

9 May 2023

**Competition Exemptions: Mergers, Exemptions & Digital  
Australian Competition & Consumer Commission**

*For the attention of:*

Mr Anthony Hilton, Director  
Mr David Hatfield, Director  
Ms Sophie Magliano, Senior Analyst

*By email:*

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Dear Anthony

***Re: authorisation application by Fred IT Group  
concerning transitional arrangements (electronic prescription services)***

Further to our recent discussions and correspondence, I hereby submit an application for authorisation on behalf of Fred IT Group Pty Ltd and its related entities (**Fred IT Group**). The application concerns transitional arrangements which would – if approved – assist in implementing the outcome of a government tender process concerning electronic prescription services conducted by the Department of Health and Aged Care (the **Department**). Those arrangements would also involve MediSecure Ltd and its related bodies corporate (**MediSecure**).

Please find attached:

- public and confidential versions of the application for authorisation, including a declaration signed by an authorised person; and
- confirmation of payment of the application fee of \$7,500.

## **Interim authorisation**

Please note, the applicants seek interim authorisation for the reasons stated in the application itself.

The applicants ask that the decision on this request be provided within 28 days of lodgement, in accordance with the ACCC's *Guidelines for Authorisation of Conduct (non-merger)* (December 2022).

## Confidential information

We request that the following matters be excluded from the public register:

- the quantum of the payment to MediSecure contemplated under the terms of the agreement between Fred IT Group and the Department;
- the names and contact details for vendors of Fred IT Group and (where known) MediSecure.

The first matter constitutes the consideration that may be paid to MediSecure upon the meeting of certain negotiated milestones. The second matter comprises details of Fred IT Group's key customers (known in the industry as "vendors") and such information as is known about MediSecure's customers. Both matters are extremely commercially sensitive and have the capacity to cause significant detriment to the relevant parties if they were to become publicly known.

The relevant sections over which confidentiality has been sought has been identified in accordance with the ACCC's *Guide for Excluding Confidential Information from the Public Register for Authorisation (Merger and Non-Merger) and Notification Processes* (April 2019).

Please do not hesitate to contact me if you have any questions regarding this application.

Kind regards,



**Alexandra Merrett**

Independent Competition Counsel

*An Australian Legal Practitioner within the meaning of the Legal Profession Uniform Law (Vic).  
Liability limited by a scheme approved under Professional Standards Legislation.*

# **FRED IT GROUP PTY LTD - TRANSITIONAL ARRANGEMENTS IN RESPECT OF ELECTRONIC PRESCRIPTION SERVICES**

*Application for authorisation*

**9 May 2023**

*Alexandra*  
**MERRETT**  
Independent Competition Counsel

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## Declaration by Applicant

The undersigned declares that, to the best of their knowledge and belief, the information given in response to questions in this form is true, correct and complete, that complete copies of documents required by this form have been supplied, that all estimates are identified as such and are their best estimates of the underlying facts, and that all the opinions expressed are sincere.

The undersigned undertakes to advise the Australian Competition and Consumer Commission immediately of any material change in circumstances relating to the application.

The undersigned is aware that giving false or misleading information is a serious offence and is aware of the provisions of section 137.1 and 149.1 of the *Criminal Code* (Cth).

## SIGNED

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Signature of Authorised Person

Tanya Fryc

General Counsel and Company Secretary

This            day of May 2023

## Executive summary

This application is made by Fred IT Group Pty Ltd and its related entities (**Fred IT Group**), including in particular eRx Script Exchange Pty Ltd (**eRx**). eRx is a wholly owned subsidiary of Fred IT Group Pty Ltd and operates an electronic pharmacy prescription exchange system, sometimes known as a **PES** or Prescription Delivery Service (**PDS**).

Both Fred IT Group (specifically eRx) and MediSecure Ltd and its related bodies corporate (**MediSecure**) current operate a PDS in Australia.

Following a competitive tender process, the Department of Health and Aged Care (the **Department**) has appointed Fred IT Group to be the sole provider of PDSs for electronic prescriptions which are publicly-funded (these comprise the vast majority of scripts issued in Australia). A move to Fred IT Group as the sole provider requires the transitioning of existing users of the PDS provided by MediSecure. The Department has expressed a desire for Fred IT Group and MediSecure to work together to ensure this transition occurs as smoothly and efficiently as possible. The co-operative arrangements that would be necessary between Fred IT Group and MediSecure to effect a smooth transition form the basis of the Proposed Conduct that is the subject of this application.

Specifically, the transitional arrangements involve three key aspects:

- site transition;
- vendor transition; and
- data transition,

all of which are explained in further detail in the body of this application.

To meet the Department's expectations and to effect the transitional arrangements within the agreed framework, Fred IT Group would (assuming this application is granted) seek to negotiate the following matters with MediSecure:

- the date or dates by which certain prescriptions and data will pass from the MediSecure PDS to the eRx PDS;
- how vendors will transition from MediSecure to eRx (including whether and if so how historical data relating to such providers will be transferred);
- when and how the MediSecure PDS will cease to be used in respect of publicly-funded scripts, such that new prescriptions are no longer created, stored or accessed via this system;
- MediSecure's ongoing operation of its PDS for the duration of the transition period (and possibly longer) to ensure the integrity of all data stored on its system is maintained; and
- the management of milestone payments (which will require defining each relevant milestone, the date by which it should be completed, and the amount to be distributed upon its completion).

Authorisation of the Proposed Conduct will help deliver a smooth and uninterrupted move to the Department's preferred model for operating the electronic prescribing eco-system. This in turn will enhance the prospects of individuals accessing their prescriptions – some of which may be of vital

consequence to their overall health – in a timely and accurate fashion. Given the potential for adverse consequences, continuity of supply is critical: authorisation of the Proposed Conduct will allow the best chance to ensure such continuity.

For the reasons set out in this application, the parties submit that the substantial public benefits which will follow from the Proposed Conduct significantly outweigh any public detriment: that is, the Proposed Conduct will give result in a net public benefit. The parties therefore ask that their application for authorisation be granted for the requested term.

## Parties to the Proposed Conduct

### Fred IT Group

1. This application is made by Fred IT Group Pty Ltd and its related entities (**Fred IT Group**), including in particular eRx Script Exchange Pty Ltd (**eRx**).
2. The website for Fred IT Group is: <https://www.fred.com.au/>. eRx maintains its own website at: <https://www.ernx.com.au/>.
3. Further details regarding the applicants are set out in the following table:

Name	Fred IT Group Pty Ltd
Address	Level 3, 20 Mollison Street, Abbotsford VIC 3067
Telephone	03 9418 1800
ACN	109 546 901
Email	<a href="mailto:companysecretary@fred.com.au">companysecretary@fred.com.au</a>
Contact person	Ms Tanya Fryc (General Counsel and Company Secretary)
Description of business activities	Fred IT Group is Australia's largest dedicated IT solution provider to the pharmacy industry. It designs and develops IT solutions for the pharmacy and health industries
Email address for service	<a href="mailto:alexandra@ajmerrett.com.au">alexandra@ajmerrett.com.au</a>

Name	eRx Script Exchange Pty Ltd
Address	Level 3, 20 Mollison Street, Abbotsford VIC 3067
Telephone	03 9418 1800
ACN	132 884 658
Email	<a href="mailto:companysecretary@fred.com.au">companysecretary@fred.com.au</a>
Contact person	Ms Tanya Fryc (General Counsel and Company Secretary)
Description of business activities	eRx is a wholly owned subsidiary of Fred IT Group Pty Ltd. It operates an electronic pharmacy prescription exchange system, sometimes known as a <b>PES</b> or Prescription Delivery Service ( <b>PDS</b> )
Email address for service	<a href="mailto:alexandra@ajmerrett.com.au">alexandra@ajmerrett.com.au</a>



## Other parties involved in the Proposed Conduct

4. The Proposed Conduct will also involve:
  - 4.1. The Department of Health and Aged Care (the **Department**); and
  - 4.2. MediSecure Ltd and its related bodies corporate (**MediSecure**), in particular IP MDS Pty Ltd ACN 132 172 957 (**MDS**) and Operations MDS Pty Ltd (**Op MDS**).
5. The Department recently conducted a tender process with a view to selecting one or more PDS providers and a single ASLR<sup>1</sup> provider (Health E21/5756909).<sup>2</sup> The tender process and outcome are explained in further detail at paragraphs 18-21. The transitional arrangements which form the core of the Proposed Conduct are to be implemented at the request of the Department.
6. Further details regarding the Department are set out in the following table:

Name	Department of Health & Aged Care
Address	23 Furzer Street, Phillip ACT 2606
Telephone	02 6289 8731
Contact person	[REDACTED]
Email	[REDACTED]

7. MDS owns a PDS, which is operated by Op MDS under licence. MediSecure Ltd is the parent company of both.
8. The website for MediSecure is: <https://www.medisecure.com.au>.
9. Further details regarding MediSecure are set out in the table below:

Name	MediSecure Ltd
Address	2/133 Market St, South Melbourne VIC 3206
Telephone	03 8677 5533
Contact person	[REDACTED]
Email	[REDACTED]

## Rationale

10. The Department has appointed Fred IT Group as the sole provider in respect of electronic prescription services following its recent tender process (Health/E21/576909).

<sup>1</sup> **ASLR** refers to the Active Script List Register. Medication Knowledge Pty Ltd ACN 622 493 967 (a related body corporate of Fred IT Group Pty Ltd) is already the sole provider of ASLR services in Australia via its product, MySL. The Proposed Conduct does not relate to the provision of the ASLR.

<sup>2</sup> See at: <https://www.tenders.gov.au/Atm/ShowClosed/f318621c-7a5e-4a7f-8337-8c6a74114f6a?PreviewMode=False> (viewed 11 March 2023).

11. A move to Fred IT Group as the sole provider entails the transitioning of existing users of the services of MediSecure to Fred IT Group. The Department has expressed a desire for Fred IT Group and MediSecure to work together to ensure this transition occurs as smoothly and efficiently as possible. In the words of the Department’s Statement of Requirement (which formed part of the tender documents) (see **Annexure A**), the new arrangements are to be “transitioned-in so as to minimise the risk of... disruption and ensure service continuity”.<sup>3</sup>

## Authorisation for the Proposed Conduct

12. The parties submit that the Australian Competition and Consumer Commission (the **ACCC**) should authorise the Proposed Conduct and grant the application for interim authorisation of the Proposed Conduct.

### The Proposed Conduct

13. The **Proposed Conduct** comprises the arrangements described at paragraphs 26-30 below. It arises from the need to implement transitional arrangements to effect the Department’s preferred tender outcome.

#### *Relevant background*

14. Prior to the tender process which precipitated this application, a market in Australia for PDS had developed. Such services relate to both paper scripts and electronic scripts. In both cases, encoded information on the script enables a streamlined transfer of information into pharmacy dispensing systems. This improves both the accuracy and efficiency of the dispensing process.
15. Fred IT Group entered this market (via eRx) in 2009. MediSecure entered the market shortly thereafter, whereupon the parties sought authorisation (see A91318) to facilitate interoperability between their respective systems. In essence, interoperability involves an exchange of data, such that a script created by someone (say, a doctor) using one party’s PDS can be filled at a pharmacy using the other party’s system. The commercial foundation of the interoperability between Fred IT Group’s and MediSecure’s respective PDSs relied on a revenue sharing arrangement between the two parties.
16. These exchange services have been the subject of successive authorisations,<sup>4</sup> and are currently protected via an interim authorisation which was granted in December 2022.<sup>5</sup>
17. The Department contributed to the funding of electronic scripts (and the supporting systems) via the Fifth Community Pharmacy Agreement (which has been rolled over several times). This funding contribution formed the basis of the revenue to be shared via the above arrangements.

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<sup>3</sup> See at paragraph 8.25.

<sup>4</sup> The original authorisation being A91318; see also A91579 and AA1000472.

<sup>5</sup> See the decision dated 15 December 2022, available at: <https://www.accc.gov.au/system/files/public-registers/documents/Interim%20Authorisation%20Decision%20-%2015.12.22%20-%20PR%20-%20AA1000628%20eRx.pdf>

*The tender process and outcome*

18. In March 2022, the Department issued a Request for Tender to engage providers of Electronic Prescription Services, including both PDS and ASLR.<sup>6</sup>
19. The tender contemplated the appointment of a single PDS provider or multiple providers and closed in June 2022. Fred IT Group responded on either basis; that is, it provided tender responses addressing a sole-provider model as well as a multi-party model.
20. In late 2022, the Department confidentially advised that Fred IT Group was its preferred tenderer, to be appointed as the sole provider of PDS in Australia. In February 2023, the Department and Fred IT Group commenced negotiations of the contractual terms under which Fred IT Group would be appointed sole provider. These negotiations have culminated in a Contract for Services between the Department and Fred IT Group relating to Electronic Prescription Services dated 8 May 2023 (the **Contract**).
21. Fred IT Group’s appointment as a sole provider means MediSecure will no longer provide services in respect of publicly funded scripts (although MediSecure has advised Fred and the Department that this does not necessarily entail the exit of MediSecure from the market altogether).

*The transitional arrangements*

22. A smooth transition from a multi-provider model to a sole provider model requires certain transitional arrangements to be implemented.
23. These arrangements were foreshadowed in the tender process: see, for example, the section entitled “Transition management” starting at paragraph 8.25 of the Statement of Requirement (Annexure A). Given the uncertainty as to the model to be adopted (sole vs multi-provider), however, there was limited consideration of the specific arrangements required. Since the Department decided to adopt a sole-provider model, the transitional arrangements have been considered in more detail.
24. In essence, a smooth transition can be effected in either of the following ways:
  - 24.1. co-operative arrangements between the incumbents (that is, Fred IT Group and MediSecure); or
  - 24.2. unilateral directions issued to each of Fred IT Group and MediSecure by the Department.
25. The Department has expressed a strong preference for the first of these options – the reasons for this are explained in further detail below at paragraph 59ff.
26. Accordingly, this application pertains to the co-operative arrangements that would be necessary between Fred IT Group and MediSecure to effect a smooth transition.
27. The transitional arrangements involve three key aspects:
  - 27.1. **site transition**: ensuring all MediSecure end-users are advised of when and how they will need to move to the Fred IT Group system;
  - 27.2. **vendor transition**:
    - 27.2.1. releasing current MediSecure vendors (a term explained in further detail below at paragraph 31) from their contractual obligations with MediSecure;

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<sup>6</sup> See above at n1.

- 27.2.2. ensuring Fred IT Group has the appropriate details to contact such vendors so it can work directly with them to secure their integration; and
    - 27.2.3. Fred IT Group undertaking conformance testing in support of vendors (with support from the Australian Digital Health Agency (ADHA) – this process is described in further detail below at paragraphs 65-68); and
  - 27.3. **data transition** (which is subject to “reasonable commercial efforts”, per clause 3.2(a) of Schedule 5 of the Contract):
    - 27.3.1. transferring all current e-prescriptions stored within the MediSecure PDS to the eRx system;
    - 27.3.2. obtaining technical assistance from MediSecure to ensure the eRx system can successfully integrate data from the MediSecure system;
    - 27.3.3. obtaining ongoing support from MediSecure to Fred IT Group to identify and resolve technical and data-related issues as they arise.
28. The Department proposes to remunerate MediSecure for the work entailed in effecting the transition of its data and vendors to the eRx system.
29. During its negotiations with Fred IT Group (see above at paragraph 20), the Department expressed the strong desire for Fred IT Group and MediSecure to negotiate such arrangements directly. Furthermore, its preference is for the remuneration discussed above to be distributed by Fred IT Group upon on the achievement of certain milestones relating to transition.
30. To meet the Department’s expectations and effect the transitional arrangements within the framework provided by Schedule 5, Fred IT Group would (assuming this application is granted) seek to negotiate the following matters with MediSecure:
  - 30.1. the date or dates by which certain prescriptions and data will pass from the MediSecure PDS to the eRx PDS;
  - 30.2. how vendors will transition from MediSecure to eRx (including whether and if so how historical data relating to such providers will be transferred);
  - 30.3. when and how the MediSecure PDS will cease to be used in respect of publicly-funded scripts, such that new prescriptions are no longer created, stored or accessed via this system;
  - 30.4. (subject to the proviso set out above at paragraph 27.3) MediSecure’s ongoing operation of its PDS for the duration of the transition period (and possibly longer) to ensure the integrity of all data stored on its system is maintained; and
  - 30.5. the management of milestone payments (which will require defining each relevant milestone, the date by which it should be completed, and the amount to be distributed upon its completion).
31. Vendors include prescribers and prescribing software providers, dispensers and dispensing software providers, and mobile intermediaries. These vendors as discussed in further detail below at paragraph 42.
32. The above arrangements have been reflected in Schedule 5 of the Contract, which is subject to the condition precedent set out in clause 3.3 of the main body of the Contract (concerning the need for ACCC authorisation or approval). Clause 3.3 and Schedule 5 are reproduced in **Annexure B**.

### Relevant provisions of the CCA

33. In light of the Proposed Conduct, authorisation is sought to:

- 33.1. make a contract or arrangement, or arrive at an understanding, a provision of which would be, or might be, a cartel provision within the meaning of Division 1 of Part IV of the *Competition and Consumer Act 2010* (Cth) (the **CCA**);
  - 33.2. give effect to a provision of a contract, arrangement or understanding that is, or may be, a cartel provision within the meaning of Division 1 of Part IV of the CCA;
  - 33.3. make a contract or arrangement, or arrive at an understanding, where a provision of the proposed contract, arrangement or understanding has the purpose, or would have or be likely to have the effect, of substantially lessening competition within the meaning of section 45 of the CCA;
  - 33.4. give effect to a provision of a contract, arrangement or understanding where the provision has the purpose, or would have or be likely to have the effect, of substantially lessening competition within the meaning of section 45 of the CCA;
  - 33.5. engage in a concerted practice which has the purpose, or would have or be likely to have the effect, of substantially lessening competition within the meaning of section 45(1)(c) of the CCA; and
  - 33.6. engage in conduct which has the purpose, or has or is likely to have the effect, of substantially lessening competition within the meaning of section 46 of the CCA.
34. Authorisation is sought on the basis that there will be a net public benefit and/or no substantial lessening of competition as a result of the Proposed Conduct.

#### Interim authorisation

35. The applicants seek interim authorisation as soon as possible to give effect to the Proposed Conduct, thereby enabling the commencement of the transition process, pending the outcome of the ACCC's final determination on authorisation.
36. The Department wishes to have transition to the sole provider model commence on 1 July 2023, and to be largely complete within 5 months (see clause 2 of Schedule 5 of the Contract). The exact timing of full transition is dependent upon several factors, including many third parties such as individual vendors and MediSecure itself. There is a clear benefit in the Department changing to its preferred system as soon as possible, as this will enable any associated cost-savings to be brought forward.
37. Fred IT Group wishes to do all it can to support the Department's desired timeframe. Interim authorisation will enable the parties to progress the transition process as much as possible pending a final decision being made by the ACCC. Note, however, that the anticipated timeframe for transition (discussed in further detail below at paragraph 41) is such that MediSecure is extremely unlikely to cease providing a PDS in respect of publicly-funded scripts prior to any final determination by the ACCC. As such, the granting of interim authorisation will not give rise to any conduct that cannot be "undone".
38. Fred IT Group submits that the granting of interim authorisation will not result in any public detriment as it will not give rise to any anti-competitive effects, and is highly unlikely to alter the competitive dynamics of any relevant market. The Proposed Conduct itself will give rise to no lessening of competition, substantial or otherwise.
39. In accordance with the ACCC's *Guidelines for Authorisation of Conduct (non-merger)* (December 2022), the applicants request that the ACCC make a decision on interim authorisation within 28 days of lodgement.

40. As noted in paragraph 16 above, there is currently an interim authorisation on foot which pertains to the exchange of data between the respective PDSs of eRx and MediSecure. The applicants note that, until transition is fully effected such that there is no further exchange of prescription data between their PDSs, the parties will need to continue to engage in the conduct the subject of that authorisation. As such, the applicants respectfully request that the interim authorisation remain on foot until transition is complete.

### Term of authorisation sought

41. Fred IT Group anticipates that complete transition may take in the order of 12 months, with MediSecure possibly being asked to maintain all data stored via its PDS for a further 12 months (in case of any problems with data that not identified until after the point of transfer). It notes, however, that it is difficult to properly scope the work required without first having detailed discussions with MediSecure. Between this uncertainty and a more general need to accommodate unexpected developments, Fred IT Group considers it prudent to incorporate significant allowance for slippage (particularly in relation to paragraph 30.4) – as such, it seeks authorisation for a term of three years.

### Parties likely to be affected by the Proposed Conduct

42. In addition to the market participants already discussed in this application, the principal parties likely to be affected by the Proposed Conduct are:
- 42.1. **prescribers:** prescribers are medical health practitioners, most often doctors, who have the authority to issue prescriptions;
  - 42.2. **prescribing software providers:** electronic scripts are issued by way of medical software. There are many such providers – for example, the comparative website, [www.softwareadvice.com.au](http://www.softwareadvice.com.au), returns 47 results for the search term “e-Prescribing Software”.<sup>7</sup> The most significant providers include Medical Director, Best Practice Software, Genie Solutions, and Zedmed;
  - 42.3. **dispensers:** the overwhelming majority of pharmaceutical prescriptions in Australia are dispensed via pharmacies;
  - 42.4. **dispensing software providers:** major software providers include Z Software, Minfos, AM Solutions (owned by Chemist Warehouse) and DispenseWorks.<sup>8</sup> Note that Fred IT Group itself competes in this space, via the products Fred Dispense and Fred Dispense Plus;<sup>9</sup> and
  - 42.5. **mobile intermediaries:** these include mobile app providers such as Medadvisor, Evermed, MedMate and MOSH.<sup>10</sup>
43. In confidential **Annexure C**, significant vendors are identified and contact details provided.
44. Ultimately, the individuals to whom prescriptions are issued will also be affected by the Proposed Conduct. Authorisation of the Proposed Conduct will facilitate a smooth transition between PDS providers, such that consumers are able to have their scripts dispensed

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<sup>7</sup> <https://www.softwareadvice.com.au/directory/1568/e-prescribing/software> (viewed 11 March 2023).

<sup>8</sup> A full list of recognised providers is available via the Australian Digital Health Agency: see <https://www.digitalhealth.gov.au/media/2190> (viewed 12 March 2023).

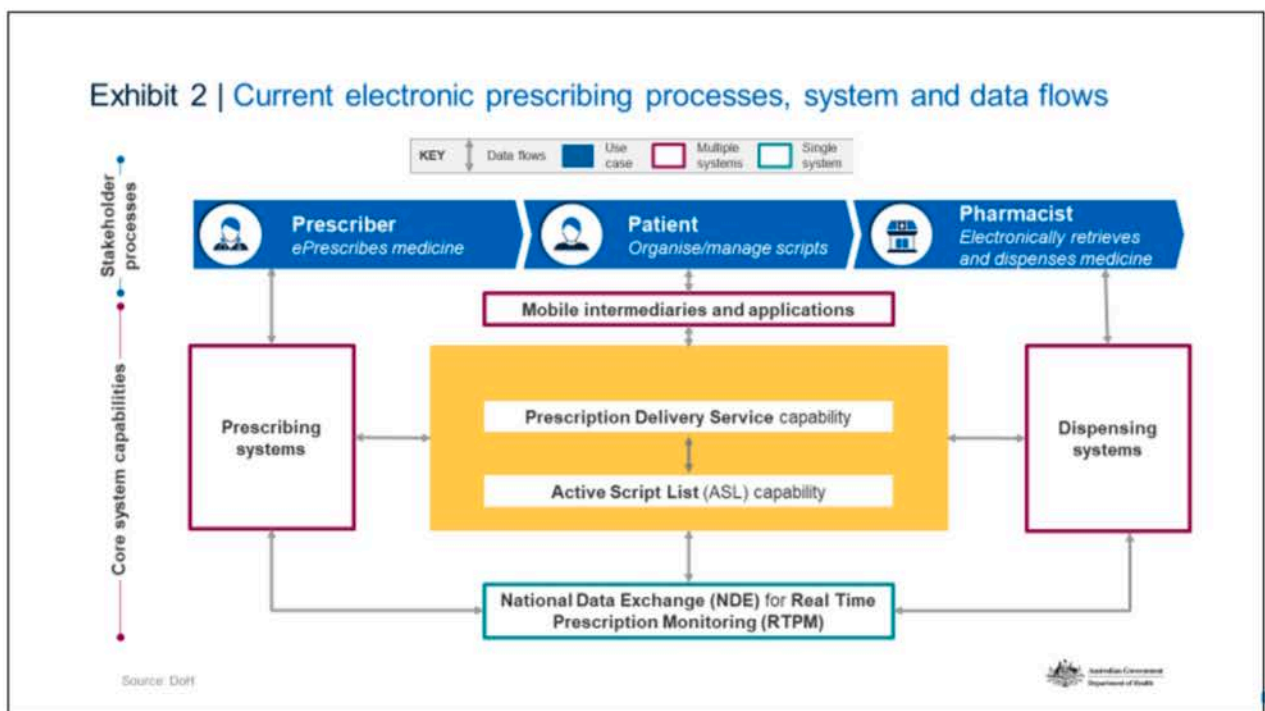
<sup>9</sup> <https://www.fred.com.au/what-we-do/community-pharmacy/fred-dispense/> (viewed 11 March 2023).

<sup>10</sup> Again, providers are listed in the register maintained by the Australian Digital Health Agency (above n8).

efficiently and accurately without even realising there has been a change in what is essentially a back-office function. This may be compared with what may occur in a future without the Proposed Conduct: see below at paragraph 63ff.

## Market information and concentration

45. The Statement of Requirement (Annexure A) provides a useful background to understanding PDSs and the industry in which such services are currently provided.
46. Exhibit 2 from the Statement of Requirements is a diagram providing a high-level summary of electronic prescribing processes, systems and dataflows and is reproduced below:



47. Such services are provided on a national basis.
48. The Proposed Conduct relates only to publicly-funded prescriptions. Based on Fred IT Group's own breakdown, this is estimated to constitute approximately 84% of all scripts issued in Australia.

## Competition analysis

49. The applicants (specifically eRx) and MediSecure currently compete in the supply of PDS. As recently as late last year, Minfos was contemplating launching a PDS (this indeed prompted the recent eRx reauthorisation application).<sup>11</sup> Fred IT Group does not know if it still proposes to do so.
50. Based on interchange activity during FY22, eRx's share of originating and dispensing electronic prescriptions is in the order of 85-90%, with MediSecure constituting the remainder.

<sup>11</sup> See the decision dated 15 December 2022, available at: <https://www.accc.gov.au/system/files/public-registers/documents/Interim%20Authorisation%20Decision%20-%2015.12.22%20-%20PR%20-%20AA1000628%20eRx.pdf>

51. Given the tender outcome, Fred IT Group would not expect new entry during the life of the Contract.
52. That said, the move to a formal contract with the Department for a single provider marks a significant change to how the market will function: rather than PDS providers seeking to displace Fred IT Group's position as the first mover, the use of a tender process to appoint a single provider transforms the dynamic to one of periodic competition for the market, with the Department deciding the outcome. This reflects the Department's position as the only funder of the overall e-prescription process and its role in regulating the broader electronic prescribing ecosystem.

## **The public benefits likely to result from the Proposed Conduct**

53. As noted by the Tribunal, public benefit includes "any contribution to the aims pursued by the society [as assessed] from the perspective of society as a whole: the best use of society's resources".<sup>12</sup> In this case, the Proposed Conduct directly supports the implementation of the Department's preferred strategy for the provision of essential health services (and the funding model necessary to support such services).
54. In particular, it will help deliver a smooth and undisrupted move to the Department's preferred model for operating the electronic prescribing eco-system. This in turn will enhance the prospects of individuals accessing their prescriptions – some of which may be of vital consequence to their overall health – in a timely and accurate fashion. Given the potential for adverse consequences, continuity of supply is critical: authorisation of the Proposed Conduct will allow the best chance to ensure such continuity.
55. As such, the applicants submit that the Proposed Conduct is vital to ensuring the integrity of the electronic prescribing eco-system and ongoing confidence in that system by all users.

## **Public detriment (including likely competitive effects)**

56. It may be considered that a transition from two PDS providers to one constitutes a lessening of competition. This, however, could not be correctly characterised as a market outcome; nor would it result from the Proposed Conduct. Rather it would be a product of the Department's decision with respect to the tender.
57. The Proposed Conduct seeks only to give effect to the Department's decision regarding the most efficient and effective manner by which to deploy tax-player funds. The Department's approach indicates that it considers competition for the market is likely to achieve better outcomes as opposed to competition within the market.
58. As such, the applicants submit that the Proposed Conduct does not give rise to any detriment.

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<sup>12</sup> *Re 7-Eleven* (1994) ATPR 41-357 at [42,677].



## The future without the conduct

### Alternate means of effecting an orderly transition

59. As noted above, it may be possible for the Department to effect transition to a sole-provider model by way of issuing directions to each of Fred IT Group and MediSecure.
60. The details required to inform such directions, however, would entail intricate understanding of the processes underpinning each PDS (see for example the matters contemplated by paragraphs 27 and 30). Given its lack of involvement in actually developing and providing a PDS (and performing conformance services), the Department is very unlikely to be able to articulate in sufficient detail the steps that would be required.
61. Furthermore, if the Department were consistently to revert to each of Fred IT Group and MediSecure to ascertain the steps involved, their correct order and timing, and whether they had been appropriately achieved (for example, to assess whether milestone payments should be made), Fred IT Group and MediSecure would remain at risk of making or giving effect a “contract, arrangement or understanding” containing one or more cartel provisions.
62. As such, the need for authorisation would stand, as the Department cannot independently ascertain all that is required to effect a smooth transition of all users of the MediSecure system to the eRx system.

### The alternative of a disorderly transition

63. If an orderly transition were unable to be negotiated between the current PDS providers, Fred IT Group anticipates that MediSecure may withdraw its services from the market without notice. This would leave vendors stranded and scrambling for access to eRx’s services in order to manage electronic prescriptions. This is likely to leave a not insignificant number of end-users unable to access their scripts in a timely fashion – this in turn may lead to adverse health outcomes.
64. A sudden move of vendors en masse to eRx may also cause stress to the eRx system – such moves could be prompted by MediSecure’s withdrawal or even just the announcement of the tender outcome. This may cause wider disruption to the processing of electronic scripts, again aggravating the risk of adverse health outcomes.
65. Fred IT Group currently has the capacity to support multiple vendors preparing to onboard to a PDS system (this is known as conformance). The conformance process is complex, with its various stages explained in more detail in **Annexure D**; contact details for ADHA are also included. As at the date of this application, Fred IT Group is working with 4 vendors for conformance observed testing. Generally, 5-6 vendors can be supported through the conformance process (from beginning to end) in a 3-month period.
66. Any party wishing to participate in ePrescribing must be declared conformant to the relevant (and current) conformance profile. eRx is in the process of conformance profile V3.0.1 testing with ADHA, which will impose further limits on its capacity to rapidly onboard new vendors.
67. MediSecure is thought to have around 15-20 integrated vendors, with a further 20 under contract. An unknown number of MediSecure vendors do not have any current arrangements in place with Fred IT Group – each will need to undergo the conformance process outlined above.
68. ADHA also has a significant role to play in the smooth transition of vendors throughout the conformance process. It proposes to provide additional resources to ensure the conformance

process is as efficient as possible. Despite these additional resources, however, there will remain structural limits on just how many vendors can be transitioned at any one time.

69. While there is an ability to revert to paper prescriptions to help manage such issues, this would be at odds with the Department’s stated objectives to encourage more wide-spread use of electronic prescriptions, due to their enhanced efficiency and accuracy.
70. Furthermore, using paper prescriptions cannot “fix” prescriptions already in place: where a fully digital prescriptions has already been issued, it cannot revert to paper without being reissued entirely – that is, the patient must contract the prescriber and ask for a new paper prescription. Over 100 million fully digital scripts have been created since their introduction in May 2020. At any one time, millions of digital scripts (including repeat supply prescriptions) would be in public circulation and – in the absence of an orderly transition of services – those which are stored on the MediSecure servers would be at risk of not being available to the patient to whom they were issued.

## Conclusions

71. For the reasons above, the parties submit that the substantial public benefits which will follow from the Proposed Conduct significantly outweigh any public detriment: that is, the Proposed Conduct will give result in a net public benefit. The parties therefore ask that their application for authorisation be granted for the requested term.

## **Annexure A: Statement of Requirement**

*Please see over.*

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Australian Government

Department of Health

**REQUEST FOR TENDER  
ELECTRONIC PRESCRIPTION SERVICES**

**Health/E21-576909**

**ISSUED BY THE AUSTRALIAN GOVERNMENT DEPARTMENT OF HEALTH**

**ATTACHMENT A – STATEMENT OF REQUIREMENT**

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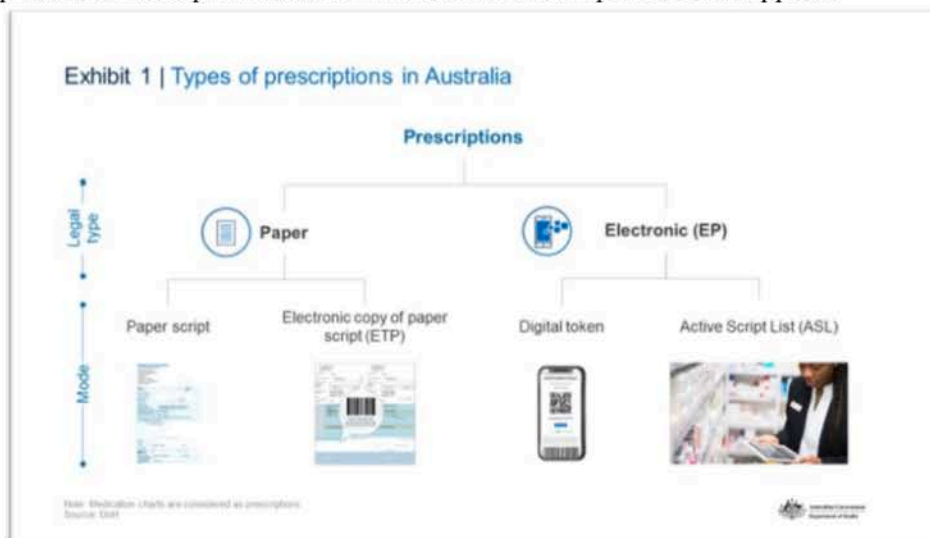
**BACKGROUND**

**1. INTRODUCTION**

- 1.1. Electronic transfer of paper prescriptions (ETPs) and Electronic Prescriptions (EPs) are improving efficiency, compliance, medicine safety and data collection relating to the use of pharmaceuticals in Australia. ETPs occurs when paper prescriptions have a barcode printed on them to streamline information transfer into pharmacy dispensing systems. EPs are an alternative form of prescription, consumers are provided with a digital token (QR code) to unlock their prescription.
- 1.2. Significant improvements in the end-to-end Electronic Prescribing Ecosystem (EPE) have been achieved since 2012, with approximately 91% of dispensed scripts now digitally supported. The Department is seeking to grow the usage of, and value provided by, electronic prescribing through:
  - improving the customer experience for prescribers, consumers and dispensers
  - optimising the EPE to support further scale
  - supporting further innovation
  - improving interoperability with other healthcare services
  - ensuring the effectiveness and sustainability of the operating and funding model.
- 1.3. These changes will occur in the context of broader digital healthcare reform processes, including setting interoperability standards (e.g. Fast Healthcare Interoperability Resources (FHIR)) and further digital innovation in primary healthcare (e.g. telehealth, diagnostic imaging and pathology). Electronic medicines information and prescriptions are also integrating with other digital health architecture, including My Health Record, state and territory government systems (e.g., hospitals and other acute care), mobile applications and electronic medication charts in residential aged care facilities.

**2. OVERVIEW OF PRESCRIPTIONS IN AUSTRALIA**

- 2.1. There are two types of legal prescriptions, paper and electronic, as shown in Exhibit 1. Paper prescriptions can be handwritten or computer-generated. The paper prescription must be presented to the pharmacist for medicines to be dispensed and supplied.



- 
- 2.2. Since 2010, ETPs generated directly from General Practitioner (and other prescribing) systems to pharmacy dispensing systems has improved the accuracy and efficiency of medicines supply. The transfer is facilitated by a Prescription Delivery Service (PDS). A paper prescription remains a legal prescription and must still be presented to the pharmacy for medicines to be dispensed and supplied.
  - 2.3. From 2019, EPs were legally enabled as a digital alternative to paper prescriptions. During the consultation, the prescriber sends an electronic prescription token to the consumer as an SMS or email. The consumer (or their agreed carer) can send or present their electronic prescription (in digital form or a printed copy of the token) to the pharmacy to dispense and supply medicines.
  - 2.4. A token management solution called an Active Script List (ASL) provides a consolidated list of a consumer's active EPs including information about any current paper prescriptions or repeats for which electronic information is available. Using their ASL, a consumer can have their pharmacy dispense for them. This means the consumer (or their agreed carer) can walk into any pharmacy, give consent for them to access their ASL, and have that pharmacy dispense their medicines.

### **3. PRESCRIPTION VOLUMES**

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- 3.1. There are approximately 317m Pharmaceutical Benefits Scheme (PBS) scripts dispensed each year. Total prescriptions are expected to grow with population at approximately 2% per year.
- 3.2. The majority of prescriptions today are supported by ETPs (88%), however, currently, 38% of all prescriptions are dispensed using some degree of manual processing to address missing data, data errors and/or scanning errors. These are categorised as “partial ETPs”, while ETPs that do not require any manual data entry by the pharmacist are categorised as “full ETPs”.
- 3.3. Currently, 9.4% of all PBS dispensed scripts are EPs (of which 80% are sent via SMS token). This is expected to grow as a proportion of prescriptions over the next four years, due to:
  - increasing consumer familiarity with the technology
  - greater and more evident consumer experience benefits (e.g., medication management, integration with pharmacy delivery systems)
  - continued growth of telehealth services (supported by EPs as they offer more convenience than receiving a paper prescription via the mail).
  - A strong focus and desire by the Government to innovate and improve the consumer experience to promote further growth.

### **4. ELECTRONIC PRESCRIBING PARTICIPANTS AND PROCESSES**

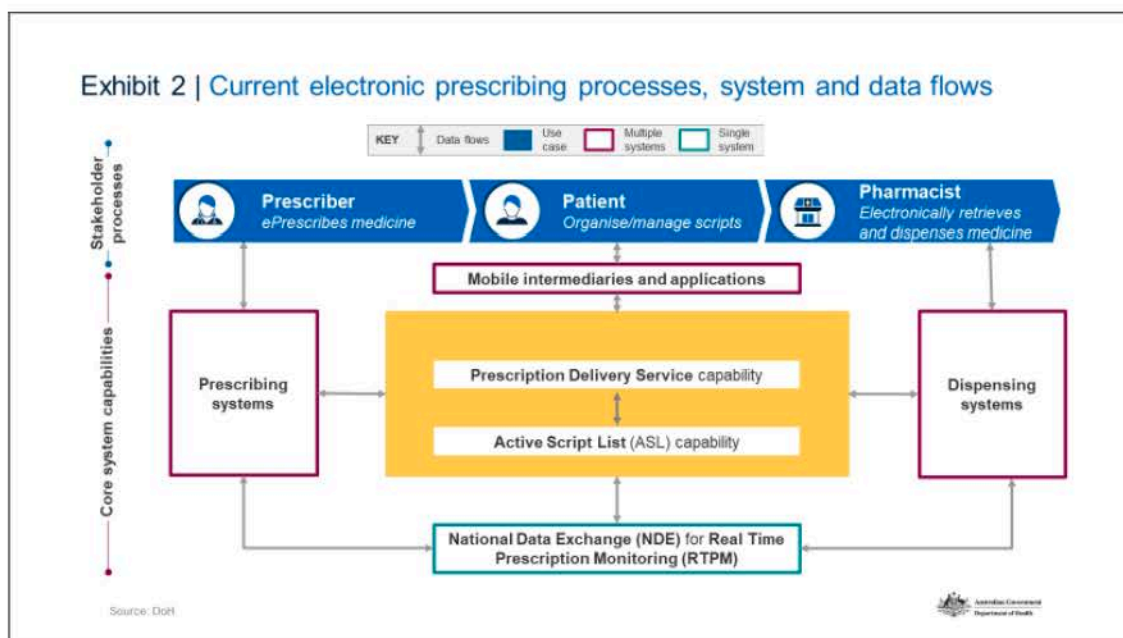
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- 4.1. Tenderers are referred to the document Electronic Prescribing Solution Architecture v3.0 published by the Australian Digital Health Agency (the Agency) and available at: <https://developer.digitalhealth.gov.au/specifications/ehealth-foundations/ep-3543-2021/dh-3542-2021>.
- 4.2. Among others, the EPE is made up of the following key participants as specified in the Electronic Prescribing Solution Architecture v3.0 published by the Agency:

Role	Description
Active Script List Registry (ASLR)	<p>The system and services that allows:</p> <ul style="list-style-type: none"> <li>• a consumer to register for an Active Script List</li> <li>• Prescriptions and repeat authorisations to be added to a Subject of Care’s Active Script List</li> <li>• Viewing of a Subject of Care’s active prescriptions and tokens for EPs which can be used to dispense an electronic prescription</li> <li>• mobile application vendor to provide mobile applications to allow Subjects of Care to view and manage access to their Active Script Lists.</li> </ul>
Dispenser (or Pharmacist)	<p>A clinician who is permitted to dispense medicines under state regulations. These include dispensers (e.g. pharmacists) that work in the community, hospitals, and contracted pharmacies. Dispensers are an approved supplier under the National Health Act 1953.</p>
Dispensing Software	<p>Clinical Information System software that is used by authorised dispensers to facilitate the retrieval of prescriptions from a Prescription Delivery Service and the dispensing of medicines.</p>
Mobile Application	<p>A mobile application or web based application is used by the Subject of Care/Carer to manage their prescriptions as well as provide the capability to present the electronic prescription token (see below) to a pharmacy.</p>
Mobile Intermediary	<p>Software which manages communication between the delivery services (i.e. Open Prescription Delivery Services and Active Script List Registry Services) and Mobile Applications. The mobile intermediary’s main purpose is to access prescription information contained in one or more Open PDSs on behalf of mobile applications and provide other functionality such as user authentication and validation. The mobile intermediary may also store electronic prescription tokens on behalf of the Subject of Care. In most cases the mobile intermediary will be the mobile application’s server component.</p>
Prescriber	<p>Clinicians who are authorised under Commonwealth and state and territories regulations to prescribe a medicine. These may include but are not limited to, general practitioners, specialists, nurses, nurse practitioners, dentists, optometrists, podiatrists and allied health professionals based in community, residential care and hospital settings.</p>
Prescribing Software	<p>Clinical Information System software that is used by an authorised prescriber to facilitate the creation of prescriptions, including prescribing systems used to author electronic medication charts.</p>
Prescription Delivery Service	<p>The mechanism through which an electronic prescription is communicated from a prescribing system to a dispensing system.</p>



4.3. A high level summary of electronic prescribing processes, systems and data flows is shown in Exhibit 2:



4.4. The PDS also serves as a data stream for the national Real Time Prescription Monitoring System (specifically the National Data Exchange) for monitored medicines (such as Schedule 8 and some Schedule 4 medicines).

## THE SERVICES REQUIRED BY THE DEPARTMENT

### 5. SCOPE OF SERVICES

- 5.1. To ensure continued optimisation and value for money in electronic prescribing services, the Department is testing the open market with a view to engaging a single or multiple PDS providers, and a single ASLR provider, for an initial term of four years and three optional further terms of one year each.
- 5.2. Tenderers can offer to supply one or multiple services as provided below:
  - OFFER A – PDS only (Parts 6 and 8 of this Attachment A must be addressed) **OR**
  - OFFER B – ASLR only (Parts 7 and 8 of this Attachment A must be addressed); **OR**
  - OFFERS A and B – both PDS and ASLR (Parts 6, 7 and 8 of this Attachment A must be addressed).
- 5.3. The Service Provider’s PDS and/or ASLR service must be conformant to the current version of the Conformance Profile (v3.0) at the time of Agreement execution.
- 5.4. The Service Provider must upgrade their systems whenever a Conformance Profile relevant to their contracted service is updated and demonstrate that the system conforms with the new profile. The Contract will specify the frequency with which upgrades to the conformance profile will be issued, the grace period before assessment to that amendment is required and the processes that will ensue should the provider fail to demonstrate conformance.

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## 6. OFFER A – PROVISION OF PDS

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- 6.1. Tenderers are invited to submit a tender to implement, operate and maintain a Prescription Delivery Service, which, at the time of contract execution, must be conformant with Electronic Prescribing Conformance Profile v3.0 as published by the Agency (<https://developer.digitalhealth.gov.au/specifications/ehealth-foundations/ep-3444-2021/dh-3442-2021>).
- 6.2. For PDS, Tenderers may choose to make one or both of the following offers:
- **OFFER A1.** Tenderers can offer to supply PDS using the Department-provided pricing model (see Part 6 Schedule 10 – Tenderers Pricing for details). Tenderers should note that under this model a maximum of three providers will be appointed; AND/OR
  - **OFFER A2.** Tenderers can offer to supply as the sole PDS provider and propose a pricing model.
- 6.3. The Service Provider must maintain and publish the technical interface specifications and related documentation required by software developers to integrate their systems to the PDS/ASLR infrastructure.
- 6.4. The Service Provider must provide and maintain a software verification test (SVT) environment that integrating software developers may use to:
- test that their systems successfully integrate with the PDS/ASLR infrastructure
  - conduct end-to-end testing of the electronic prescribing and dispensing workflow
  - conduct conformance testing to establish that software satisfies the relevant conformance requirements.
- 6.5. The Service Provider must perform the Agency conformance testing required by developers integrating with their environment on behalf of the Agency and in accordance with operating guidelines for conformance testing agreed by the Agency.
- 6.6. Service Providers must have connections from at least two different conformant prescribing software systems and at least two different conformant dispensing software systems and at least two mobile intermediary systems. For the avoidance of doubt, two different versions of the same system, or cloud and non-cloud implementations of the same system does not meet this requirement.

**End of Offer A.**

## 7. OFFER B – PROVISION OF AN ASLR

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- 7.1. Tenderers are invited to submit a tender to implement, operate and maintain an Active Script List Register, which, at the time of contract execution, must be conformant with Electronic Prescribing Conformance Profile v3.0 as published by the Agency (<https://developer.digitalhealth.gov.au/specifications/ehealth-foundations/ep-3444-2021/dh-3442-2021>).
- 7.2. The Service Provider must maintain and publish the technical interface specifications and related documentation required by software developers to integrate their systems to the ASLR infrastructure.
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**End of Offer B.****8. OPERATING REQUIREMENTS FOR BOTH PDS AND ASLR SERVICES**

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**Service availability and response**

- 8.1. The Service Provider must develop and maintain a Business Continuity and Disaster Recovery Plan for the Services.
- 8.2. The Service Provider must propose and show detailed business continuity parameters for the provided service, including, but not limited to:
  - Maximum Allowable Outage (MAO)
  - Recovery Level Objective (RLO)
  - Recovery Time Objective (RTO)
  - Recovery Point Objective (RPO).
- 8.3. The Services must allow for full data recovery and restoration of services within the MAO period.
- 8.4. The Services must be architected to ensure no loss of data in the event of endpoint outages.
- 8.5. The Service Provider will be required to adhere to agreed monthly percentage uptimes.
- 8.6. The Service Provider's systems will provide responses to 95% of requests to their systems, adhering to an agreed quantified range for response time.

**Data management requirements**

- 8.7. PDS and ASLR providers manage and store highly sensitive clinical, compliance and operational data about individual consumers. The systems must be able to ensure that the data can be securely provided with the appropriate consent whilst maintain privacy and other relevant standards.
- 8.8. Given the sensitive nature of the data, PDS and ASLR providers must adhere to the health data transmission framework of policies:
  - [Electronic Prescriptions Security Policy](#) – Information systems used to process electronic scripts must be secure, only provide data access to required parties and track the origination of scripts. The policy requires encryption, secure messaging, and authorisation processes to ensure system security.
  - [Electronic Prescriptions Privacy Policy](#) – Information systems must maintain the privacy of consumer's sensitive health data. This includes only collecting personal data with proper grounds, only disclosing/using data in line with the purpose of collection and only securely storing personal data where required.
  - [Electronic Prescriptions Data Usage Policy](#) – For EPs different parties are only allowed to access, store, transmit, and use certain types of personal health data as detailed in this policy. All parties (prescribers, dispensers, prescription delivery services and mobile applications) require the consumer's consent to collect and use their data.
- 8.9. The Service must maintain IRAP certification and provide a security assessment report from an IRAP registered assessor on an annual basis.

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**Incident management**

- 8.10. The Service must report in a timely manner and in the approved format any and all events and incidents that meet the criteria for an Electronic Prescribing Reportable Incident, as published by the Agency from time to time and to participate in the inter-organisational management of any such event or incident.
- 8.11. The Service must implement safety directives and actions that are identified or stipulated by the Agency or the Department as necessary pursuant to an event or incident, including reporting on implementation progress and status.

**Governance, change management and reliability engineering**

- 8.12. Governance and maintenance of IT systems associated with the Services must be consistent with best practice environment management and reliability engineering especially with regards to the promotion of new functionality into production environments. Appropriate documentation to outline these systems must be provided as part of the tender.
- 8.13. If there are specific clinical safety or security aspects that require immediate redress, the Agency will negotiate the required date of compliance with participating vendors. The Service must comply with all Agency requests within the specified time period.

**Help desk service**

- 8.14. The Service Provider must ensure that a level of support agreed by the Agency and the Department of Health is provided to EPE participants throughout the term of the Agreement.
- 8.15. The Service Provider must operate a helpdesk for EPE participants with service times and performance metrics to be agreed. The helpdesk should operate during standard business hours as a minimum. Tenderers are expected to propose a helpdesk solution that addresses the diverse needs of ecosystem participants.
- 8.16. The help desk to use the Agency's IT Service Management tool (ServiceNow) to manage P1-4 incidents.
- 8.17. The help desk must achieve the service levels for response and remediation of reported incidents as documented in the Performance Management Plan.

**Continuous improvement**

- 8.18. Throughout the term of the engagement and beyond, the Department expects to work collaboratively with Service Provider(s) to continuously improve the ecosystem for all participants. Such improvements will include refinements and enhancements to existing services but also identification and implementation of initiatives and innovations that expand capability into the broader healthcare system.
- 8.19. With respect to refinements and enhancements to existing services, the Department expects the Service Provider's participation will include but will not be limited to:
- development of and compliance with interoperability standards related to the EPE
  - review and improvement of electronic prescribing conformance profiles
  - participation in industry and government led processes to improve the safety and effectiveness of the EPE.
- 8.20. With respect to broader initiatives and innovations, the Department has five key areas of focus over the term of the Agreement:

<p><b>1. Customer (prescriber, patient, and dispenser) experience and innovation</b></p>	<p>Customer choice is a core principle and the Department is seeking to support customer choice by creating opportunities to design new and improved customer experiences, and foster service delivery innovation across the EPE (including in key components, e.g. dispensing systems and patient mobile applications).</p> <p>The Department is seeking to identify specific opportunities to improve customer experience and service delivery, as well as the enablers required to support these.</p>
<p><b>2. Digital health best practice</b></p>	<p>The Department seeks technical service delivery that is aligned to the <i>National Digital Health Strategy</i> and facilitates interoperability (e.g. exchange of data). The <i>National Digital Health Strategy</i> outlines the foundational principles for digital service delivery, including the importance of availability and access to prescriptions and medicines information, interoperability, and improvements in data quality.</p> <p>The Department is seeking to explore synergies/opportunities with other digital health reforms such as diagnostic imaging and pathology eRequest/eReferrals</p>
<p><b>3. Cost efficiency, transparency and sustainability</b></p>	<p>The Department seeks to ensure a sustainable, cost-efficient and transparent funding model, which supports viable service delivery by EPE participants including prescribers, dispensers and software providers. As per the <i>National Medicines Policy</i>, the system must continue to support timely access to the medicines that Australians need, at a cost that individuals and the community can afford.</p> <p>The Department is seeking to continue to improve overall cost-efficiency and transparency, including operational costs such as the SMS-based messaging.</p>
<p><b>4. Governance and risk management</b></p>	<p>As outlined in the <i>National Model Clinical Governance Framework</i>, published by the Australian Commission on Safety and Quality in Health Care, effective regulation and governance will be required to ensure consumer and provider trust in the system. The Department is seeking to improve transparency across the ecosystem and ensure relevant standards are upheld.</p>
<p><b>5. Capability and change management</b></p>	<p>Digital health, and particularly medicine management within the health sector, will continue to evolve as consumer needs shift and new technologies emerge. The Department seeks to ensure that the Services will have flexibility to adapt as needed and better support necessary policy, technology, or other changes in an ongoing and sustainable manner.</p>

- 8.21. The Service Provider must develop and maintain an Innovation Plan that documents how they intend to support the Department’s five key areas of focus. The plan should include both initiatives and innovations specific to the Service Provider and those that contribute to the broader EPE and/or healthcare system. The plan should also specify initiatives and innovations that the Service Provider offers to fund and those that they would seek alternative funding for.
- 8.22. The Service Provider’s execution of their Innovation Plan will be included in their performance assessment.

**Risk management**

- 8.23. The Service Provider must develop and maintain a Risk Management Plan for the delivery of the services. The plan should include:

- 
- the key issues and risks they consider are relevant to the provision of the Services
  - the Service Provider's suggested approach to the issue and risk
  - the Service Provider's and Department's roles in the suggested approach
  - the Service Provider's risk management systems to be used to monitor and manage risk.

8.24. The Service Provider's management and execution of their Risk Management Plan will be included in their performance assessment.

#### **Transition management**

8.25. The Service Provider must ensure that the Services are transitioned-in so as to minimise the risk of EPE disruption and ensure service continuity.

8.26. The Service Provider must develop and maintain a Transition Management Plan for the implementation of the Services.

8.27. The Service Provider must provide statistical reporting to the Department and Agency as negotiated which will allow the Department and Agency to monitor the implementation and uptake.

8.28. The Service Provider may be required to migrate EPs from other providers to their systems within a period identified by the Department. This migration should be done with no business interruptions.

8.29. The Service Provider agrees to transition any active EPs or active script list registry information to another provider, ensuring no disruption to consumers, if one of the following events occur:

- the Service Provider seeks to cease to supply the Services during a contract
- at the end of the contract if the Service Provider is not granted an extension or a new contract to offer similar services
- the Department terminates the Service Provider's contract.

#### **Performance Management and Reporting**

8.30. The Service Provider must ensure quality and continuity of the Service at all times. The agreed services and standards will be documented in the Performance Management Plan (PMP) which will be used as the basis for ongoing monitoring, evaluation and management of the Service Provider's performance.

8.31. The Service Provider will be required to regularly produce reports to demonstrate their compliance with the agreed service levels detailed in the PMP.

8.32. In addition to performance management reporting, the Service Provider will be required to provide service usage data and analysis to support the identification and implementation of continuous improvement initiatives.

**ESTIMATES ONLY**

Tenderers acknowledge that the requirements and obligations detailed in this Attachment A are based on projected future requirements that may vary significantly from current and historical requirements.

**GLOSSARY**

<b>Term</b>	<b>Definition</b>
<b>ASL</b>	Active Script List, which is a consolidated list of a consenting consumer’s EPs
<b>ASLR</b>	The system and services that allows: <ul style="list-style-type: none"> <li>• a consumer to register for an Active Script List</li> <li>• Prescriptions and repeat authorisations to be added to a Subject of Care’s Active Script List</li> <li>• Viewing of a Subject of Care’s active prescriptions and tokens for EPs which can be used to dispense an electronic prescription</li> </ul> mobile application vendor to provide mobile applications to allow Subjects of Care to view and manage access to their Active Script Lists
<b>Dispensing system</b>	Systems used by pharmacists to retrieve EPs and dispense medicines
<b>EPs</b>	Electronic Prescriptions, i.e., a digital token
<b>EPE</b>	Electronic Prescribing Ecosystem
<b>ETPs</b>	Electronic Transfer of Paper Prescriptions
<b>PBS</b>	Pharmaceutical Benefits Scheme
<b>PDS</b>	Prescription Delivery Service (PDS), formerly known as Prescription Exchange Service
<b>Prescribing system</b>	Systems used by prescribers to keep consumer records and create EPs
<b>Mobile intermediary</b>	Systems used by consumer mobile applications to access consumer prescriptions from the PDS
<b>NDE</b>	National Data Exchange, IT architecture that consolidates prescription data from the PDS, prescribing and dispensing systems
<b>RTPM</b>	Real Time Prescription Monitoring, provides information to doctors (prescribers) and pharmacists (dispensers) about a consumer’s history and use of controlled medicines when they are considering prescribing or dispensing these medicines

## **Annexure B: Contract – extract of relevant provisions**

*Please see over.*

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**Australian Government**

**Department of Health  
and Aged Care**

**CONTRACT FOR SERVICES**

between the

**COMMONWEALTH OF AUSTRALIA**

as represented by the

**Department of Health and Aged Care**

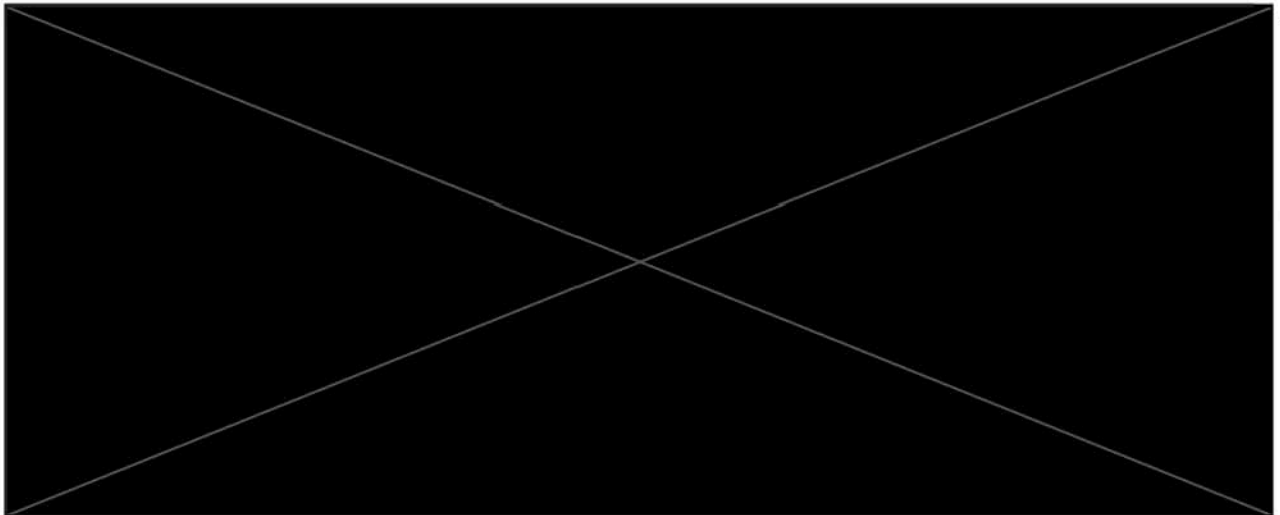
ABN 83 605 426 759

And

**Fred IT Group Pty Ltd**

68 109 546 901

**in relation to *Electronic Prescription Services***



**3. TERM**

**3.1 Contract Period**

Subject to clause 3.3, this Contract commences on the Commencement Date and, unless otherwise lawfully terminated, continues for the duration of the Initial Contract Period specified in Item 2 of the Contract Details.

**3.2 Option to extend the Initial Contract Period**

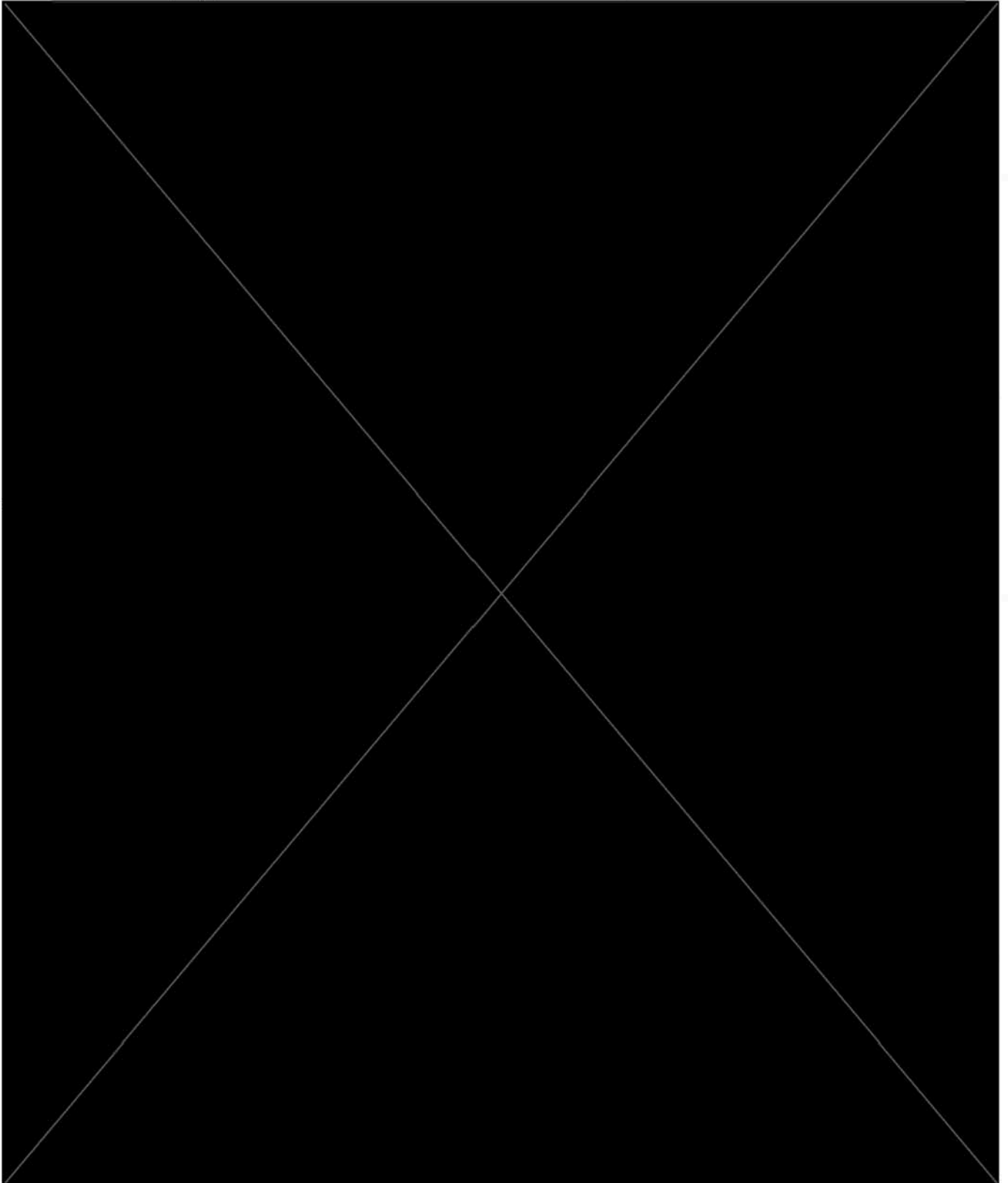
- (a) The Initial Contract Period may be extended by the Department for further periods specified in Item 3 of the Contract Details, on the terms and conditions then in effect, by giving Notice to the Service Provider. Such Notice must be at least 60 days before the end of the current Contract Period.
- (b) Any extension exercised in accordance with this clause 3.2 takes effect from the end of the then current Contract Period.

**3.3 Condition precedent and commencement of Transition In**

- (a) The provisions of Schedule 5 have no legal force and do not become binding unless and until either:
  - (i) the Australian Competition and Consumer Commission indicates that its authorisation or approval is not required for the activities set out in Schedule 5; or
  - (ii) the Australian Competition and Consumer Commission provides an authorisation or approval for the Service Provider to engage in the activities set out in Schedule 5.
- (b) Upon the condition precedent set out in clause 3.3(a) being met, the Service Provider will commence delivery of the services set out in Schedule 5 within 5 business days (regardless of whether that date is before or after the Commencement Date). If Schedule 5 commences before the Commencement Date, the other clauses in this

contract will be activated to the extent necessary to give efficacy and effect to the terms of Schedule 5.

- (c) The Service Provider must do all things reasonably necessary, and within a timely manner, to seek the Australian Competition and Consumer Commission’s authorisation or approval for the activities set out in Schedule 5.



## **Schedule 5 – Transition In**

### **1. OVERVIEW OF TRANSITION IN SERVICES**

- (a) The Service Provider must ensure that the Solution and the Services are transitioned-in so as to minimise the risk of disruption to the EPE and ensure service continuity.
- (b) The Service Provider must transition the following sites to exclusively use Fred IT's Prescription Delivery Service (PDS) for electronic prescriptions:
  - (i) The sites of Transacting Entities whose software is currently connected both to Fred IT's PDS and to the PDS of the departing incumbent provider; and
  - (ii) The sites of Transacting Entities whose software is currently connected to the PDS of the departing incumbent provider only.
- (c) Subject to clause 3.2(a), following the site transition, the Service Provider must transition any residual prescription data from the PDS of the departing incumbent provider to Fred IT's PDS.
- (d) The Department understands that the transition-in services will be managed by Fred IT and that Fred IT may engage subcontractors, one of which may be the departing incumbent provider, to complete the transition in.

### **2. TIMING**

- (a) The Service Provider will commence transition on the Commencement Date and will complete phase 1 of transition within 5 months from the Commencement Date.
- (b) Phase 1 of transition will be deemed to have been completed when:
  - (i) 100% of conformant Transacting Entities have successfully dispensed a prescription from Fred IT's PDS; and
  - (ii) the number of Transacting Entities which represent 95% of prescriptions by volume have successfully prescribed a prescription into Fred IT's PDS.
  - (iii) Subject to clause 3.2(a), 100% of residual data within the PDS of the departing incumbent provider resides in Fred IT's PDS.
- (c) The Service Provider will commence phase 2 of transition immediately on completion of the phase 1 transition.

- (d) Phase 2 of transition will be deemed to have been completed when the remaining Transacting Entities which represent the final 5% of prescriptions by volume have successfully prescribed an electronic prescription into Fred IT's PDS.
- (e) The obligations in this clause 2 apply only to the extent that the conformant Transacting Entity is ongoing and operational as at the relevant time.

### **3. SERVICES TO BE PROVIDED**

#### **3.1 Site transition services**

- (a) For the sites of Transacting Entities whose software is currently connected both to Fred IT's PDS and to the PDS of the departing incumbent provider, the Service Provider must transition them to exclusively use Fred IT's PDS by undertaking activities that may include but may not be limited to:
  - (i) contacting all sites to advise them that they will need to register to use Fred IT's PDS service and that the departing incumbent provider is expected to release them from their contract;
  - (ii) providing guidance on how to register;
  - (iii) contacting registered sites and arranging an appointment for the technical transition to take place;
  - (iv) conducting the technical transition, any technical escalation and support for transition;
  - (v) providing training for the site; and
  - (vi) providing ongoing help desk and other support services.
- (b) For the sites of Transacting Entities whose software is currently connected to the PDS of the departing incumbent provider only, the Service Provider must transition them to exclusively use Fred IT's PDS by undertaking activities that may include but may not be limited to:
  - (i) contacting all sites to advise them that they will need to contact Fred IT to transition their PDS service from their departing incumbent provider to Fred IT;
  - (ii) receiving contact from sites and providing the required specifications and support material to connect to Fred IT's PDS;

- (iii) providing support to sites if required to code to the Fred IT specification and undertake conformance testing;
- (iv) on request from sites, coordinating a conformance assessment and advising the sites of its completion;
- (v) providing support to sites if required to submit the Electronic Prescribing Conformance Vendor Declaration Form to the ADHA;
- (vi) receiving notifications from the ADHA of sites deemed to be conformant and given permission to go into production;
- (vii) contacting conformant sites to advise them that they will need to upgrade their software and register to use Fred IT's PDS service;
- (viii) providing guidance on how to register;
- (ix) contacting registered sites and arranging an appointment for the technical transition to take place;
- (x) conducting the technical transition, any technical escalation and support for transition;
- (xi) providing training for the site; and
- (xii) providing ongoing help desk and other support services.

### **3.2 Data transition services**

- (a) Following the site transition, the Service Provider must use reasonable commercial efforts to transition any residual prescription data from the PDS of the departing incumbent provider to the Fred IT PDS.
- (b) Data transition services may include (subject to agreement with the departing incumbent provider) the following activities:
  - (i) maintenance of the departing incumbent provider's database and the interoperability service bus between Fred IT and the departing incumbent provider
  - (ii) co-development and implementation of code by Fred IT and the departing incumbent provider to enable prescriptions to be identified as being solely in the departing incumbent's database and transitioned to Fred IT.

**3.3 Planning**

- (a) Within 14 days of the Commencement Date, the Service Provider must provide a Transition Plan to the Department for approval detailing how the Service Provider will meet the requirements of this Schedule 5.

**3.4 Reporting and governance**

- (a) Within 28 days of the Commencement Date, the Service Provider must commence provision of fortnightly Transition Reports by email to the Department Contract Manager in a format to be agreed between the Parties. The Transition Reports must detail the Service Provider’s performance against the Transition Plan, together with any associated risks and mitigations.
- (b) The Service Provider must attend weekly status meetings with the Department Contract Manager throughout the transition and must present its Transition Reports to the Department’s Prescription Delivery Services Transition Committee on a fortnightly basis.

**4. SERVICE CHARGES**

**4.1 Payment of Service Charges**

- (a) The Service Charges for the delivery of the Services detailed in this Schedule 5 are as follows:

Item	Description	Price (GST exclusive)	Price (GST inclusive)	Payment mechanism
Transition Fee	<p>Once off fee payable to the Service Provider to support the completion of all activities in this Schedule 5 (including those specified in the Transition Management Plan) in accordance with the specified Service Levels.</p> <p>Unless otherwise agreed between the Parties, this fee will be paid by the Service Provider to the departing incumbent PDS provider to cooperate with the Service Provider, continuing its operations</p>	██████████	██████████	<p>██████████ payable on the date the Condition Precedent is met.</p> <p>The remaining amount ██████████ ██████████ payable on the Commencement Date.</p> <p>Payment to be paid via</p>

Item	Description	Price (GST exclusive)	Price (GST inclusive)	Payment mechanism
	and providing transition support to the Service Provider as agreed between the departing incumbent PDS provider and the Service Provider.			invoice to be presented on the relevant date

**5. SERVICE LEVELS**

- (a) The Service Provider must meet or exceed the following Service Levels in respect of delivery of the transition services:

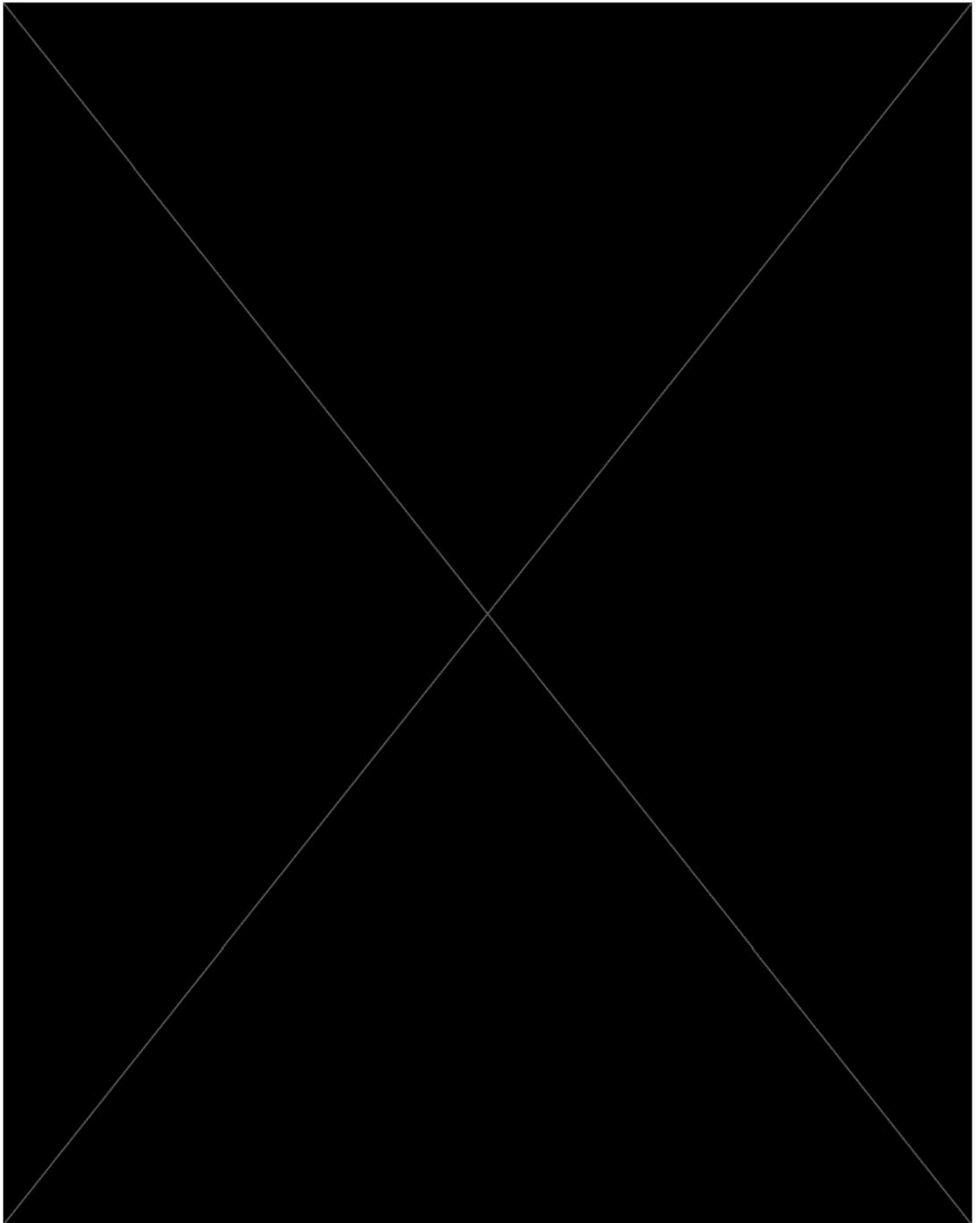
Item	Deliverable	Service Level
Site transition services	Site transition of all EPE Transacting Entity sites to exclusively use Fred IT's PDS.	<p>(a) Subject to clause 2(e), Under phase 1 of transition, within 5 months of the Contract Commencement Date:</p> <p>(i) 100% of conformant Transacting Entities have successfully dispensed an electronic prescription and / or ETP from Fred IT's PDS; and</p> <p>(ii) the number of Transacting Entities which represent 95% of prescriptions by volume have successfully prescribed a prescription into Fred IT's PDS.</p> <p>(b) Under phase 2 of transition, within 5 months of the completion of the phase 1 transition, the remaining Transacting Entities which represent the final 5% of prescriptions by volume have successfully prescribed an electronic prescription into Fred IT's PDS.</p>
Data transition services	Transition of any residual prescription data from the PDS and ASLR of the departing incumbent provider to the Fred IT PDS and ASLR.	Subject to clause 3.2(a) of this Schedule, within 5 months of the Contract Commencement Date, 100% of residual data from the PDS of the departing incumbent provider resides in the Fred IT PDS.

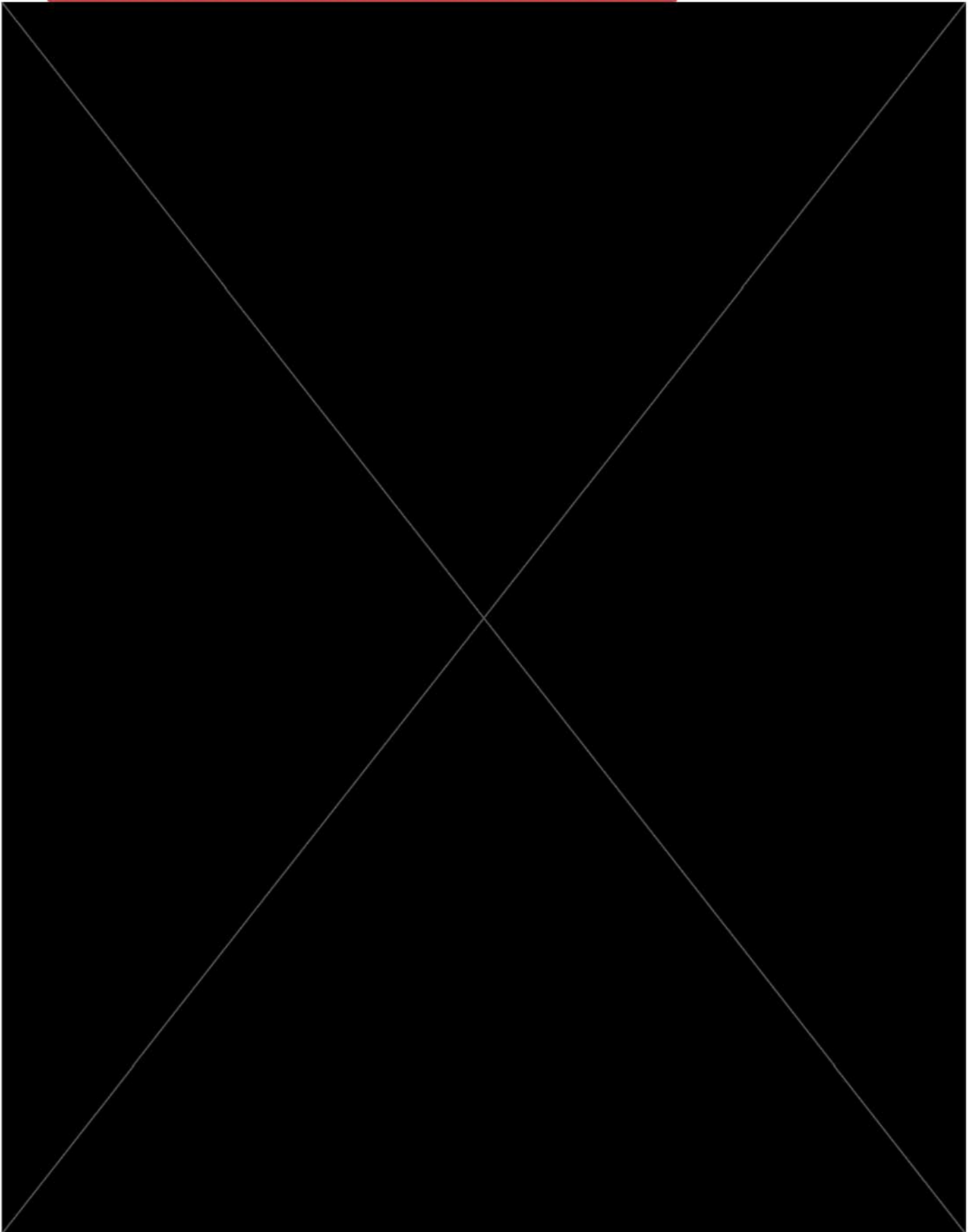


Planning	Transition Management Plan	Once off, within 14 days of the Contract Commencement Date – 100% on time and approved by the Department.
Reporting	Transition Management Reports	Fortnightly, the first report to be delivered within 28 days of the Contract Commencement Date – 100% on time and in agreed format (each party acting reasonably).
Governance	Status meetings EP Transition Committee meetings	Weekly attendance 100% of the time. Fortnightly attendance 100% of the time.

## Annexure C: Key vendors

*See paragraph 42.*





## Annexure D: Conformance

*See paragraph 65.*

Conformance is the process of testing with ADHA against the current conformance profile. Prior to conformance being undertaken, the onboarding (technical integration) process is as follows:

### **Onboarding a new vendor: eRx process**

#### Phase 1: eRx certification

- NDA signed
- Technical pack provided to vendor
- Credentials given to vendor to the integration environment
- eRx Contract signed by vendor
- Technical work done by vendor to integrate to eRx
- eRx does vendor certification to ensure it adheres to eRx standards in integration. If pass, issue certificate
- Vendor is added to eRx and is now able to send prescription payloads to eRx for ETP1 transactions

#### Phase 2: ePrescribing certified

- Contract signed by vendor
- Technical information provided to vendor by eRx on ETP2 integration (GitHub)
- Credentials given to vendor to the integration environment
- Technical work done by vendor to meet ePrescribing conformance (This conformance documentation is provided by ADHA)
- eRx does the testing with vendor for ePrescribing conformance
- eRx submits the test evidence to ADHA
- ADHA approve ePrescribing certification and issue certificate
- eRx adds vendor to send ETP2 transactions to eRx

## ADHA contact

