

Our Ref: 4-34556



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MINISTER FOR HEALTH

ATTORNEY GENERAL: ELECTORAL AFFAIRS

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FOR WESTERN AUSTRALIA

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Mr Elton Humphery  
Committee Secretary  
Australian Senate - Community Affairs  
Legislation Committee  
Parliament House  
CANBERRA ACT 2600

Dear Mr Humphery

Thank you for your letter dated 6 October 2005 seeking comment on the National Health Amendment (Budget Measures - Pharmaceutical Benefits Safety Net) Bill 2005 and Health Legislation Amendment Bill 2005.

I have no comment in relation to the Health Legislation Amendment Bill 2005.

The proposed amendments in the National Health Amendment (Budget Measures - Pharmaceutical Benefits Safety Net) Bill 2005 are purported to support the affordability of the Pharmaceutical Benefits Scheme (PBS) in the future. The first change will increase the safety net threshold and the second will prevent a patient co-payment from being included in the safety net arrangements. Both amendments will disadvantage the chronically ill in our community.

The proposal to increase the threshold level required to achieve the safety net by two prescriptions each year for four years appears insignificant. Excluding brand price premiums and annual indexation increases, the increase of two co-payments (two prescription charges) would mean an increase of \$57.60 for general patients and \$9.20 for concessional patients in the first year and \$230.40 for general patients and \$36.80 for concessional patients after the four years.

The safety net was designed specifically to relieve the financial burden on the chronically ill, so that people requiring large numbers of medicines would not be disadvantaged by the cost. When the safety net arrangements were introduced a threshold was determined based on the belief that one prescription per week for an individual or family was at the upper level of medicine use and those exceeding this level would be financially disadvantaged. Data has not been provided or referred to in the Second Reading speech to support any change to the one prescription per week standard.

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The pension payment was also increased by the cost of one prescription per week with the introduction of the safety net. There does not appear to be any corresponding increase in pension payments to offset the proposed increase in the safety net threshold.

The second amendment proposed will prevent a patient's co-payment from being eligible for inclusion in the safety net arrangements and, where the patient already holds a safety net entitlement card, the full concessional or general co-payment rate to be payable for the supply of prescriptions dispensed within 20 days of their previous supply. The intention appears to be aimed at reducing potential abuse of the safety net arrangements. However, it also creates a distinct disadvantage to patients who genuinely require an additional urgent supply of medicines.

This proposed amendment could result in a patient's co-payment for the supply of any medication within 20 days not being eligible for the safety net rate arrangements. This will effectively penalise patients financially where the doctor is adjusting a medicine's dose to achieve an optimum effect, where a patient has lost their medicines or where, through illness, they require an increase in the rate of supply of their medicines.

The proposed changes are a very 'broad brush' approach. They do not target those people in the community that are potentially abusing the safety net arrangements. The result is to disadvantage those patients that the PBS and the safety net arrangements have been designed to help. An alternative approach should be considered to reduce the potential for abuse of the safety net arrangements. For example, the pharmacist could identify a patient's requirement and endorse the prescription with a particular reason for urgent supply of PBS medicines. Contacting Medicare Australia (Health Insurance Commission) personnel for approval could be an alternative, which could enable a database to be developed.

The proposed amendments are a blunt broad approach to minimise the cost of the PBS at the expense of compromising a commitment to fair and affordable access to necessary medicines for all and are not supported.

Yours sincerely



JIM MCGINTY MLA  
MINISTER FOR HEALTH

24 OCT 2005