

Factsheet on the Regional Pharmacy Maintenance Allowance (RPMA) Payment Matrix

In calculating an appropriate weighting mechanism for this program, the following data points have been taken into consideration:

- The number of pharmacies eligible to participate;
- The rural classification of each of these pharmacies using the Modified Monash Model (MMM);
- The script volume for each pharmacy and what band these individual volumes would fall into.

Noting that the determination has already been made that MMM categories 1 and 2 are excluded from eligibility, the table below only contains pharmacies within the eligible rural classifications and prescription bands. Also noting the agreed and approved position that pharmacies in MM3 would only receive the flat rate and not receive the additional weighted variable, weighting has been applied from MM4 to MM7.

Distribution of Pharmacies

The following table shows the distribution of pharmacies by MMM category and script volume band. Band a is the lowest volume of scripts with band g being the highest volume of scripts.

Table A: Pharmacy distribution by MMM category and script volume band

		MMM Category				
		(MM3)	(MM4) 1	(MM5) 2	(MM6) 3	(MM7) 4
Script Volume Band	a	31	23	175	55	44
	b	90	47	180	24	9
	c	49	32	59	8	1
	d	54	37	37	2	2
	e	43	37	34	3	
	f	39	24	22	2	
	g	30	20	2		
Total pharmacies						1215

Note: script volume bands calculated for the 2020/21 year will continue to be used for the remainder of the financial year. Subsequent financial years will also be calculated using the current method.

Weighting Calculation

Each script band is allocated a weighting number in descending order (a is 7, b is 6 and so on) and the rural category is allocated a number in ascending order (MM4 is 1, MM5 is 2 and so on).

The weighting system is then calculated on a simple multiplication mechanism where the script weighting is multiplied by the MMM weighting, thereby placing the emphasis on the more remote localities with the lower script volumes.

Table B: Weight Calculation

		MMM Weighting				
		(MM3)	(MM4) 1	(MM5) 2	(MM6) 3	(MM7) 4
Script Weighting	(a) 7	n/a	7	14	21	28
	(b) 6	n/a	6	12	18	24
	(c) 5	n/a	5	10	15	20
	(d) 4	n/a	4	8	12	16
	(e) 3	n/a	3	6	9	12
	(f) 2	n/a	2	4	6	8
	(g) 1	n/a	1	2	3	4

For example, the weighting for a pharmacy in Band A/MM7 would be 28, and for Band G/MM4 would be 1.

Unit Cost Calculation

The number of pharmacies in each script band/MMM category from Table A is then multiplied by the weighting calculated for that script band/MMM category in Table B to result in the number of weighted units for each script band/MMM category.

Table C: Weighted Units for script bands/MMM categories

		Rural Weighting			
		(MM4) 1	(MM5) 2	(MM6) 3	(MM7) 4
Script weighting	7	161	2450	1155	1232
	6	282	2160	432	216
	5	160	590	120	20
	4	148	296	24	32
	3	111	204	27	0
	2	48	88	12	0
	1	20	4	0	0
Total		9992			

All eligible pharmacies receive a base allowance of \$3000. Based on Table A there are 1215 pharmacies eligible to participate which would equate to a total of \$3.645 million being used for the base allowance.

A “unit cost” is determined by dividing the funding allocation available for the variable component of the allowance by the total number of weighted units across all script bands and MMM categories from Table C (9992).

This unit cost is the minimum variable amount payable to those in Band G/MM4 (weighting of 1).

Individual allowances for the payment matrix are then calculated based on the unit cost multiplied by the weighting (from Table B) added to the base allowance of \$3000.

Table D: RPMA 2020/21 Payment Matrix

		Rural Category (MM)				
		3	4	5	6	7
Script volume band	a	\$3,000	\$15,082	\$27,164	\$39,246	\$51,328
	b	\$3,000	\$13,356	\$23,712	\$34,068	\$44,424
	c	\$3,000	\$11,630	\$20,260	\$28,890	\$37,520
	d	\$3,000	\$9,904	\$16,808	\$23,712	\$30,616
	e	\$3,000	\$8,178	\$13,356	\$18,534	\$23,712
	f	\$3,000	\$6,452	\$9,904	\$13,356	\$16,808
	g	\$3,000	\$4,726	\$6,452	\$8,178	\$9,904