

ANALYSIS OF PBS COSTS AND PRESCRIPTION NUMBERS

The data (does not include RPBS) are taken from the Medicare Australia website at
http://www.medicareaustralia.gov.au/providers/health_statistics/statistical_reporting/pbs.shtml

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Total scripts (millions) (% incr)	123.6	124.5 (+0.7)	128.3 (+3.0)	137.4 (+7.1)	147.3 (+7.2)	154.2 (+4.7)	158.2 (+2.6)	165.1 (+4.4)	169.6 (+2.7)	167.6 (-1.2)	167.7 (0)
Total costs (\$millions) (% incr)	2,348	2,541 (+8.2)	2,795 (+10.0)	3,187 (+14.0)	3,834 (+20.3)	4,229 (+10.3)	4,634 (+9.6)	5,104 (+10.1)	5,459 (+6.9)	5,587 (+2.3)	5,742 (+2.8)
Cancer scripts* (millions) (% incr)	0.5	0.6 (+20.0)	0.7 (+16.7)	0.8 (+14.3)	0.9 (+12.5)	1.0 (+11.1)	1.1 (+10.0)	1.2 (+9.1)	1.3 (+8.3)	1.4 (+7.7)	1.5 (+7.1)
Cancer costs* (\$millions) (% incr)	89	112 (+25.8)	142 (+26.8)	194 (+36.7)	269 (+38.6)	328 (+21.9)	385 (+17.4)	469 (+21.8)	577 (+23.0)	680 (+17.8)	810 (+19.1)
Total cost – ca costs (% incr)	2,259	2,429 (+7.5)	2,653 (+9.2)	2,993 (+12.8)	3,565 (+19.1)	3,907 (+9.6)	4,249 (+8.7)	4,635 (+9.1)	4,882 (+5.3)	4,907 (+0.5)	4,932 (+0.5)

* ATC Anti-neoplastic and immuno-modulating agents

GOVERNMENT COSTS / SCRIPT

	<u>1996-97</u>	<u>2006-07</u>
Cancer drugs	\$161.82	\$540.00
All drugs	\$18.93	\$34.38
All drugs except cancer	\$18.30	\$29.80

PBS COPAYMENTS


	<u>1996-97</u>	<u>2006-07</u>
Concession	\$3.20	\$4.90
General	\$20.00	\$30.70

WHAT DOES THE DATA SAY?

1. There's always a fair amount of variation in the rate of increase of costs in the PBS.
2. However starting in 2004-05 there is a very clear slowing in the rate of growth of both costs and prescription numbers.
 - The total number of prescriptions has been constant over the past 2 years, and is less now than it was in 2004-05.
 - The total cost of the PBS is now growing at the rate of 2.8% pa (or less than the CPI) after average growth rates of 12% pa in the years 1996-97 to 2004-05.
 - The cost of cancer drugs alone is driving the cost of the PBS. If their cost is taken out then the cost of the PBS has been almost constant over the past 3 years.
3. There are no studies to say precisely why this is, and there are some confounding factors such as:
 - movement of medicines off the PBS (especially dermatologicals, asthma drugs, etc)
 - withdrawal of drugs like Vioxx and Celebrex
 - more emphasis on Quality Use of Medicines (so less antibiotics prescribed)

However these downturns in costs and prescription numbers across therapeutic categories are all seen to be occurring at the same time, and imply that they are due to government policies which have seen the cost of PBS medicines to the consumer increase substantially since January 2005. The 23% increase in the PBS co-payment was brought in after the 2004 election and this has been followed by changes to the safety net and increasing numbers of brand and therapeutic premiums).

4. A 2007 survey report from the Commonwealth Fund (http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=568237&#doc568237) shows that 13% of Australians report not getting a prescription filled or skipping doses of their prescription medicine because of cost. Only the US reported a higher rate.



Key takeout message

Government policies have effectively constrained PBS spending despite the fact that a number of new, very expensive cancer drugs have recently been added to the PBS. This is good news for the sustainability of the PBS, but what does the fall in prescriptions mean? We have no way to know whether this represents better prescribing practices or reflects that fact that some people cannot afford to get their prescriptions filled. If patients are going without needed medicines then sooner or later we will see the consequences of this show up in our hospitals.

14 November 2007

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