Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Budget Estimates 2011-2012, 31 May 2011

Question: E11- 528

OUTCOME 2: Access to Pharmaceutical Services

Topic: PBS REFORM

Hansard Page: CA 98

Senator Boyce asked:

a) One of the comments you have made in there is that the wholesale remuneration for PBS medicines that are over $930.06 is a fixed payment of $69.94 and is not impacted by the price reductions. What percentage of medicines actually cost more than $930.06?

b) Would it be a large proportion?

Answer:

In the context of applying the fixed wholesale markup of $69.94, the $930.06 is the ex-manufacturer price, not the price a patient sees at the pharmacy.

As at June 2011, the Pharmaceutical Benefits Scheme (PBS) subsidised 770 medicines available in 1,962 forms which were marketed as 3,954 differently branded items. Of these, 122 medicines (16%), 269 forms (14%) and 289 differently branded items (7%) had an ex-manufacturer price of more than $930.06. This equates to approximately $250 million in payments to wholesalers over five years that are not affected by the price reductions from the PBS reforms in 2007 or the 2010 further PBS reforms. This will be paid in addition to the $950 million in Community Service Obligation payments over the same period, resulting in payments to wholesalers of around $1.2 billion that are unaffected by price reductions associated with the Price Disclosure program.