

# Greens' Senators Dissenting Report

1.1 Greens members of the Community Affairs (Legislation) Committee consider that the majority report on this Bill (“the Report”) does not accurately reflect the adverse impacts on consumers and the general health and well-being of Australians from increasing patient co-payments and safety net thresholds for the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS).

## Flawed rationale

1.2 The Government’s claim that the health system is unsustainable and that increasing co-payments will reduce so-called unnecessary health care is not supported by the evidence. Evidence presented to this inquiry and also to the *Inquiry into out-of-pocket costs in Australian healthcare* and a report by the independent Parliamentary Budget Office confirms that health costs account for only a small proportion of forecast budget growth.

1.3 The PBO report also found spending on medical benefits accounts for just 1.8 per cent of the projected growth in government spending over the next decade, while spending on public hospitals accounts for just 1.4 per cent.<sup>1</sup>

1.4 The Australian Medical Association (AMA) submission stressed that:

The rationale behind the amendment is flawed on many levels ... the Government’s claim that these amendments are necessary to ensure the sustainability of the health care system is false.<sup>2</sup>

1.5 The Grattan Institute also submitted that the rationale behind the proposed savings measures is flawed and that savings to the health budget could be found in ways that are safer for the public and fairer for Australians:

Co-payments are defended on the ground that charging more will stop people seeking unnecessary care. This is a dubious argument in general, as people are not qualified to assess their own health – that’s why we have health professionals.

The argument is even weaker when it comes to prescribed medicines. PBS co-payments apply to medicine that a doctor has ordered. Unless the doctor is wrong, the medicine is necessary. If the government thinks doctors are getting it wrong, the solution is not to charge patients more. It is to improve prescribing practices.

These changes will put people’s health at risk and do little to balance the budget. They would only raise an estimated \$450 million in 2017-18 and

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1 Sydney Morning Herald, 23 Aug 2014.

2 *Submission 4*, p. 1.

this money is earmarked for a medical research fund, not the budget bottom line.

There are much fairer and safer ways to cut PBS spending.<sup>3</sup>

1.6 Out-of-pocket expenses are increasing and the rise in costs for primary health care and medication that is prescribed by a medical practitioner, or is used for health prevention, is making health care inaccessible and unaffordable for many Australians.

1.7 The Committee heard evidence from Australia's leading health experts that increasing the cost of medications will put patient's health at risk. The Grattan Institute presented research showing that:

There is strong evidence that out-of-pocket costs stop people getting health care, including necessary care ... International literature and Australian experience show that increases in out-of-pocket costs mean that fewer people take the medicine their doctor has prescribed.<sup>4</sup>

1.8 The AMA presented international research showing 'downstream' health care costs and increased risks for patients who do not take prescribed medication. Meta-analysis examining the impact of introducing or increasing prescription co-payment confirmed increases in medicine non-adherence.

Failure to take medicines leads to higher levels of illness and increased visits to the doctor and hospitalisations.<sup>5</sup>

1.9 It was disappointing that the Department of Health did not acknowledge the research, data and evidence of medical experts and recognised researchers showing that increasing prescription co-payments results in poorer outcomes for patients.

### **Impact on patients**

1.10 Those experiencing socioeconomic disadvantage would be the most adversely affected by a co-payment increase.

1.11 The Grattan Institute stated that any short term financial benefits arising from the co-payment would be negatively off-set by the inaccessibility of primary health care, which would result in patients requiring more complicated and expensive treatment over the long term.<sup>6</sup>

1.12 Most submissions acknowledged and accepted a system of co-payments in the Australian health system, however there was overwhelming criticism of the measures contained in the Bill, which would result in negative health impacts for individuals.

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3 *Submission 2*, p. 1.

4 *Submission 2*, p. 1.

5 *Submission 4*, p. 2.

6 See: Grattan Institute, *Submission 2*; Council of Social Services New South Wales (NCOSS), *Submission 3*; HSU National, *Submission 6*; Consumer Health Forum of Australia, *Submission 8*.

1.13 The Council of Social Service of NSW (NCOSS) stated that the proposed measures:

... are regressive and place the biggest financial burden on low-to-middle income people who already experience the greatest burden of illness and disease. Cost barriers to medicines will lead to more preventable and expensive health problems and increased costs to the health system longterm. Evidence demonstrates the proposed changes will disproportionately impact on people experiencing poverty and disadvantage.<sup>7</sup>

1.14 COTA Australia also raised concerns that the proposed measures in the Bill would have a disproportionate impact on older people and exacerbate existing barriers to access:

[M]any older people have complex and chronic conditions, requiring multiple medications and frequent visits to doctors. Older people are more likely to go to the doctor, more likely to see a specialist and more likely to be an inpatient in a hospital than younger people. This increases the likelihood they will be using some medications, either long term for chronic conditions or to deal with short-term medical conditions.

Older people will incur these increases at the same time as the Government is planning to introduce co-payments for GP visits and related diagnostic tests and decrease the value of the pension through changes to indexation and other initiatives.<sup>8</sup>

1.15 COTA Australia also noted that an increased co-payment would be a barrier to accessing health care, especially prescription medication:

There are a number of studies looking at the affordability of medicines as a barrier to access. The ABS survey of 2010-2 estimated that 1 in 10 people delayed getting a prescription filled because of the cost. For older people this figure was lower at around 3 per cent which is due to older people being able to access concessional medications, either as a pensioner or through the Commonwealth Seniors Health Card.<sup>9</sup>

1.16 Consumers Health Forum Australia submitted that the measures in the Bill would have a disproportionate impact on marginalised populations:

There is also a growing body of evidence from Australia and other countries that a number of groups in the community are particularly vulnerable to the impact of rising out-of-pocket costs, including: people with chronic illnesses; people on low incomes; people living in rural and remote areas; young families; and older Australians.<sup>10</sup>

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7 *Submission 3.*

8 *Submission 10*, pp. 3-4.

9 *Submission 10*, p. 3.

10 *Submission 8*, p. 2.

1.17 Consumers Health Forum Australia provided further evidence to show that rising out-of-pocket costs mean some people delay health care and even essential medications:

...two thirds of respondents to CHF's survey indicated that they had at some point delayed seeing a medical professional, and almost half of them (47 per cent) cited cost as a contributing factor.<sup>11</sup>

1.18 The Grattan Institute presented evidence that the measures in the Bill would result in fewer patients adhering to their medication regimes. The Grattan Institute presented data indicating that some respondents are already reporting that out-of-pocket costs for medicine is a problem, with more than 15 per cent of surveyed (and sick) adults reporting that they did not take their medicine due to cost pressures.<sup>12</sup>

1.19 Further evidence that consumers facing cost pressures would delay or not fill prescriptions was provided by the Australian Medical Association (AMA). Their submission stated that higher co-payments would result in more Australians delaying or not filling their prescriptions appropriately, which would cost taxpayers and the government more. They also noted the Australian and international research that demonstrates increases in co-payments leads to poorer adherence to prescriptions.<sup>13</sup>

## **Recommendation 1**

**1.20 Greens Senators recommend that the Senate does not pass the National Health Amendment (Pharmaceutical Benefits) Bill 2014**

**Senator Rachel Siewert**

**Senator Richard Di Natale**

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11 *Submission 8*, p. 3.

12 *Submission 2*, p. 4.

13 *Submission 4*, p. 1.