

Submission re ACCC waiver.

In October 2019, brand new legislation was created that completely reshapes how prescriptions will flow in Australia, how patients will engage with them and potentially opens up huge opportunities for innovation and additional consumer choice. This legislation enables electronic prescribing and does away with paper prescribing.

Prescription management and pharmacy management is the most frequent healthcare transaction for patients - and as such, is the most important avenue with which to engage, communicate with, and support patients in the management of their medications. With 50% adherence of chronic medications at 6 months (ie by 6 months less than 50% of people prescribed a medicine to stop strokes, heart attacks and heart failure are still taking their medicines) - the need to help make the medication process easier and more engaging and empowering for patients is critical.

Whilst paper was the mainstay for prescriptions, the impact of keeping a duopoly for prescriptions with the two current players with the previous accc approvals was not a huge deal, as prescriptions lacked the versatility of digital. In addition it made sense that if a patient presented a piece of paper at a particular pharmacy, that the pharmacy could save some time in transcribing the prescription regardless of the fact that the barcode belonged or was written by the other company's software made sense, however with the advent of ePrescriptions - this is hugely different and approving a previous approval based on previous arguments is incorrect.

The reason this change is so vital, is that this new legislation completely opens up a huge opportunity to enable the electronic prescription to become a vital tool in supporting patients manage their medicines, allowing and enhancing the opportunity for digital pharmacies and home delivery of medicines in a game-changing way, and bringing a huge amount of choice and power for consumers. However this only happens if new companies can come into the system and the entire way prescriptions happen is opened up without an anti-competitive environment. If this duopoly (or semi-monopoly) is allowed to continue unchecked with this ACCC waiver, this huge legislative change will not create the competition and innovation in the marketplace and will essentially stifle consumer choice and innovation. It closes down any incentives for providers, and for pharmacies to change the way they manage prescriptions, the way they route them, and the way they prescribe and fill them.

It is good to see how this has worked overseas - and the USA is an incredibly relevant example. The USA for the last ten-fifteen years has for the most part embraced ePrescribing (~85-90% of all scripts are ePrescribed), and Surescripts has a near monopoly and runs the network (which was based on the merger of two companies with incredible parallels to what we are experiencing in Australia). What has subsequently happened is that Surescripts is now being

sued by the FTC for anti-competitive behaviour in shutting out required innovation in the ePrescribing space and tying up the software providers with incentives to use their network alone and closing out competition.

This innovation stifling has occurred because of a duopoly (that became a monopoly in time with the agreement between the two companies). The innovation issues have occurred because

- technology standard issues (the tech stack that is being used is old, not modern and prevents more data and innovation across the prescription by limiting what data can flow, and limiting the ability to use more modern technology stacks and standards),
- incredibly prohibitive charges to access the ePrescribing exchange in the USA. To view patients medical histories, to share information, and to access prescriptions freely has become incredibly expensive
- As one company manages this, the access points are onerous, and bound by very challenging requirements for companies wanting to interact with their exchange (in fact in the USA patients have no right to their medication history and cannot access it as this private company has full ownership).

As a consequence there is talk of this monopoly in the USA being forced to be broken apart to increase competition in this space. This is currently being sued by the FTC.

<https://www.ftc.gov/news-events/press-releases/2019/04/ftc-charges-surescripts-illegal-monopolization-e-prescription>

In Australia, we have a very dominant player (eRx - maybe 90-95%+ market share according to anecdotal evidence) and a smaller player in this space. Both companies are keen to retain the control of ePrescriptions between them. Which makes complete sense and it is what most businesses would do in their position - defend your monopoly and ensure the status quo remains. They own the network, they get paid for every prescription that they move based on government incentives (ETP - 15c per prescription) - there is little interest for either company to allow others to access the network and share in the ability to offer viable alternatives to an eRx or Medisecure prescription. There is in fact nothing besides some vague words of assurance to ensure these companies offer equal access to the network - and this closes down innovation for Australians. Currently the only way that someone can get access to a similar agreement is to negotiate directly with these companies with no clear path on how to do this, with no clear legislative requirement to force them to open the network, and with no incentives in the marketplace to make this happen.

In an ideal world, there would be a centrally run open or government run database, which any private company who meets the standards, can read and write in and out of, to both push prescriptions into the database, and retrieve the prescriptions. This would mean that as long as a company met the standards, there is a level playing field where companies compete on offering the best experience on either end, pricing and value in the way they run the network. Think of an interoperable system like email - where there can be numerous interfaces for the same email (Outlook vs Gmail) and different options for email (gmail, hotmail, yahoo, or a proprietary one). This enables all companies to compete and offer additional value to

consumers in the way they access their information and emails run freely and are accessible everywhere.

In fact this vision if applied to prescriptions enable doctors and patients to select how they want their prescriptions to be sent to them - in what format, with what technology so patients can choose (they will decide based on issues relevant to them - do they want a wide open network where they can fill their prescription at most/all pharmacies, are they happier with a narrower network of pharmacies but a network that covers their chosen pharmacy location, are they interested in value added services that come with the prescription like pricing comparisons, warnings, alerts, reminders, and home delivery, or are they interested in new ways of accessing their prescriptions through online pharmacies offering new ways to package their medications for them intuitively and easily).

This is not how prescriptions work here and if this re-authorisation is granted, this will not happen in Australia for the foreseeable future.

Today, because pharmacies - mostly who are Pharmacy Guild pharmacies, use eRx to download prescriptions, in the current format, there is no incentive for pharmacies to accept any other technology or any other tools to redeem prescriptions because they can stick with eRx and receive any prescription from anyone - including any new company. So in essence, no new company can benefit from the government incentive nor can they offer a pharmacy or pharmacy software provider anything to entice them to download prescriptions with another system (in fact the dominant pharmacy software provider Fred - also owns eRx, so again a challenging way to break into the market).

As a potential entrant in this market, and in order to give patients a full prescription management experience, we believe that a patient should have the choice to have their prescriptions managed in an alternative system to the two choices - and the only way to do this is to allow all systems to compete against each other, and ensure that the entry points for prescriptions (doctors software) and the landing points (pharmacy software) will start creating new ways for other companies to plug in their different solution. Today - patients have no choice in where their prescriptions go.

In fact, patients, depending on what technology their pharmacy uses (nearly all pharmacies use eRX) are stuck with their prescriptions being redeemed by eRx whether their prescription was written on a Medisecure script or not. By allowing interoperability - this removes their choice to use an alternative solution to help them manage their prescriptions from beginning to the end (there is immense value for patients in having visibility with one tech partner in viewing their prescriptions and seeing what was prescribed and ultimately dispensed - with generic drugs - a brand name they recognize may have been written, but what was dispensed was a generic - thing Panadol vs Tylenol - same drug, different brand and this can be confusing for a patient, and technology solutions can help patients if they manage the whole value chain for them).

Therefore if patients want their prescriptions to be managed in another format, or through a different provider that gives them value beyond what is currently offered they don't have this

choice if this ACCC arrangement continues - because what it means is that pharmacies can demand that they retain their current software - without opening up that software to other options, because they can redeem all prescriptions with their current software alone. This essentially entrenched current market dynamics and incumbents, and closes for pharmacies to change.

What we propose is to reject this proposal of interoperability which will have the effect of really opening up the market and allowing for the technology which brings the best value to consumers, providers and pharmacists to win - in an even playing field that ultimately delivers more value and choice to the consumer..

*From a concerned innovative technology company that wants to see a healthier Australia where we have choice in how we manage our medications and our health - one prescription at a time.*