

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2015-16

Finance Portfolio
27-28 May 2015

Department/Agency: Department of Finance
Outcome/Program: 1/1.1
Topic: Pharmaceutical Benefits Scheme reforms

Senator: Wong
Question reference number: F100
Type of question: Written
Date set by the committee for the return of answer: Friday, 10 July 2015

Number of pages: 2

Question:

With regards to the reforms to the Pharmaceutical Benefits Scheme and elements of the Sixth Community Pharmacy Agreement announced on 27 May 2015:

- a) Was the funding in relation to this – described as a net saving of \$3.7 billion – in the contingency reserve / decisions taken but not yet announced entries in the 2015-16 Budget?
- b) Can the Department provide a breakdown of the funding, year-by-year, over the forward estimates for each of the individual elements in the *National Health Amendment (Pharmaceutical Benefits) Bill 2015*?

Answer:

- a) A provision was included in the 2015-16 Budget for the anticipated impact over the forward estimates of the Pharmaceutical Benefits Scheme Access and Sustainability Package.
- b) The table below provides a breakdown of the individual elements outlined on page 1 of the Explanatory Memorandum to the *National Health Amendment (Pharmaceutical Benefits) Bill 2015* over the forward estimates. The total net savings of \$3.7 billion are over five years, including 2019-20, and include additional elements that are not part of this Bill.

	Underlying Cash (\$m)				
Component	2015-16	2016-17	2017-18	2018-19	Total
Applying a one-off 5% Statutory price reduction	49.1	208.7	237.1	248.2	743.0
Removing the Originator Brand in price disclosure	0.0	285.5	496.6	530.3	1,312.5
Applying flow-on price disclosure to multiple-brand Combination Medicines	34.1	140.5	140.0	145.1	459.6
Revising the Pharmaceutical Benefits Advisory Committee membership arrangements	-14.9	-6.7	-5.5	-5.4	-32.4
Allowing the discounting of patient co-payments by \$1	76.2	79.8	73.3	68.0	297.1
Extending the safety net early supply rules	93.1	91.8	94.2	96.6	375.8
Continuing pharmacy location rules until 2020	-	-	-	-	-
Total	237.6	799.6	1,035.7	1,082.8	3,155.6