
MINORITY REPORT

Australian Labor Party and Australian Democrats

National Health Amendment (Budget Measures – Pharmaceutical Benefits Safety Net Bill 2005

THE BILL

This Bill amends the *National Health Act 1953* in relation to two changes to the PBS announced in the 2005-06 Budget.

The amendments will implement new safety net and patient co-payment arrangements for some pharmaceutical benefits where the pharmaceutical benefit is supplied within 20 days of a previous supply. The amendments will also increase the thresholds for eligibility for PBS safety net entitlements.

The safety net 20 day rule will result in the following effects:

- the patient co-payment amount will not accrue towards the safety net threshold; and
- the patient co-payment will be the standard amount that applies to the person's entitlement, reduced safety net co-payments will not apply.

The pharmaceutical benefits which will be subject to the measure will be determined by the Minister, on the advice of the Pharmaceutical Benefits Advisory Committee (PBAC).

The Bill will also increase the thresholds for eligibility for PBS safety net entitlements for general and concessional patients.

These amendments will:

- increase the general threshold by an amount equal to two indexed general patient co-payment amounts on 1 January each year from 2006 to 2009 inclusive; and
- increase the concessional threshold by an amount equal to two indexed concessional patient co-payment amounts on 1 January each year from 2006 to 2009 inclusive.

The increases will result in a gradual adjustment of the eligibility thresholds for the PBS safety net entitlements via increments over four years.

These increases will occur in addition to the annual indexation of the safety net thresholds on 1 January each year.

ISSUES

The Howard Government says that these provisions “*will help to rebalance the way costs for the PBS are shared between the Commonwealth government and individuals to reflect a fair contribution by patients to the cost of the PBS at the point of sale*”.

In actual fact this will place yet another additional cost burden on those Australians who can least afford it. The Committee heard evidence from a number of groups concerned at the impact of this provision on patients.

New data show that the increased co-payments instituted in January and the cuts in prices of drugs with generic alternatives have had a major impact on the growth of the PBS. In the year to August, the costs of the PBS grew by 4.84%, compared with 11% in the previous year, with a drop in prescription growth to just 1.36%. There is growing evidence that this is due to patients having difficulty in affording their needed medicines.

The pushing out of the safety net thresholds means that needy patients must pay more and more for their needed PBS medicines. More likely, as recent data show, they will go without, or ration their medicines inappropriately.

There is some evidence that as patients approach the threshold of the PBS safety net (currently \$239.20 or 52 scripts within a calendar year for concession card holders and \$874.90 for general patients) that patients accumulate medicines in order to reach the safety net.

The stated purpose of the safety net 20 day rule is to ensure that the PBS safety net will not act as an incentive for patients to obtain early supplies of pharmaceutical benefits for the purpose of gaining safety net benefits.

However, this is a blunt instrument to address this issue, which requires better education of patients, doctors and pharmacists. While the legislation currently allows for some exceptions, there is little flexibility. For example, there is no allowance for when patients must travel and need an extra prescription supply to take with them. In such cases, the patient must either pay more for their medicines and/or forgo adding the cost of that medicine towards the safety net, or return to their doctor for a special new prescription.

The Committee heard that certain patients (eg psychiatric patients) are especially likely to require new prescriptions within a 20-day time frame. These patients are also less likely to be able to afford the out-of-pocket costs associated with a visit to a doctor to get a new prescription.

The PBS medicines which will be subject to the measure will be determined by the Minister, on the advice of the Pharmaceutical Benefits Advisory Committee (PBAC). This would also seem to provide scope for the Minister to intervene to limit the availability of medicines on the PBS.

Unfortunately we have seen rather too much of this Minister intervening to limit the availability of medicines on the PBS:

- Calcium tablets to be removed by December, in defiance of expert advice;
- Guidelines recommending that cholesterol lowering drugs are prescribed more widely have not been implemented; and
- Constant changes, exemptions and Special Patient Copayments to the Government's generic pricing policy.

RECOMMENDATION

The Labor and Australian Democrats members of the Committee dissent from the findings of the Majority Report on this Bill. Labor and the Australian Democrats recommend that this Bill should not be supported.

Senator Claire Moore
ALP, Queensland

Senator Lyn Allison
AD, Victoria

Senator Jan McLucas
ALP, Queensland

Senator Helen Polley
ALP, Tasmania

