, consequently, the Pharmaceutical Society of New Zealand split.

Until then, the regulation and representation of pharmacy was carried out by the PSNZ in a similar way to the Royal Pharmaceutical Society in Britain. But the New Zealand government decided that this could no longer continue. The PSNZ was divided into the Pharmacy Council to regulate pharmacy, and PSNZ (Inc) for the representative and professional roles.

Bernard McKone, who was the president of the PSNZ and is now the first chairman of the new PSNZ (Inc), explains that the decision stemmed from two cases of poor practice in medicine, the second of which involved a pathologist who misread a large number of cervical cancer slides. This case, four years ago, prompted the health minister to draw up the Health Practitioners’ Competency Assurance Act.

“It was a hugely ambitious piece of legislation that affected every health profession,” Mr McKone says. He explains that the government perception of the PSNZ’s self-regulating role was of a conflict of interest. “Despite the fact that the society had a very good record in the way that it handled discipline, the government perception was of an old boys’ club,” he says. The new legislation aims to create a transparent process of regulation.

But the effects have implications way beyond regulation. Mr McKone points out that pharmacists’ roles had been constrained by having to work within the previous legislation, which was drawn up in 1970. “So it represented a good opportunity to modernise the legislation for pharmacy. Hopefully in future people will look back and say that the new legislation is enabling and allowed the profession to move forwards.”

Preparing for the changes

Pharmacy in New Zealand has had a year to prepare for implementation of the Health

Practitioners’ Competency Assurance Act since a bill that would lead to the act’s implementation was passed in September 2003. One of the first steps taken by the health minister was to appoint a transitional PSNZ council. Rather than allowing scheduled PSNZ council elections to go ahead, she asked a number of people on the existing PSNZ council to stay in post and appointed some additional members.

The minister also had to appoint the new regulatory Pharmacy Council. In October 2003, she selected two existing PSNZ council members, two past presidents of the Society, one academic pharmacist and two lay members to form the new Pharmacy Council. The Pharmacy Council acted as a shadow council with limited roles while the PSNZ continued to function more or less as normal during the past year. The Pharmacy Council then took over regulatory functions from the PSNZ on 18 September.

Disciplinary issues involving pharmacists are now dealt with outside pharmacy altogether. The Pharmacy Council determines whether a case is a competency issue, in which case it addresses it, or if it is a disciplinary issue. Disciplinary issues are referred to the Disciplinary Tribunal. This organisation deals with disciplinary issues for all health professions, not just pharmacy. The tribunal is chaired by an appointed barrister, has three lay members and three members of the health profession to which the person whose case is being heard belongs. “The concern is that this will slow down the disciplinary process,” comments Mr McKone.

Deregulation threat

In a parallel with the recent Office of Fair Trading report into control of entry in the UK, community pharmacists in New Zealand also faced the threat of deregulation. But in their case it was a consequence of the Health Practitioners’ Competency Assurance Act. Although ownership of pharmacies is covered in the previous legislation, it had no place in the modernised act, which is about the regulation of health professionals — not premises. The result of the act superseding the old legislation would have been the immediate end to the regulation of premises.

Mr McKone comments that both the PSNZ and the Pharmacy Guild of New Zealand, which is the representative organisation for contractors, lobbied the government hard over this issue. The result is new legislation that allows pharmacists to own up to five pharmacies with a 51 per cent shareholding and an unlimited number with a 49 per cent shareholding. It also means that licensing of community pharmacies now

New Zealand: similar challenges to UK

falls to the government; the PSNZ has lost its right to license pharmacies.

Dividing the resources

Dividing the PSNZ’s roles also meant dividing its financial assets. “Much of the past year has been spent working out what to do with resources and what belongs to whom,” explains Mr McKone. One of the biggest debates was whether or not the PSNZ’s assets should be used to fund the Pharmacy Council. Some pharmacists said that since the Pharmacy Council is a government-appointed body, it should not receive PSNZ funding but others said that since it was being established for the benefit of pharmacy it should be funded.

“If the Pharmacy Council had no money then its only way of operating would have been through the registration fee. So the PSNZ took the view that if we gave it nothing then on day one pharmacists would have faced a big increase in fees to cover the set-up costs of the Pharmacy Council,” says Mr McKone. “We consulted with the profession and they didn’t want increased fees.”

Once the principle of funding the Pharmacy Council was established, the next debate was around how to divide the PSNZ assets between the Pharmacy Council and PSNZ (Inc). First, certain funds that were solely connected with professional issues, such as the benevolent fund, were separated. Next the society’s share in its headquarters building was sold to the guild. PSNZ (Inc) now leases space from the guild and the Pharmacy Council is housed in a new building. Once the building was sold, the PSNZ had cash assets. One-third of this went to the Pharmacy Council and the remainder was moved to the new organisation — PSNZ (Inc) — to protect it. “If it hadn’t been moved

it would have automatically gone to the Pharmacy Council on 18 September," says Mr McKone. In addition to headquarters assets, the PSNZ also had to deal with the money held within the branches of the PSNZ across New Zealand. "If not, they, too, would have lost their funds on 18 September," Mr McKone adds: "I think we have resourced the Pharmacy Council well. It has been able to set up and operate until 31 December this year without having to ask for additional fees from pharmacists."

This year's retention fee was NZ\$695 [about £260] plus tax. "We expect next year's registration fee with the Pharmacy Council to be in the region of NZ\$300–350 plus tax," says Mr McKone. On top of that, pharmacists can opt to become members of the new professional organisation, PSNZ (Inc). "We expect that pharmacists will be able to join it for less than the difference between the old and new registration fees," he adds.

New professional organisation

"The formation of the Pharmacy Council has been successful," says Mr McKone. "But it has been the easy bit because its roles are clearly set out in law. Setting up the voluntary organisation has been much harder."

PSNZ (Inc) was officially launched on 15 September, and getting to that event has not been without its problems. It was decided that all pharmacists would remain members of PSNZ (Inc) until 1 January 2005 to retain the benefits of the entire year's retention fee for 2004. "The success of PSNZ (Inc) will depend on whether pharmacists decide to join it on 1 January," comments Mr McKone. He says that an encouraging sign is that when all pharmacists were asked earlier this year whether their membership of PSNZ could be transferred to PSNZ (Inc), 98 per cent responded. "Altogether, 90 per cent said yes and 8 per cent sent their forms back without ticking the 'yes' or 'no' box," he says.

The formation of the voluntary professional organisation has been a hot topic in New Zealand this year. "About six months ago, the guild started questioning the need for more than one representative body in pharmacy," explains Mr McKone. In other words, it asked whether PSNZ (Inc) was needed in addition to the guild. The PSNZ held roadshows, which established that pharmacists wanted the two organisations to merge.

However, it was recognised that forming one representative organisation would take time so it was decided that PSNZ (Inc) still had to be established to protect the PSNZ assets in the short term. But the waters got muddied and the profession got the impression that PSNZ (Inc) was trying to compete with the guild. This was followed by concerns that the new representative body would be sector-led and therefore not be to the benefit of all pharmacists. "There was a deep suspicion that the proprietor group would take over," Mr McKone explains. "The challenge is to form one organisation that incorporates all sectors."



Bernie McKone: global challenges

The process has been complex. The councils of PSNZ (Inc) and the guild met in July. "After a day of difficult debate, we came to a unanimous decision to move forward," says Mr McKone. Five members of each council were appointed to form an independent governance board and an independent project manager was appointed to push through the formation of the new body.

It was hoped that the new representative organisation could be in place by January. "Unfortunately, on 9 September, the guild decided that it could not carry on with the process," says Mr McKone. "We were disappointed and surprised that they decided not to proceed at the eleventh hour." The guild is now consulting its members again and the process is on hold for three months. "With hindsight it is clear that our January target was too ambitious," he adds. "But with a will, we will get there in the end."

In retrospect, Mr McKone believes it was wise that PSNZ (Inc) was established. Not only has it protected the PSNZ assets, but it will now operate as pharmacists' representative body until the new organisation is formed. "To have no organisation to act as an advocate on behalf of pharmacists at this time would have been bad for the profession," he explains. "And now PSNZ (Inc) can become a stronger advocate for pharmacy rather than having to take a more tempered approach when, as the PSNZ, it also had its statutory role."

One of the first tasks for PSNC (Inc) will be to elect a new council. The old PSNZ council became the PSNZ (Inc) council in September. It has been four years since elections were held and some members of the transitional council, including Mr McKone, want to step down.

Challenges for the profession

PSNZ (Inc) already has its work cut out. The turmoil facing pharmacy extends beyond regulation and representation. At the end of last year, the government's drug purchasing agency Pharmac decided to move from move from one-month to three-month prescriptions. "Dispensing fell by a third and this

resulted in a sudden drop in pharmacists' income," he says. "Doctors were continuing to write monthly prescriptions that pharmacists couldn't dispense. At one point I was returning 30 to 50 prescriptions a day to doctors for clerical changes."

To make it worse, in the most recent contract negotiation, pharmacists' pay structure was changed so it consisted purely of a dispensing fee. Five years before, the pool of money had been top-sliced so that pharmacists were paid for clinical services plus dispensing fees. "But pharmacists had been slow to take up services such as medication review so the guild argued for the money to be moved back into an increased dispensing fee," says Mr McKone. The decision hit pharmacists who had restructured their practice around clinical services. "So when the recent Pharmac decision came it was a disaster. Small pharmacies closed and the number of intern placements fell. Even the number of pharmacy students went down."

Some concessions have been now made and pharmacists can dispense whatever the doctor writes (even if that is a one-month prescription). But Mr McKone warns that the full impact will not be felt until the end of the financial year. "Pharmacists are experiencing between 2 and 20 per cent change in gross profit. No one can sustain that," he says. "New Zealand is rural and many pharmacies depend on dispensing for 90 per cent of their income. The community pharmacy model has got to change."

So the PSNZ decided to bring the whole pharmacy sector together to come up with a strategic document based around expanded services for pharmacists. "We must find other funding streams for pharmacy," he says. "Sure, pharmacists need to keep on the dispensing role but the profession is capable of many more roles, such as medicines management." The resulting 10-year vision document has gained the support of both the medical and nursing professions.

It is clear that advocating new roles for the profession will be the main focus for PSNZ (Inc). And developing the role of pharmacists brings Mr McKone full circle to the new Health Practitioners' Competency Assurance Act. "The new act is enabling," he says. Through it, pharmacists will be able to develop extended roles.

All over the world, pharmacists are facing many of the same issues. Mr McKone comments: "Pharmacists have got to get their heads around these changes and not just in New Zealand; the professional challenges are the same in Australia, the UK and the US. But it isn't recognised at grassroots. Pharmacists keep making the mistake of saying that they do all these clinical roles already. Taking a patient into a separate environment and looking at their medicines in depth, asking if they are appropriate and modifying them is an entirely different process from dispensing. Pharmacists who say they are doing this on a day-to-day basis as part of dispensing are deluding themselves."