



21 July 2014

Senator Zed Seselja  
Chair  
Senate Standing Committee on Community Affairs  
Parliament House  
CANBERRA ACT 2600

Dear Senator,

**Re: Inquiry into the National Health Amendment (Pharmaceutical Benefits) Bill 2014**

Thank you for the invitation to comment on the *National Health Amendment (Pharmaceutical Benefits) Bill 2014* (the Bill).

The Pharmaceutical Society of Australia (PSA) is the peak national professional pharmacy organisation representing Australia's pharmacists working in all sectors and locations. There are over 28,000 registered pharmacists in Australia, of which approximately 80 per cent work in the community sector.

***Access to the Pharmaceutical Benefits Scheme***

The vital service that pharmacists play in dispensing and supplying essential medicines for the community, particularly consumers with chronic diseases, is a well-established part of the Australian health system. Indeed, this has been the key role of pharmacists under the Pharmaceutical Benefits Scheme (PBS) since its inception in 1948. Optimising the management of long-term conditions through quality use of medicines has been shown to reduce or delay the incidence of hospitalisation in patients with chronic diseases<sup>i</sup> and to reduce the need for, and spending on, expensive hospital admissions and medical services.<sup>ii</sup>

Most Australians will at some stage of their lives need to take prescription and other medicines, and by the time they are 65, many people will be regularly taking five or more medicines. For those with a chronic disease or mental illness, the number can be even higher. Pharmacists play a key role in ensuring that all Australians have ready access to supplies of their essential medicines, especially those 7 million people with chronic disease, together with professional advice and support for safe therapy and optimal health outcomes.

PBS patient co-payments have been a feature of the PBS for many years and have been supported by successive Federal Governments. Increases have generally occurred annually based upon increases in the Consumer Price Index but there have also been sizable ad hoc increases in excess of inflation, such as is set out in the Budget measure given effect by this Bill.

PSA is concerned that patient co-payments, even before the increases proposed in this Bill take effect, have reached such a high level that there is a danger of patients foregoing some of their necessary medications due to cost. For example, a 2009 survey of attitudes towards the health system, which specifically examined the interaction of financial stress and the health system, found that 20 per cent of the sample reported some form of financial stress (8 per cent reported high levels of stress) and that “21 per cent [of this group] failed to collect a prescription or missed doses of drug compared to 14 per cent of those with no financial stress.”<sup>iii</sup> It is worth noting that this survey was completed in July-August 2008, before the worst of the financial crisis in Australia and the subsequent concern regarding cost of living pressures facing the more vulnerable sectors of the community.

Similarly, a 2008 study of the impact of the 24 per cent increase in PBS patient co-payments that took effect from 1 January 2005 found that the “increase in Australian PBS co-payments have had a significant effect on dispensing of prescription medicines. The results suggest large increases in co-payments impact on patients’ ability to afford essential medicines. Of major concern is that, despite special subsidies for social security beneficiaries in the Australian system, the recent co-payment increase has particularly impacted on utilisation of medicines for this group.”<sup>iv</sup>

PSA is also concerned that the Department of Health did not specifically model the impact of the proposed co-payment changes on patient behaviour<sup>v</sup>, despite there being some evidence following the 2005 increase in co-payments to suggest that there will be consequent impact on patient affordability of medicines and, potentially, the utilisation of these medicines.

Coupled with the proposed MBS co-payment for GP visits, out-of-hospital pathology and diagnostic imaging services, vulnerable patients may be forced into a situation where they need to make a financial decision about seeking medical attention or continuing with their medications instead of focusing on their health. Pharmacists’ primary role is as medicines experts and they should not be put into a position where they need to counsel patients about managing their medicine use based on financial pressures.

### ***Sustainability of Australia’s health system***

PSA acknowledges that there is concern that expenditure on health in Australia is reaching unmanageable levels.<sup>vi</sup> Annual spending on Medicare alone has increased by 125 per cent over the past decade, from \$8.6 billion in 2003-04 to \$18.6 billion in 2013-14.<sup>vii</sup> While Government outlays under the PBS are projected to remain stable at around 0.7 per cent of GDP over the period to 2020, spending per person is projected to increase by 22 per cent over the same timeframe<sup>viii</sup>, ensuring the PBS also remains an area of attention for the Federal Government.

As PSA noted in its submission to the 2014-15 Federal Budget, health policy experts have called on Government to address the sustainability of the system by looking to a more efficient use of the existing health workforce, noting for example, that, “overall, we use GPs to do work that could safely and more efficiently be done by nurses and other health professionals”.<sup>ix</sup>

These initiatives are not without precedent. The *Pharmacy First* minor ailments scheme operated by Nottingham NHS in the UK for over a decade has been accessed by more than 250,000

consumers who would otherwise have added to the pressure on GP resources.<sup>x</sup> Similar schemes operate in other parts of Britain, Scotland, and Canada.

In New Zealand, the accessibility and expertise of pharmacists have been harnessed to reduce complications for consumers with long term conditions by working together with GPs.<sup>xi</sup> Pharmacists with suitable credentials are also now engaged in the provision of immunisations.<sup>xii</sup>

The recent Grattan Institute report on solutions for GP shortages in rural Australia<sup>xiii</sup> underscored the need for GPs to be better supported by pharmacists and other health professionals. The report urged Government to “make much better use of pharmacists’ skills. Pharmacists are highly trained, have deep expertise in medicines, and are located in communities throughout Australia. But their role is far more limited in Australia than in many other countries.”

Pharmacists are among the most trusted and accessible professionals in Australia. Pharmacists are highly qualified health professionals yet their skills, knowledge and expertise are often under-utilised. Australia’s more than 28,000 pharmacists are able to work in a range of settings to apply their expertise and, by working within a collaborative framework, can assist Government to achieve a fiscally sustainable, efficient and quality health care system for the future.

Thank you again for the opportunity to provide input to the Committee’s Inquiry. I would be happy to discuss any aspect of this submission in more detail.

Yours sincerely,

**Dr Lance Emerson**  
*Chief Executive Officer*

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<sup>i</sup> Kalisch LM et al. Prevalence of preventable medication-related hospitalizations in Australia: an opportunity to reduce harm. *Int J Qual Health Care*. 2012; 24(3): 239-49

<sup>ii</sup> Congressional Budget Office. Offsetting Effects of Prescription Drug Use on Medicare’s Spending for Medical Services. November 2012. <http://www.cbo.gov/publication/43741>.

<sup>iii</sup> Menzies Centre for Health Policy and the Nous Group. Survey of attitudes towards the Australian health system. Part 2. Financial stress and the Australian health system. 2009.

<sup>iv</sup> Hynd A. et al. The impact of co-payment increases on dispensing of government-subsidised medicines in Australia. *Pharmacoepidemiology and Drug Safety*. 17(11), September 2008: 1091-1099.

<sup>v</sup> Committee Hansard. Senate Community Affairs Legislation Committee. Estimates. 2 June 2014; p43.

<sup>vi</sup> Harrison D, *Medicare unsustainable without overhaul says Peter Dutton*. Sydney Morning Herald, 4 Jan 2014

<sup>vii</sup> [http://www.medicareaustralia.gov.au/statistics/mbs\\_group.shtml](http://www.medicareaustralia.gov.au/statistics/mbs_group.shtml). Report generated 14 Jan 2014

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<sup>viii</sup> Australian Government, *Australia to 2050: Future challenges*. The 2010 Intergenerational Report

<sup>ix</sup> Doggett, J. *The side effects of GP co-payments*. Sydney Morning Herald, 1 Jan 2014

<sup>x</sup> Pumtong S, Boardman HF, and Andersen CW. *A multi-method evaluation of the Pharmacy First Minor Ailments scheme*. International journal of clinical pharmacy 06/2011; 33(3):573-81

<sup>xi</sup> <http://www.ithealthboard.health.nz/our-programmes/emedicines-programme/community-pharmacy-services-agreement-cpsa>

<sup>xii</sup> <http://www.health.govt.nz/our-work/preventative-health-wellness/immunisation/immunisation-programme-decisions/pharmacist-vaccinators>

<sup>xiii</sup> Duckett, S., Breadon, P. and Ginnivan, L., 2013, Access all areas: new solutions for GP shortages in rural Australia, Grattan Institute, Melbourne