



Policy costing

Fully fund opioid substitution therapies	
Party:	Australian Greens
<p>Summary of proposal:</p> <p>The Commonwealth Government would provide dedicated funding to state and territory governments to fund the dispensing fees for all patients receiving opioid dependence treatment (methadone, buprenorphine and buprenorphine-naloxone) and any associated administration costs.</p> <p>The dispensing fee funding would be a standardised amount paid by states and territories to dosing point sites (mostly community pharmacies) for each dose of opioid dependence treatment.</p> <p>Currently, the Commonwealth Government funds the pharmaceutical used for the treatment of opioid dependence through the Pharmaceutical Benefits Scheme (PBS), but not the costs for dispensing these drugs.</p> <p>The proposal would have effect from 1 July 2019.</p>	

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$614 million over the 2019-20 Budget forward estimates period. This impact reflects an increase in administered expenses of \$613 million and an increase in departmental expenses of \$1 million.

A breakdown of the financial implications of this proposal over the 2019-20 Budget forward estimates period is included at [Attachment A](#). The proposal would be expected to have an ongoing impact beyond the 2019-20 Budget forward estimates period.

Departmental expenses for the Department of Human Services (DHS) to administer the increased number of PBS and Medicare Benefits Schedule (MBS) transactions that would result from the behavioural response to the proposal have been included. Departmental expenses for the Department of Health to administer the proposal are not expected to be significant and have not been included.

The estimated financial implications are sensitive to the assumed number of opioid dependence treatment patients, including the number of additional patients in any year as a result of the proposal, and the dispensing fee.

Table 1: Financial implications (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-136	-150	-159	-167	-614
Underlying cash balance	-136	-150	-159	-167	-614

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office has made the following assumptions in costing this proposal.

- In the absence of policy change, the number of opioid dependence treatment patients would increase in line with the average annual increase over the period 2013 to 2017. This increase is about 5 per cent each year.
- The proportion of opioid dependence treatment patients receiving each treatment type would remain constant relative to their proportions in 2017.
- There would be no significant variation across the year in the number of opioid dependence treatment doses dispensed each day.
- All opioid dependence treatment patients would be dispensed a dose each day.
- In response to the Commonwealth Government assuming responsibility for funding dispensing fees, the number of opioid dependence treatment patients would increase by around one-third relative to the baseline. The bulk of this increase would occur in the first few years after implementation of the proposal.
 - This is consistent with recent peer-reviewed Australian research and accounts for both an increase in average treatment duration and an increase in the number of patients commencing opioid dependence treatment each year as a result of the lower out-of-pocket costs.
- The daily dispensing fee per dose in the first year of the proposal would be \$5.
- The opioid dependence treatments prescribed are the most convenient formulations of each treatment.
- The administrative expense per opioid dependence treatment dose paid to the states and territories by the Commonwealth Government would be the same as the DHS unit price for PBS prescriptions.
- The average general practitioner (GP) consultation to obtain a prescription would be a consultation of less than 20 minutes, and these consultations would be bulk-billed.
 - The average number of GP consultations per opioid dependence treatment patient each year would be 24.

Methodology

The estimated financial implications of this proposal are the sum of:

- payments to the state and territory governments for the dispensing fees and administration expenses
- MBS expenses for the increased number of opioid dependence treatment patients requiring GP visits to receive prescriptions for treatment
- PBS expenses for the increased level of opioid dependence treatment consumption
- departmental expenses to process the additional MBS and PBS claims from new opioid dependence treatment patients.

Payments to state and territory governments

The annual payment to state and territory governments for dispensing fees was calculated by multiplying the estimated number of opioid dependence treatment patients each day by the dispensing fee per patient and the number of days in a year.

- The daily dispensing fee was indexed by the consumer price index from the policy start date. This is consistent with the indexation of relevant fees for community pharmacies as per the Sixth Community Pharmacy Agreement.
- The historical number of patients receiving opioid dependence treatment each day in the absence of the proposal was sourced from the Australian Institute of Health and Welfare. This number of patients was then projected by applying the assumptions outlined above.

The administration expenses paid by the Commonwealth Government to state and territory governments were calculated by multiplying the estimated number of opioid dependence treatment patients each day by the assumed per-dose administration cost and the number of days in a year.

MBS expenses

The additional annual MBS expenses were calculated by multiplying the additional number of opioid dependence treatment patients by the average number of GP consultations per opioid dependence treatment patient each year and the assumed cost per GP consultation, including the GP bulk-billing incentive.

The average number of GP consultations each year for opioid dependence treatment patients was based on modelling by the Australian National Council on Drugs.

PBS expenses

The additional PBS expenses were calculated by multiplying the additional number of opioid dependence treatment patients by the average PBS cost per opioid dependence treatment dose and the number of days in a year.

Departmental expenses

Departmental expenses for DHS to administer the additional MBS and PBS expenditure have been calculated based on DHS unit prices.

All estimates have been rounded to the nearest \$1 million.

Data sources

Australian Institute of Health and Welfare, *National opioid pharmacotherapy statistics 2017*. [Online] Available at: <https://www.aihw.gov.au/reports/alcohol-other-drug-treatment-services/nopsad-2017/contents/summary> [Accessed 13.12.2018].

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Department of Health, 1995. *Review of Methadone Treatment in Australia – 10 Costs of services*. [Online] Available at: <http://www.health.gov.au/internet/publications/publishing.nsf/Content/drugtreat-pubs-methrev-toc~drugtreat-pubs-methrev-10>.

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Harm Reduction Victoria (HRV), Pharmacotherapy Advice, Mediation & Support (PAMS) Service, 2016. *Submission To: Pharmacy Remuneration and Regulation Review*. [Online] Available at: [http://www.health.gov.au/internet/main/publishing.nsf/Content/review-pharmacy-remuneration-regulation-submissions-cnt-7/\\$file/345-2016-09-23-harm-reduction-victoria-submission.pdf](http://www.health.gov.au/internet/main/publishing.nsf/Content/review-pharmacy-remuneration-regulation-submissions-cnt-7/$file/345-2016-09-23-harm-reduction-victoria-submission.pdf).

Government of South Australia – SA Health, 2018. *Buprenorphine/naloxone for opioid dependence – Important points to know about buprenorphine/naloxone (Suboxone®)*. [Online] Available at: https://www.sahealth.sa.gov.au/wps/wcm/connect/8648e380407753749419be222b2948cf/Fact+Sheet+Quick+Reference+Guidelines+Suboxone_DASSA+2018+05+17+-+2018.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-8648e380407753749419be222b2948cf-msqgGV7.

The Department of Human Services provided annual unit payment administration costs as at the 2019-20 Budget.

The Department of Finance provided indexation parameters as at the 2019-20 Budget.

Attachment A – Fully fund opioid substitution therapies – financial implications

Table A1: Fully fund opioid substitution therapies – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Expenses					
<i>Administered</i>					
<i>Payments to states and territories</i>	-114	-122	-128	-134	-498
<i>Pharmaceutical Benefits Scheme</i>	-13	-16	-18	-19	-66
<i>Medicare Benefits Schedule</i>	-9	-12	-13	-14	-49
Total – administered	-136	-150	-159	-167	-613
<i>Departmental</i>					
<i>Department of Human Services</i>	..	..	..	..	-1
Total – departmental	..	..	..	..	-1
Total – expenses	-136	-150	-159	-167	-614

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.