

# Chapter 1

## Referral

1.1 On 19 June 2014, the Senate referred the provisions of the National Health Amendment (Pharmaceutical Benefits) Bill 2014 (Bill) to the Community Affairs Legislation Committee (committee) for inquiry and report by 26 August 2014.<sup>1</sup> The reporting date was subsequently extended until 27 August 2014.

## Purpose of the Bill

1.2 The Bill proposes to amend the *National Health Act 1953* (Cth) (Act) to increase patient co-payments and safety net thresholds for the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS). These changes are in line with broader budget measures announced as part of the 2014–15 Budget.

1.3 The Minister for Health (Minister), the Hon Peter Dutton MP, stated that the measures are an example of the government protecting the best interests of Australians and making necessary decisions to improve Australia's budget position.<sup>2</sup>

1.4 The PBS and RPBS advance Australians' interests through access to subsidised medicines. Co-payments and safety net thresholds have been features of the schemes for many years.<sup>3</sup>

## Conduct of the inquiry

1.5 Details of the inquiry, including a link to the Bill and associated documents were placed on the committee's website.<sup>4</sup> The committee also wrote to 41 organisations and individuals, inviting submissions by 23 July 2014. Submissions continued to be accepted after that date.

1.6 The committee received 12 submissions which are listed at Appendix 1. All submissions were published on the committee's website.

1.7 The committee held a public hearing on 19 August 2014 at Parliament House in Canberra. A list of witnesses who appeared at the hearing is at Appendix 2, and the *Hansard* transcript is available through the committee's website.

## Background

1.8 The PBS and RPBS provide access for Australians to necessary medicines through the Australian Government's National Medicines Policy (NMP). The aim of

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1 *Journals of the Senate*, No. 33—19 June 2014, pp 914 – 915.

2 *House of Representatives Hansard*, 18 June 2014, p. 6.

3 National Health Amendment (Pharmaceutical Benefits) Bill 2014, *Explanatory Memorandum*, p. 2.

4 See: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs)

the NMP is to optimise health outcomes through the provision of medicines and services supported by government subsidies.<sup>5</sup>

1.9 The PBS was established as a limited scheme in 1948, providing Australian citizens with access to a range of medicines for the treatment of illnesses. The PBS is administered under the National Health Act 1953 (Cth). The PBS currently provides for access to subsidised medicines to Australian residents who hold a valid Medicare card, with co-payments required for most medicines. Most medicines available under the PBS cost more than the amount required as a co-payment.<sup>6</sup>

1.10 From 1 January 2014, most medicines available under the PBS cost \$36.90 or \$6 with a valid concession card, with the Australian Government paying the rest of the cost.

1.11 The RPBS contains additional medicines and services at concessional rates for the treatment of eligible veterans, war widows/widowers and their dependents. Persons eligible for RPBS may also apply for approval of medicines and services not listed under either scheme.<sup>7</sup>

### **Key provisions of the Bill**

1.12 The Bill is comprised of five schedules, each containing provisions with staggered commencement dates over the period 2015–2019:

1.13 The Bill includes measures that:

- increase co-payments by \$5.00 for general patients and by 80 cents for concessional card holders, with effect from 1 January 2015;<sup>8</sup>
- increase the concessional safety net threshold by two prescriptions each year for four years, from 2015 to 2018;<sup>9</sup> and
- increase the general patient safety net threshold by 10 per cent each year for four years, from 2015 to 2018.<sup>10</sup>

### **Consideration by other committees**

1.14 The bill has been considered by both the Senate Standing Committee for the Scrutiny of Bills (Scrutiny Committee) and the Parliamentary Joint Committee on Human Rights (Human Rights Committee).

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5 Department of Health, *About the PBS*, <http://www.pbs.gov.au/info/about-the-pbs> (accessed 2 July 2014).

6 Department of Health, *About the PBS*, <http://www.pbs.gov.au/info/about-the-pbs> (accessed 18 July 2014).

7 Department of Veterans' Affairs, *Repatriation Pharmaceutical Benefits Scheme*, [http://www.dva.gov.au/service\\_providers/doctors/Pages/rpbs.aspx](http://www.dva.gov.au/service_providers/doctors/Pages/rpbs.aspx) (accessed 2 July 2014)

8 Item 3 of Schedule 1 Bill, paragraphs 99G(2)(a) and 99G(2)(b).

9 Item 1 of Schedule 1 and Item 1 of Schedules 2, 3, and 4.

10 Item 3 of Schedule 1 and Item 1 of Schedule 5; *Explanatory Memorandum*, p. 1.

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1.15 The Scrutiny Committee made no comment on the provisions of the bill.<sup>11</sup>

1.16 The Human Rights Committee expressed concern that, notwithstanding assurances in the Explanatory Memorandum, the Bill may result in retrogressive consequences, especially for people accessing or reliant upon social security payments,<sup>12</sup> and sought clarification from the Minister as to whether increases in co-payments for medicines under the PBS and RPBS are compatible with the right to health.<sup>13</sup>

### **Acknowledgement**

1.17 The committee thanks those organisations who made submissions and who gave evidence at the public hearing.

### **Note on references**

1.18 References to the committee *Hansard* are to the proof *Hansard*. Page numbers may vary between the proof and the official *Hansard* transcript.

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11 Senate Standing Committee for the Scrutiny of Bills, *Alert Digest No. 7*, 25 June 2014, p. 34.

12 Parliamentary Joint Committee on Human Rights, *Eighth Report of the 44<sup>th</sup> Parliament; Bills introduced 2 – 19 June 2014; Legislative Instruments received 31 May – 6 June 2014*, p. 24.

13 Parliamentary Joint Committee on Human Rights, *Eighth Report of the 44<sup>th</sup> Parliament; Bills introduced 2 – 19 June 2014; Legislative Instruments received 31 May – 6 June 2014*, p. 24.

