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12th October 2005

Mr Elton Humphery
Committee Secretary
Parliament House
Canberra ACT 2600

Dear Mr Humphery,

**Re: National Health Amendment (Budget Measures- Pharmaceutical Benefits Safety Net) Bill
2005
Health Legislation Amendment Bill 2005**

We are responding to a call for submissions for the above bills. We appreciate the opportunity to respond to the enquiry but note that insufficient time was given to prepare a more detailed submission.

**National Health Amendment (Budget Measures- Pharmaceutical Benefits Safety Net) Bill
2005**

ACA believes that the PBS (Pharmaceutical benefits Scheme) obscures the increasing out-of-pocket costs to consumers and is concerned that the PBS is a complex system which is incomprehensible to most consumers. Our views are set out in the article by our former health policy officer Dean Murphy attached as *appendix 1*.

We are also concerned about the anti-competitive pricing policies of pharmacies and the hidden costs in pricing which significantly increase the cost of the PBS. These views are set out in more detail in the article by Nicola Ballenden attached as *appendix 2*.

The Intergenerational Report did much to spark fears about the increasing cost of the PBS. In a paper commissioned by ACA, Ian McAuley demonstrated the need to focus on the retail end of the chain when examining the cost of the scheme, as attached in *appendix 3*. ACA endorses Mr McAuley's views.

The new 'safety net 20 day rule', aims to reduce the cost of PBS medicines and wastage costs. In our view it is not effective in achieving its purpose. The changes consider dollars before patient care. There are numerous examples which illustrate how the proposed changes will disadvantage patients. For example, patients residing in rural locations will have to travel longer distances to reach the pharmacy every 20 days, instead of buying drugs for the next few months. It will also disadvantage carers who are unable to change their shopping requirements. Likewise, it may make it difficult for people travelling interstate as some prescriptions can be refused in some states. These examples illustrate that cost cutting and not patient care is the priority of the Government.

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Health Legislation Amendment Bill 2005

The ACA is strongly opposed to the continuation of the provision which allows the Australian Community Pharmacy Authority (ACPA) to set location rules. This encourages anti-competitive practices between pharmacies and results in higher prices and fewer options for Australian consumers (*appendix2*).

Others Comments

ACA is opposed to the increase in the PBS safety net. The threshold which was raised at the beginning of the year, puts the financial burden onto consumers, who have to pay the maximum patient contribution for around an extra thirty scripts a year before reaching the higher threshold.

Recommendations

ACA recommends

1. Transparent pricing at the point of purchase.
2. Promotion of generic alternatives to existing brands.
3. A streamlined PBS safety net scheme.
4. Rejection of the new safety net 20 day rule.
5. Discontinuation of the ACPA's authority to set location rules for pharmacies.

If you would like to discuss the matters raised in this submission please contact Viola Korczak on 02 9577 3374.

Yours sincerely

Viola Korczak
Policy Officer

Appendices:

1. Dean Murphy: 'Pharmaceutical benefits Scheming'
2. Nicola Ballenden: 'Protected Species: The Community Pharmacist'
<http://www.choice.com.au/files/f120708.pdf>
3. Ian McAuley: 'The PBS Panic- the Consumer Perspective'.