

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Human Services and agencies

Supplementary Budget Estimates 2005-2006, 1 November 2005

Question: HS26

Outcome 1, Output Group 1.1

Topic: MULTIPLE PAYMENTS PROJECT UNDERTAKEN BY THE PBS COMPLIANCE BRANCH OF MEDICARE AUSTRALIA.

Written Question on Notice:

SENATOR Humphries asked the Minister for Human Services, upon written notice:

I seek answers concerning the Multiple Payments Project undertaken by the PBS Compliance Branch of Medicare Australia.

This was an audit that identified pharmacies claiming more than one payment for the same prescribed supply of PBS medicine. Commonwealth regulations require that, except in urgent situations, a pharmacist must be presented with a prescription in order to supply pharmaceutical benefits.

The audit found that when patients lose a prescription or leave a prescription at home, pharmacists sometimes supply the medicine by printing another copy from the dispensing computer. Subsequently a number of pharmacists have been asked to repay a total of \$3.5 million as of March 2005.

However my understanding is that it is only recently that Medicare Australia, through this audit, has attempted to strictly enforce this legislation.

- (1) What inspired Medicare Australia to carry out this audit? Was there any evidence, or has any evidence been produced, that any pharmacists have deliberately set out to defraud the Commonwealth?
- (2) How often have pharmacists been required to repay money when there has been no deliberate fraud and no loss to the Commonwealth?
- (3) Prior to its commencement, Medicare Australia used its Bulletin Board magazine and other industry journals to raise pharmacists' awareness of the audit. However there have been claims that information about the audit was not prominently displayed in these publications. Has an analysis been conducted into the effectiveness of this information campaign?
- (4) There are now apparently very few GPs willing to replace a lost prescription without charging a consultation fee. Would you agree that by authorising a duplicate prescription, a pharmacist is saving customers, and therefore Medicare, money?
- (5) Has Medicare Australia interviewed any of the patients concerned to ascertain whether they would not have been supplied medication if not for the duplicate prescriptions? If the patients would have received the medication anyway, aren't any savings claimed illusory?

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Human Services and agencies

Supplementary Budget Estimates 2005-2006, 1 November 2005

MR HOCKEY - The answer to the honourable member's question is as follows:

- (1) Medicare Australia is responsible for administering the Pharmaceutical Benefits Scheme (PBS) and in doing so is responsible for ensuring compliance with relevant legislation. The Multiple Payments Project is a post-payment analysis and audit that forms one component of Medicare Australia's PBS Compliance Program. The Project commenced as a pilot in South Australia in 2001 prior to proceeding to a national project from mid-2002. The pilot was undertaken to assess risks to the PBS which had been identified.

A multiple payment is when an approved supplier* claims more than once for the same prescribed supply of PBS medicine. The Multiple Payments Project is able to identify approved suppliers claiming more than one payment for the same prescribed supply of PBS medicine. In the majority of cases, the multiple payment arises from non-compliance by the approved supplier with the *National Health Act 1953* and/or the *National Health (Pharmaceutical Benefits) Regulations 1960*. In a small number of cases, the Multiple Payments Project has identified fraudulent behaviour where a PBS benefit was claimed for PBS medicine not supplied. Such cases are subject to investigation by Medicare Australia.

* An approved supplier under the National Health Act 1953 means an approved pharmacist, an approved medical practitioner or an approved hospital authority.

- (2) Section 99AA (2) of the National Health Act 1953 provides for recovery of unauthorised payments.

Medicare Australia will seek to recover PBS benefits paid where an approved supplier has contravened the legislative requirements. It is reasonable for Medicare Australia to expect that approved suppliers, in making a claim for payment to Medicare Australia, comply with any relevant legislation relating to the supply of the PBS medicine. A multiple payment arising from a contravention of relevant legislation by an approved supplier provides grounds for an unauthorised payment.

Of the 750 approved suppliers who have been reviewed in the first two Multiple Payments audits, 737 have been required to repay PBS benefit payments. Where fraud is suspected, a pharmacy is referred out of the project for further assessment. The 737 pharmacies required to repay PBS benefits were not considered to be fraudulent.

Of the other 13 approved suppliers, three were referred outside the project for further assessment and ten were subject to no further action. No further action applies where no significant issues were identified and the value of the identified duplicate scripts was less than \$100 in PBS Net Benefit payments.

- (3) Articles about the Multiple Payments Project have been published in the Bulletin Board editions of December 2002, June 2003, and Winter 2004. There has not been a specific evaluation of the effectiveness of using Bulletin Board to communicate to pharmacists regarding the Multiple Payments Project. However, independent customer service market research conducted by AC Nielson in 2004 revealed that pharmacists have a very positive perception of the Bulletin Board with most reading this regularly and that topics are relevant to themselves.

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Human Services and agencies

Supplementary Budget Estimates 2005-2006, 1 November 2005

Furthermore, Medicare Australia sent a letter to approved suppliers in August 2003 advising them of the Multiple Payments Project. In addition, Medicare Australia has made public since 2003-04, its annual national compliance program and this program specifies the conduct of the Multiple Payments Project. The annual compliance program is available on Medicare Australia's web site.

- (4) A pharmacist who generates a duplicate prescription from their dispensing software without being presented with a valid prescription from the patient is contravening the National Health Act 1953 and the National Health (Pharmaceutical Benefits) Regulation.
- (5) Medicare Australia has not interviewed any of the patients on this matter. Supplying a prescription without the patient/pharmacist copy is a breach of both the National Health Act 1953 and State/Territory legislation.

If pharmacies do not comply with the legislative requirements, they are submitting claims for unauthorised payments and therefore there would a loss to the Commonwealth. Only the medical practitioner has the authority to determine how many prescriptions should be prescribed and supplied within a given time to the patient.