Date introduced: 17 September 1986
House: House of Representatives
Presented by: Hon. Neal Blewett, M.P., Minister for Health

DIGEST OF BILL

Purpose

To increase the maximum patient contribution between the Medicare benefit rebate and the Schedule of Fees from $10 to $20, to deregulate controls over private hospitals, to abolish the Isolated Patients Travel and Accommodation Assistance Scheme (IPTAAS), to increase the maximum patient contribution for pharmaceutical benefits and to make various other amendments to a number of Acts.

Background

This Bill was introduced as part of the Government's 1986-87 Budget[1] and is intended to provide substantial reductions in Government expenditure. Actual expenditure on the health portfolio in the 1984-85 period was $6850 million. In the 1985-86 period expenditure rose by 12% or $128 million higher than budgeted. Expenditure on pharmaceutical benefits and services was $19 million higher than budget estimate due to higher prescription volumes, particularly in the general category, and higher than expected increases in chemists' remuneration and drug prices.

IPTAAS provides financial assistance to persons, mainly in country areas, who are referred for specialist medical treatment not available locally.[2] The Government takes the view that because of administrative difficulties with the program the States would be better placed to provide patients living in country areas with travel assistance. The Government proposes granting additional general revenue assistance to the States and Territories to enable them to provide more effective patient travel arrangements.
In his Second Reading Speech[3] the Minister estimated that the increase in maximum patient contribution payable for medicare services from $10 to $20 will result in savings of $18 million in 1986-87 and $29 million in a full year. It is anticipated that the new pharmaceutical benefits scheme will reduce government expenditure in the area by approximately $56.6 million in 1986-87 and $67 million in 1987-88. The deregulation of private hospitals will result in savings of $0.25 million in 1986-87 and $0.5 million in a full year. The associated abolition of the private hospital subsidy will save $90 million in 1986-87 and $143 million in a full year.

Outline


Main Provisions

Amendments to the Health Insurance Act 1973 (the Principal Act)

The Minister will be able to determine other forms of facial deformities in respect of which a medicare benefit may be paid apart from the cleft lip and palate conditions which already attract the benefit (clause 4 which will amend section 3 of the Principal Act by substituting a new definition of "prescribed dental patient").

The maximum difference between the schedule fee for a service and the medicare benefit payable for that service will be increased from $10 to $20 for services rendered after 1 November 1986 (clause 5 which will amend section 10 of the Principal Act).

The payment of subsidies to private hospitals, along with Commonwealth controls over private hospitals, will be abolished from the 1 October 1986 (clause 7 which will repeal sections 23H to 38(A) inclusive of the Principal Act).

The Secretary of the Department of Health and the General Manager of the Health Insurance Commission will be able to divulge information, which would otherwise be
secret, only if both the type of information provided, and the authority to which the information is to be given, are first prescribed by regulation (clause 9 which will amend section 130 of the Principal Act).

Amendments to the National Health Act 1953 (the Principal Act)

Currently, an in-patient in a hospital who is given a prosthesis is entitled to a benefit whilst the same patient in a day hospital facility is not so entitled. Clause 14 will amend section 4 of the Principal Act to remove this anomaly.

The Commonwealth provides vaccines for immunisation purposes for certain diseases. Clause 15 will amend section 98 of the Principal Act so that the list of such diseases may be added to by regulations.

The Isolated Patients Travel and Accommodation Assistance Scheme which provides Commonwealth assistance for persons living in remote areas of Australia will be abolished by clause 16 which will repeal Part III of the Principal Act.

Clause 19 inserts a new Division IA into the Principal Act, proposed sections 84B-84L, which will introduce a new pharmaceutical benefits scheme. The new Division will come into operation on 1 November 1986 (clause 2).

A person will be eligible to be issued with a pharmaceutical benefits entitlement card when that person (or members of the person's family as defined by proposed sub-section 84B(1)) have been supplied with pharmaceutical benefits 25 times within a prescribed period (proposed sub-section 84C(1)). Each of the 25 pharmaceutical benefits supplied must be recorded by the pharmacist on a pharmaceutical benefits prescription record form (proposed sub-section 84D(6)). When this level is reached the person will be issued with a pharmaceutical benefits entitlement card (proposed sub-section 84E(1)) which will also cover members of that person's family (proposed section 84G). It will be an offence to knowingly issue an entitlement card to a person who is not eligible to receive one or to knowingly include on a person's card someone who in fact is not a member of that person's family. In each case the maximum penalty will be a $5000 fine or 2 years imprisonment or both (proposed sub-section 84L).
The Minister will be able to declare which drugs and medicinal preparations will be the subject of a pharmaceutical benefit (clause 20 which will amend section 85 of the Principal Act). The Minister will not be able to add a new drug to the list unless the Pharmaceutical Benefits Advisory Committee has recommended that the drug be added (clause 29 which will amend section 101 of the Principal Act).

Section 87 of the Principal Act sets out the limited charge imposed where a benefit is applicable. Clause 21 will amend section 87 so that:

- the maximum concessional contribution a patient can make towards the cost of a prescription will be increased from $2.00 to $2.50;
- the maximum general contribution a patient can make towards the cost of a prescription will be increased from $5.00 to $10.00; and
- holders of entitlement cards will receive prescriptions free of charge.

The new charges will come into effect on 1 November 1986 (clause 2). The pharmacist, doctor or hospital dispensing the drug must be satisfied that the patient is entitled to receive a benefit and may refuse to supply the drug until evidence of the patient's entitlement can be produced (clause 21 which will insert new sub-sections 87(3A) and 87(3B)).

A pharmacist will be entitled to receive the full Commonwealth price for drugs supplied free of charge to the holder of an entitlement card (clause 27 which will amend sub-section 99(2)(a) of the Principal Act). The Commonwealth will be able to demand payment from people who have claimed and received a benefit knowing that they were not entitled to receive such a benefit (clause 28 which will insert a new section 99AA into the Principal Act).

Where a person has been refused an entitlement card that person may apply to the Administrative Review Tribunal for a review of the decision (clause 32 which will amend section 105AB of the Principal Act).
Amendments to the Therapeutic Goods Act 1966 (the Principal Act)

The Secretary of the Department of Health will be given power to require manufacturers to provide details of the quality of various batches of biological products (clause 41 which will insert a new section 23DA into the Principal Act). Clause 42 will amend section 23E of the Principal Act to enable the Secretary to require that a manufacturer of biological products to provide samples of batches of products on a regular basis.

Regulations will be able to be made which provide for the inspection of the procedures used in the manufacture of therapeutic goods (clause 44 which will insert a new section 24A into the Principal Act).

Schedule 1 of the Bill makes minor amendments of a drafting nature to the National Health Act 1953 most often making the language gender neutral. Schedule 2 changes each reference in the National Health Act 1953 from a "pharmaceutical chemist" to a "pharmacist". Schedule 3 makes minor amendment to the Commonwealth Serum Laboratories Act 1961, the Health Insurance Act 1973 and the Therapeutic Goods Act 1966.

For further information, if required, contact the Education and Welfare Group.

29 September 1986

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References

2. Ibid, p.128.