Australian Government

Department of Health

ACTING SECRETARY

Senator Zed Seselja
Chair of the Senate Community Affairs Legislation Committee
Canberra Office
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Parliament House
Canberra ACT 2600

Dear Senator

Please find attached the Department of Health's submission to the Senate Community Affairs Legislation Committee Inquiry into the *National Health Amendment (Pharmaceutical Benefits) Bill 2014*. I offer the Department's apologies for the delay in providing the submission.

I hope the information provided will assist the Committee in its deliberations.

Yours sincerely

Authorised for Electronic Submission

David Learmonth
Acting Secretary

20 August 2014

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SENATE COMMUNITY AFFAIRS LEGISLATION COMMITTEE

INQUIRY INTO THE NATIONAL HEALTH AMENDMENT (PHARMACEUTICAL BENEFITS) BILL 2014

SUBMISSION

AUSTRALIAN GOVERNMENT DEPARTMENT OF HEALTH

AUGUST 2014

CONTENTS

1. EXECUTIVE SUMMARY

The *National Health Amendment (Pharmaceutical Benefits) Bill 2014* (the Bill) will amend the *National Health Act 1953* to increase co-payments and safety net thresholds for prescriptions obtained under the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS). The changes are estimated to reduce the cost to Government for the PBS and RPBS by $1.3 billion over four years.

In the last ten years, the cost of the PBS has increased by 80 per cent. Over the longer term, growth in PBS expenditure is expected to average between four and five per cent annually, with estimated expenditure increasing from $9.3 billion in 2013-14 to over $10 billion in 2017-18. This $10 billion does not include future listings of new and innovative medicines, including biologic medicines, recommended by the Pharmaceutical Benefits Advisory Committee (PBAC). On average, the PBAC considers almost $2 billion in new listings at each meeting with almost $3.6 billion of listings considered at its most recent meeting in July 2014. This pipeline of new medicines, an ageing population and increased incidence of chronic disease will continue to exert significant upward pressure on PBS costs.

There have been a number of changes to the PBS since the reforms of 2007, with the majority of efficiencies coming from the pharmaceutical and pharmacy sectors. This includes through price disclosure, which has also directly benefitted consumers. The proposed increases in this Bill reflect a whole of community approach where consumers also contribute an appropriate share to assist in managing the growing cost of the PBS and health system more broadly.

Successive governments have recognised the need for one-off increases in co-payments and safety net thresholds. The proposed increases to PBS co-payments and safety nets need to be considered in the context of maintaining access for patients to medicines that would otherwise be prohibitively expensive for most Australians, including those with common chronic conditions such as diabetes and cardiovascular disease.

From 1 January 2015, general patients will pay $5 more per subsidised PBS prescription. Concessional patients, including pensioners and veterans, will pay 80 cents more per PBS or RPBS prescription. The safety net threshold for general patients will increase by 10 per cent each year for four years, commencing in 2015. The threshold for concessional payments will increase by two prescriptions each year from the current 60 prescriptions to 62 in 2015 and up to 68 in 2018 and onwards. These increases will occur in addition to the annual Consumer Price Index indexation.

General patients who use the average two PBS-subsidised prescriptions per year will pay $10 more in 2015, and very high users will pay $145.30 extra per single, couple or family per year to reach the general patient safety net. For example, a general patient being treated for rheumatoid arthritis could pay up to $1,184.40 in patient

contributions. However, the Government (taxpayers) would contribute up to $21,000 per year for this treatment.

The price of PBS medicines that are already priced below the general co-payment will not increase under these proposed changes, as no PBS subsidy is payable on these prescriptions. From 1 January 2015, these medicines will constitute approximately 55 per cent of PBS medicines and 70 per cent of PBS prescriptions used by general patients. This means that the price of 70 per cent of PBS prescriptions used by general patients will not change under this measure.

The combined additional cost of the changes in 2015 on concessional patients who use the average 17 subsidised prescriptions a year is $13.60. Concessional patients, couples or families who are very high users of PBS prescriptions will pay a maximum additional cost of $61.80 per year before receiving their remaining medicines for that year for free. In 2012-13 that represented over one in five prescriptions subsidised free of charge irrespective of whether the medicine cost $50 or $1,500.

Further, the most vulnerable in our community will continue to be provided additional support under the PBS. Aboriginal and Torres Strait Islander people living in remote areas will continue to be able to access free medicines under the Remote Area Aboriginal Health Services (RAAHS) Programme. Aboriginal and Torres Strait Islander people living in non-remote areas with, or at risk of, chronic disease, will also continue to be able to access the Closing the Gap (CTG) arrangements. This means patients who would otherwise pay the general co-payment will pay at the concessional rate, and eligible concessional patients, who constitute around 88 per cent of all CTG patients, will continue to receive their PBS medicines for free.

The PBS seeks to strike a balance between providing access to innovative and costly medicines at a price patients and the community can afford. The proposed increases in cost for consumers are considered reasonable and proportionate, given the increasing cost of listing medicines on the PBS. It is also necessary, given the factors driving PBS growth in the longer term and the need to boost medical innovation through research. The changes in the Bill will strengthen the PBS while preserving all the features that make it an essential part of Australia's health system.

2. OVERVIEW OF THE PHARMACEUTICAL SYSTEM

PBS Overview

The PBS began as a limited scheme in 1948, with free medicines for pensioners and a list of 139 'life-saving and disease preventing' medicines free of charge for others in the community.

Under the PBS, the Government subsidises the cost of medicine for most medical conditions. Patients can obtain PBS-subsidised medicines as either general or concessional patients. This status determines the amount patients are required to contribute towards the cost of their medicine. The PBS also provides safety nets to protect high medicine users from excessive medicine costs. As of June 2014, the PBS subsidises over 750 medicines, in more than 2,000 forms and strengths, available in over 4,700 brands.

Australia's National Medicines Policy (NMP) provides the overarching framework for the operation of the PBS. It provides for, among other things, timely access to medicines Australians need at a cost individuals and the community can afford, and the maintenance of a responsible and viable medicines industry. Partners to the NMP, including State, Territory and Commonwealth Governments, industry, and healthcare consumers recognise the benefits of the NMP and resolve to work together as partners to promote the objectives of the policy.

It is important that partners in the operation of the PBS take responsibility for achieving value for money, and that a fair distribution of costs and savings between the partners continues to be achieved.

Consumer protections

The Government is mindful that there are some groups in the community at greater risk than others. This includes low-income families, pensioners, and those with chronic or complex medical conditions. It therefore provides a number of programmes in addition to the PBS itself to support more vulnerable patients, and those at risk of excessive medicine costs.

Reduced co-payments for concessional patients

At present there are approximately 7.6 million PBS concessional patients in Australia. These patients account for the bulk of PBS expenditure. In 2012-13, 78.5 per cent of PBS expenditure was attributable to concessional patients. To be eligible to be a concessional patient under the PBS, a patient must have one of the following:

- Pensioner Concession Card;
- Commonwealth Seniors Health Card
- Healthcare Card; or
- Department of Veterans' Affairs White, Gold or Orange Card.

PBS safety net for high medicine users

The PBS safety net is designed to provide assistance to those patients and their families who require a large number of PBS or RPBS items. The safety net threshold applies to a family unit, regardless of whether the unit consists of an individual, a couple (including de facto and same sex couples), or a family with dependent children. When a patient/household reaches the safety net threshold within a calendar year, they qualify to receive PBS or RPBS items at the concessional rate or free of charge for the rest of that year.

As noted above, in 2012-13, one in five of all PBS-subsidised prescriptions dispensed through community pharmacy for concessional patients were supplied free of charge because they had reached the safety net threshold. This is in addition to those PBS-subsidised medicines regularly dispensed free of charge in public and private hospitals, as well as two programmes assisting Aboriginal and Torres Strait Islander people, as outlined below.

RAAHS

The RAAHS was implemented in 1999, and under this programme an Aboriginal Health Service (AHS) orders its PBS medicine in bulk from a pharmacy and then stores the medicine until it is needed by a patient. Unlike traditional pharmacy settings, a patient at an AHS is provided their medicine at the time of consultation at the AHS and at no cost. This is because in many areas of remote Australia there are no pharmacies to dispense PBS medicines for the patient.

In 2012-13, 162 remote AHS sites provided 240,471 PBS medicines free of charge to over 170,000 Aboriginal or Torres Strait Islander persons at a cost of $41.3 million.

CTG PBS Co-payment Measure

In addition to the RAAHS program, the Closing the Gap PBS Co-payment Measure was established to reduce the cost of PBS medicines for eligible Aboriginal and Torres Strait Islander peoples, in particular those living in non-remote areas, who are living with, or at risk of, chronic disease.

Under this measure, eligible Aboriginal and Torres Strait Islander consumers who would otherwise pay the general co-payment for medicines have their co-payment reduced to the concessional rate, and concessional patients receive their medicines for free.

To 30 June 2014, the PBS CTG measure has provided over 8.8 million PBS prescriptions to 280,885 eligible patients since its inception on 1 July 2010. Nearly 88 per cent of patients eligible to access the CTG co-payment measure in 2013 were concessional patients, and therefore received their PBS prescriptions for free.

3. PBS USE AND ITS GROWTH

PBS Growth

PBS growth is driven by a number of factors. This includes the increasing cost of new and innovative medicines, the increasing volume of PBS-listed medicines, the prescribing habits of doctors, our ageing population, the growing incidence of chronic illness that requires ongoing and long-term treatment, and changes in community expectations in relation to access for new medicines. Although each factor by itself influences growth in PBS expenditure, the compounded effect of these drivers will continue to apply significant upward pressure on PBS costs.

In 2012-13, 197.3 million prescriptions were subsidised under the PBS and dispensed through community pharmacy at a cost to Government of approximately $9 billion. Over the ten years to 2012-13, the volume of prescriptions subsidised under the PBS increased by 24.1 per cent. At the same time, the cost of the PBS increased by 80 per cent. There was a slight reduction in PBS expenditure of 2.1 per cent between 2010-11 and 2011-12, but this was primarily due to the expiry of a few significant patents and the listing of new brands which triggered statutory price reductions and generic competition. However, growth in the longer term is expected to return to four to five per cent per annum.

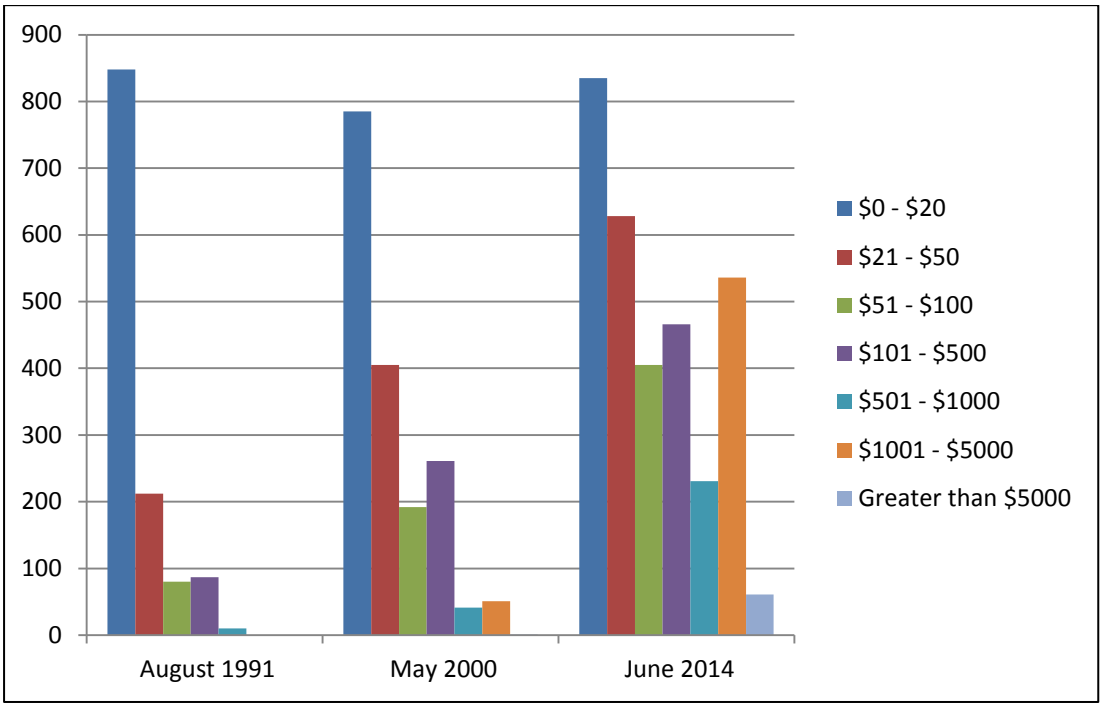
Cost of medicines

PBS expenditure has increased at a much greater rate than the volume of PBS-subsidised prescriptions over the past ten years.

Analysis of PBS listings from August 1991 to June 2014 (Figure 1 below) shows that the number of PBS listings has increased over time, and that the price of these listings is increasing. In 1991, the majority of item listings cost $20 or less each time they were dispensed, and the most expensive item was $843.43 (in 1991 dollars). In 2014, while there are a similar number of item listings that cost $20 or less, there are many more significantly higher cost listings, including more than 50 that cost more than $5,000 each time they are dispensed. In summary, analysis shows that in the period since August 1991 the number of item listings:

- priced between $21 and $50 has increased by 296 per cent
- priced between $51 and $100 has increased by 506 per cent
- priced between $101 and $500 has increased 535 per cent
- priced between $501 and $1,000 has increased 2,310 per cent
- priced between $1,001 and $5,000 has increased from 0 to 536

Figure 1: Number of medicine listings by cost group



Source: Unpublished Department of Health data.

New and innovative medicines are continually being developed by pharmaceutical companies, and put forward for consideration by the PBAC. New listings account for, on average, around ten per cent of PBS expenditure growth in their first year of listing. The Government recently approved $436.2 million in new and amended PBS listings. The PBAC recommended a further $550 million of listings at its meeting in March 2014, and considered almost $3.6 billion in submissions for new listings at its July 2014 meeting.

Biologic medicines are having a significant impact on the PBS. Biologics are more complex medicines than their small molecule counterparts, and can be considerably more costly. While some are novel treatments, some will also be alternatives to existing, low cost treatments for common chronic conditions such as high cholesterol. As new biologics are listed on the PBS, it is likely more patients will be moved onto these newer, more expensive treatments. This will increase the total cost of treating particular diseases, over and above any increase due to changes in condition prevalence. For example moving a rheumatoid arthritis patient from the small molecule drug leflunomide to the biologic etanercept could increase the cost from around $700 for twelve months' treatment to around $21,000 for twelve months' treatment, while the patient continues to pay only their relevant co-payment.

The Government is committed to providing timely access to new and innovative medicines. However, the money for these listings is not factored into the forward estimates. It is new money the Government must continue to find and has committed to do so.

Use of medicines

The increase in prescription volume is not simply a consequence of population size. Analysis of PBS usage over time shows the average number of PBS-subsidised prescriptions per capita per annum has increased over the last 20 years from about 6.5 PBS prescriptions per capita per annum in 1986-87 to about 8.5 today. These figures do not include prescriptions that fall below the co-payment level, so in reality the increase in the number of prescribed medicines used by Australians is even greater.

Demographic drivers

Australia has an ageing population in which there are increasing rates of chronic illness that require long-term treatment. This is increasing PBS demand independent of other factors.

The *Trends in and drivers of Pharmaceutical Benefits Scheme expenditure* report of 2013, developed and published by the Department of Health in conjunction with the medicines industry, found that persons aged 65 years and over contributed over half of all Government expenditure on PBS medicines dispensed through community pharmacy, and nearly two thirds of the growth in PBS expenditure in the period 2006-2011. Most older patients are concessional (90 per cent of patients aged 65 years and over were concessional in 2010-11), so the Government pays a higher proportion of the total cost of medicines for these patients.

In addition, projections by the AIHW suggest that growth in pharmaceutical expenditure in Australia will be strongest for Type 2 diabetes was well as for neurological disorders such as dementia and Parkinson's disease – two conditions with strong correlations to ageing.

Outcomes and efficiency

For the money spent, Australia achieves good value. OECD reports show that Australia spends 9.1 per cent of GDP on health, slightly lower than the OECD average of 9.3 per cent, and significantly lower than the United States figure of 16.9 per cent. Australia's overall life expectancy is 82.1 years, 6th of the 34 OECD countries, and above the average of 80.2 years. This is an indication that, at the holistic level, Australia has a health system that is achieving good health outcomes for patients and value for money for Australian tax payers.

4. MANAGING PBS EXPENDITURE

The need for balance

Australia's NMP recognises that there is a need for a fair distribution of costs and savings between partners to be achieved, to ensure the system as whole remains viable. This is evident in two of the pillars of the NMP – providing timely access to medicines Australians need at a cost individuals and the community can afford, and maintaining a responsible and viable medicines industry.

There have been numerous reforms to the PBS since 2007 that have contributed to making it more sustainable in the longer term:

- 2007 – initial reforms to the PBS, including the introduction of price disclosure;
- 2010 – Expanded and Accelerated Price Disclosure;
- 2010-12 – freezing of dispensing fees for community pharmacy; and more recently
- 2013 – Simplified Price Disclosure

The majority of efficiencies achieved in these reforms have come from the pharmaceutical and pharmacy sectors directly. It is also important to note that these reforms have also reduced the cost of many medicines directly to consumers. Care must be taken to ensure the rising cost of the PBS is managed appropriately.

The current fiscal circumstances in Australia are well-documented. It is clear that the Government has a finite budget and choices have to be made on where to allocate resources. This can be very challenging in the health context. For example, over the past three meetings, the PBAC has recommended on average, more than $450 million in new or amended listings per meeting. This equates to $1.4 billion over the forward estimates.

The proposed increases seek to achieve more of a balance on the distribution of PBS costs and savings and reflect the need for healthcare consumers to play their part in contributing to the longer term viability of the PBS. The proposed increases represent a relatively small contribution for consumers in the context of the factors driving expenditure on healthcare, including an ageing population and a growing number of medicines that without government subsidy would be prohibitively expensive for individuals.

5. OVERVIEW OF THE BILL AND IMPACT ON CONSUMERS

The proposed changes

The Bill proposes a one-off increase in co-payments for the PBS and the RPBS on 1 January 2015, and incremental increases in safety net thresholds for general and concessional patients each year for four years. These increases will occur in addition to the usual Consumer Price Index (CPI) indexation. The changes are estimated to reduce the cost to Government for the PBS and RPBS by $1.3 billion over four years.

The average impact of increased co-payments

General patients use an average of two PBS subsidised prescriptions which are priced above the general co-payment amount, currently $36.90. That means that under this proposal, these patients would pay $10 more in contributions in 2015.

The remaining four prescriptions, which represent 70 per cent of all prescriptions used by general patients, are for medicines which are priced below the general co-payment amount. There will be no increase to the price of these prescriptions under this measure.

The average concessional patient uses 17 subsidised prescriptions each year and would pay $13.60 more in contributions in 2015. The average concessional patient over 65 years uses 30 prescriptions, and these patients will pay an additional $24 per annum in 2015.

Aboriginal and Torres Strait Islander people receiving their drugs under the RAAHS programme will not be affected by the changes. Eligible Aboriginal and Torres Strait Islander consumers who receive their medicines under the CTG programme at the concessional rate will pay an additional 80 cents from 1 January 2015 (as per the changes to the concessional rate), while patients who receive their scripts for free under this programme will continue to do so.

Impact of increased safety net thresholds

In 2013, around 236,000 general patients and 1.5 million concessional patients were assisted by the PBS safety nets. Safety net arrangements will continue to protect very high users of medicines under this the changes proposed in this Bill.

Under the changes in the Bill, general patients, couples or families, who need a large number of prescriptions will pay $145.30 more in 2015 before reaching the adjusted safety net threshold. Concessional patients, couples or families who are high medicine users, will pay an additional $61.80 in 2015 before reaching the adjusted safety net threshold.

In 2012-13, one in five PBS-subsidised prescriptions dispensed through community pharmacies were supplied free of charge to concessional patients who had reached the safety net. This is in addition to those PBS-subsidised medicines regularly

dispensed free of charge in public and private hospitals and to eligible Aboriginal and Torres Strait Islander people.

Consumer contributions in context

The changes in the Bill represent a 13 per cent increase in co-payments between 2014 and 2015. As noted above, 20 per cent of all PBS subscriptions for concessional patients are free of charge and 70 per cent of PBS prescriptions for general patients are for medicines that are priced below the general co-payment amount. That means the co-payment increases will not be applied and no additional cost will be borne by consumers for those prescriptions.

It is also important to consider these increases in the context of what Australians spend on healthcare. AIHW data shows that in 2011-12, Australians spent $24.8 billion on healthcare co-payments (17.3 per cent of the total healthcare expenditure). Medications for which a PBS benefit is paid made up around 6.7 per cent of these costs ($1.7 billion), while 'other medications' (which includes general PBS prescriptions under the co-payment, private prescriptions, over-the-counter medications) made up 32.5 per cent ($8.1 billion).

Based on analysis of the AIHW 2011-12 Report, it was estimated that $6.5 billion of the 'other medications' includes private prescriptions as well as pharmacy and supermarket sales of over-the-counter medicines and vitamins and sales of items such as toothbrushes, condoms, cotton buds and facial cleansers.

Growth in out-of-pocket expenditure on non-benefit paid pharmaceuticals has been much higher than growth in benefit paid pharmaceuticals (6.5 per cent versus 3.7 per cent since 1995-96). Some of the growth in the non-benefit paid category is due to increases in the number of medicines falling below the general co-payment level.

To accurately analyse that growth, the impact of the shift in medicines from above the general co-payment amount to below the amount needs to be excluded, as this shift actually represents a save to consumers. Once the shift is taken into account the increase in spending on non-benefit paid pharmaceuticals is primarily due to greater expenditure on discretionary health care items.

From the Departmental analysis, it is estimated that private prescriptions account for approximately 25 per cent of 'other medications' expenditure. The remaining $4.9 billion is therefore assumed to be expenditure on complementary medicines and other items.

It is important to note the discretionary choices people are making in terms of their health expenditure and the relativities between what appears to be discretionary and non-discretionary healthcare expenditure by individuals. The statistics reflect choices in a comparatively wealthy society, who value their health, and who are making rational decisions about how they want to spend their money.

6. HISTORY OF CO-PAYMENTS AND SAFETY NETS

Patient contributions have been part of the PBS for many years. A table showing movement in the PBS co-payments and safety net thresholds from 1960 to 2014 is at Appendix A. Since the Budget was announced in May 2014, there have been claims that the proposed co-payment increases will result in a significant reduction in the volume of prescriptions filled for PBS medicines because patients will be unable to afford to pay the increase.

Data regarding changes in utilisation of subsidised prescription medicines after a change in co-payments should be interpreted with caution – as noted by some of the study authors themselves. For example, the decrease in PPI usage claimed by some commentators following the 2005 changes is not supported by PBS data. Many factors affect the use of medicines, and it is difficult to disaggregate the various factors that may have contributed to this reduction in subsidised prescriptions. For example products can move under the general co-payment, they can be purchased over-the-counter without a prescription or patients may switch to a combination item rather than obtain scripts for two individual items.

Other factors such as safety issues with medicines can also impact on data. For example, around the time of the last co-payment increase in 2005, there was a large reduction in the volume (65 per cent from 5.5 million to 1.9 million) of PBS-subsidised prescriptions for anti-inflammatory and anti-rheumatic medicines. This reduction in volume was a direct result of changes in clinical guidelines for COX-2 inhibitors following safety concerns surrounding Vioxx™ (a coxib) which occurred in 2004.

Analysis of PBS data from the same period (2005 co-payment change) shows that there was a small 1.15 per cent (1,956,887) reduction in the total volume of PBS-subsidised prescriptions processed from 2004-05 to 2005-06, and a 1.0 per cent (1,743,983) reduction comparing 2006-07 to 2005-06, but that prescription volumes returned to the levels prior to the co-payment change in 2007-08. These reductions were smaller overall than the one off, ongoing reduction in the use of COX-2 inhibitors, outlined above. The table at Appendix B contains Departmental analysis of prescriptions dispensed between 2004 and 2006, and shows the dramatic change (a decrease of 34.8 per cent), in anti-inflammatory and anti-rheumatic medicines. Without this, it appears there would have been a net increase in the number of PBS-subsidised prescriptions in this period.

This table also shows that contrary to analysis done at the time, script volumes for statins and bisphosphonates actually increased, not decreased. Data on variations between other years where copayment changes did not take place have also been included at Appendix B to demonstrate that in any one year changes can occur in a therapeutic class of drugs, and that caution should be exercised when reaching any conclusions as to the direct causation of that change.

For example, until mid-2012, information on the dispensing of PBS medicines priced below the general co-payment amount was not collected through the PBS. The

implication for PBS data analysis is that, when looking at trends in script volumes, consideration must be given to how much of any change in volume might be due to the movement of medicines from above to below the general co-payment amount.

When a PBS medicine reduces to a price which is below the general co-payment amount, it becomes unsubsidised by Government. These medicines can become significantly cheaper for patients as they are often sold by pharmacies at a discounted price as an incentive for the patient to fill their PBS script at the pharmacy. For example, from 1 October 2014, atorvastatin will have dropped in price by 83 per cent since becoming subject to generic competition. Pre-April 2012 the PBS price for atorvastatin 40 mg, one of the most dispensed medicines on the PBS, was $79.05 and the patient would pay the full general co-payment. From 1 October 2014, the PBS price for atorvastatin 40 mg will be $19.69.

AIHW data on prescription volumes for medicines priced both above and below the co-payment amount between 1996 and 2010 supports the PBS analysis, showing an overall increase every two years for the whole period, including the period following the 2005 increase in co-payments. This suggests that a significant factor causing the apparent reduction in PBS prescriptions dispensed following the 2005 co-payment increase was not a reduction in scripts being dispensed but a movement of medicines from above to below the general co-payment amount.

Appendix A

Date of Change	Concessional Beneficiaries	Concessional Beneficiaries	Concessional Beneficiaries	General Beneficiaries	General Beneficiaries
	Co-payment	Co-payment	Safety Net Threshold $	Co-payment $	Safety Net Threshold $
	Pensioners $	Others $			
1/3/1960				0.50	
1/11/1971				1.00	
1/9/1975				1.50	
1/3/1976				2.00	
1/7/1978				2.50	
1/9/1979				2.75	
1/11/1981				3.20	
1/1/1983		[1] 2.00		4.00	
1/7/1985				5.00	
1/11/1986		2.50	25 scripts	10.00	25 scripts
1/7/1988				11.00	
1/11/1990	[2]2.50	2.50	130.00	15.00	
1/1/1991			Introduction of	1st tier ..... 2nd tier	300.00 50.00
1/8/1991				15.70	
1/10/1991	2.60	2.60			
1/1/1992		RPBS Co-payment Introduced 2.60	135.20	1st tier ..... 2nd tier	309.90 51.60
1/8/1992				15.90	
1/1/1993				1st tier ..... 2nd tier	312.30 52.00
1/8/1993				16.00	
1/1/1994			Discontinuance of	1st tier ..... 2nd tier	400.00 nil
1/8/1994				16.20	
1/1/1995					407.60
1/8/1995				16.80	
1/1/1996	2.70	2.70	140.40		600.000
1/8/1996				17.40	
1/1/1997	[3]3.20	3.20	166.40	20.00	612.60

1/1/1999				20.30	620.30
1/1/2000	3.30	3.30	171.60	20.60	631.20
1/7/2000	[4]3.30	3.30	171.60	20.60	631.20
1/1/2001	[5]3.50	3.50	182.00	21.90	669.70
1/1/2002	3.60	3.60	187.20	22.40	686.40
1/1/2003	3.70	3.70	192.40	23.10	708.40
1/1/2004	3.80	3.80	197.60	23.70	726.80
1/1/2005	4.60	4.60	239.20	28.60	874.90
1/1/2006	4.70	4.70	253.80	29.50	960.10
1/1/2007	4.90	4.90	274.40	30.70	1,059.00
1/1/2008	5.00	5.00	290.00	31.30	1,141.80
1/1/2009	5.30	5.30	318.00	32.90	1,264.90
1/1/2010	[6]5.40	5.40	324.00	33.30	1,281.30
1/1/2011	[7]5.60	5.60	336.00	34.20	1,317.20
1/1/2012	[8]5.80	5.80	348.00	35.40	1,363.30
1/1/2013	5.90	5.90	354.00	36.10	1,390.60
1/1/2014	6.00	6.00	360.00	36.90	1,421.20

1. previously paid general co-payment
2. a compensating Pharmaceutical Allowance was introduced equal to co-payment x 52
3. Pharmaceutical Allowance maintained at $2.70 per week paid fortnightly
4. Pharmaceutical Allowance increased to $2.80 per week paid fortnightly
5. Pharmaceutical Allowance increased to $2.90 per week paid fortnightly
6. Pharmaceutical Allowance increased to $3.00 per week paid fortnightly
7. Pharmaceutical Allowance is $3.00 per week paid fortnightly
8. Pharmaceutical Allowance increased to $3.10 per week paid fortnightly

Appendix B

Drug category	2004 prescriptions (items above copay/ total listed items)	2006 prescriptions (items above copay/ total listed items)	% change
Beta blockers (hypertension)	5,691,159 (11/26)	5,936,668 (12/27)	+4.3%
Statins, incl. in combination (cholesterol)	16,795,505 (21/22)	19,065,119 (33/38)	+13.5%
Other medicines for cardiovascular disease excl. aspirin	41,253,758 (105/186)	40,255,700 (71/195)	–2.4%
Insulins	572,979 (20/20)	618,950 (20/20)	+8.0%
Other blood glucose lowering drugs, incl. in combination	4,932,670 (12/23)	5,392,912 (10/26)	+9.3%
Inhaled medicines for obstructive airway diseases (asthma/COPD)	9,967,846 (40/54)	9,286,440 (30/53)	–6.8%
Analgesics (painkillers)	13,574,247 (81/185)	12,871,385 (52/167)	–5.2%
Proton pump inhibitors (GORD)	11,686,665 (20/20)	13,304,398 (20/23)	+13.8%
Anti-epileptics	1,720,755 (47/65)	1,751,672 (51/75)	+1.8%
Anti-Parkinson drugs	700,815 (22/31)	718,813 (25/34)	+2.6%
Oral hormonal contraceptives	1,069,258 (1/17)	899,211 (1/15)	–15.9%
Anti-inflammatory and anti-rheumatic products	9,403,506 (19/65)	6,130,279 (16/91)	–34.8%
Bisphosphonates, incl. in combination (osteoporosis)	2,624,505 (24/24)	3,262,789 (25/25)	+24.3%
Total subsidised PBS prescriptions	*185,422,891 (1570/2617)*	*181,085,577 (1349/2441)*	*–2.3%*

Drug category	2002 prescriptions (items above copay/ total listed items)	2004 prescriptions (items above copay/ total listed items)	2006 prescriptions (items above copay/ total listed items)	2008 prescriptions (items above copay/ total listed items)	% change 2004 to 2006
Beta blockers (hypertension)	5,010,254	5,691,159 (11/26)	5,936,668 (12/27)	6,400,961 (10/26)	+4.3%
Statins, incl. in combination (cholesterol)	13,809,272	16,795,505 (21/22)	19,065,119 (33/38)	23,035,304 (42/58)	+13.5%
Other medicines for cardiovascular disease excl. aspirin	36,090,575	41,253,758 (105/186)	40,255,700 (71/195)	41,814,272 (71/209)	–2.4%
Insulins	486,308	572,979 (20/20)	618,950 (20/20)	719,624 (20/20)	+8.0%
Other blood glucose lowering drugs, incl. in combination	4,292,210	4,932,670 (12/23)	5,392,912 (10/26)	6,053,417 (13/29)	+9.3%
Inhaled medicines for obstructive airway diseases (asthma/COPD)	9,539,709	9,967,846 (40/54)	9,286,440 (30/53)	9,777,554 (32/52)	–6.8%
Analgesics (painkillers)	12,393,374	13,574,247 (81/185)	12,871,385 (52/167)	13,820,212 (68/179)	–5.2%
Proton pump inhibitors (GORD)	8,353,478	11,686,665 (20/20)	13,304,398 (20/23)	15,250,570 (14/23)	+13.8%

Drug category	2002 prescriptions (items above copay/ total listed items)	2004 prescriptions (items above copay/ total listed items)	2006 prescriptions (items above copay/ total listed items)	2008 prescriptions (items above copay/ total listed items)	% change 2004 to 2006
Anti-epileptics	1,557,748	1,720,755 (47/65)	1,751,672 (51/75)	1,924,746 (43/70)	+1.8%
Anti-Parkinson drugs	640,655	700,815 (22/31)	718,813 (25/34)	733,641 (29/39)	+2.6%
Oral hormonal contraceptives	1,221,710	1,069,258 (1/17)	899,211 (1/15)	785,792 (1/15)	–15.9%
Anti-inflammatory and anti-rheumatic products	6,742,158	9,403,506 (19/65)	6,130,279 (16/91)	5,183,946 (13/90)	–34.8%
Bisphosphonates, incl. in combination (osteoporosis)	1,501,129	2,624,505 (24/24)	3,262,789 (25/25)	3,333,806 (29/29)	+24.3%
Total subsidised PBS prescriptions	*161,759,018*	*185,422,891* *(1570/2617)*	*181,085,577* *(1349/2441)*	*192,231,159* *(1499/2626)*	*–2.3%*

NOTE: Includes RPBS patients. Excludes RPBS-only items.