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A smarter path to cheaper medicines

The AMA has written to the federal government, encouraging it to drive reforms to make medicines prescribed by doctors cheaper by allowing pharmacies to discount pharmaceutical benefits scheme (PBS) medicines that have a co-payment.

AMA President Steve Robson said the move would help consumers who are skipping medicines because of the cost, a persistent problem according to successive Productivity Commission Reports on Government Services.

Research released by the [Grattan Institute research](#) last year found ‘nearly 50 per cent of the out-of-pocket payments by people with at least one chronic condition are on prescribed medications’ and that ‘people with chronic illness skip pharmaceuticals at 2.5 times the rate of people without a chronic condition’.

Professor Robson said it’s disastrous for both patients and the health system for people to be skipping medications because of the cost, with patients inevitably getting sicker and sometimes ending up in emergency rooms.

“The AMA has proposed a simple policy solution that won’t hurt the budget bottom line but will make a significant difference to patients. Allowing pharmacies greater opportunities to discount medicines will make medicines more affordable and encourage competition.

“The government should be encouraging innovation, and we can do that by allowing pharmacies to discount medicines which have a PBS co-pay. Best of all, we don’t need the taxpayer to foot the bill.”

Professor Robson said under the current system if pharmacies want to provide a discount to make medicines more affordable, they are limited to a \$1 discount on prescriptions covered by the PBS with a co-pay.

“They can’t discount any more than a single dollar. It’s a bizarre system that stops the market making medicine cheaper for all of us.

“We acknowledge the government’s recent \$787 million investment to pay extra on behalf of the patient, and the positive impact it had on 3.2 million PBS scripts in January and February this year.

“But there were around 48 million PBS scripts dispensed in January and February, with the majority of these needing to be subsidised by the Commonwealth under co-pay arrangements. For many of these scripts we think there is a way to make them cheaper as well, without costing the taxpayer. Allowing discounting could really save patients, and taxpayers money. It’s common overseas — even our next-door neighbours in New Zealand, allow it. We should too.

“Considering the increase we’ve seen in the co-payment amount for concession card holders — often our most vulnerable — this could really help.”

The AMA has also called for other changes that would see both the patient, and the taxpayer, save significantly including allowing medicines approved by the independent, expert Pharmaceutical Benefits Advisory Committee to be supplied for two months which would effectively halve the costs of medications for patients.

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