

**Senate Community Affairs Committee**

**ANSWERS TO ESTIMATES QUESTIONS ON NOTICE**

**HEALTH PORTFOLIO**

**Budget Estimates 2015 - 2016, 1 – 2 June 2015**

**Ref No:** SQ15-000348

**OUTCOME:** 2 - Access to Pharmaceutical Services

**Topic:** Pharmacy Agreement

**Type of Question:** Written Question on Notice

**Senator:** Di Natale, Richard

**Question:**

DoH incorrectly included \$42.7 million in co-payments made by patients to pharmacies for the receipt of pharmaceutical benefits in its estimated savings for the 5CPA. Co-payments are a private contribution to the cost of PBS medicines, which are not a cost to government. How is it that Health got the very basics of the Pharmacy Agreement so wrong?

**Answer:**

An amount of \$42.7 million in patient co-payments was inadvertently included in the forecasting for one of six savings measures, which together had a total of \$985 million in savings.

In terms of overall forecasting for pharmacy remuneration, the Australian National Audit Office Report No.25 of 2014-15 notes that, as at 30 June 2014, actual and forecast remuneration aligned closely with an overall variance of approximately 0.7 percent (or \$76 million variance against a forecasted cost of \$10.8 billion).