COTA
For older Australians

SUBMISSION TO INQUIRY INTO NATIONAL HEALTH AMENDMENT (PHARMACEUTICAL BENEFITS) BILL

Prepared by
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INTRODUCTION

COTA Australia is the peak national policy body of older Australians. Its members are the eight State and Territory Councils on the Ageing (COTA) in NSW, Queensland, Tasmania, South Australia, Victoria, Western Australia, ACT and the Northern Territory.

COTA Australia has a focus on national policy issues from the perspective of older people as citizens and consumers and seeks to promote, improve and protect the circumstances and wellbeing of all older Australians; promote and protect their interests; and promote effective responses to their needs.

When we surveyed our membership about areas of concern to them in the lead up to the 2013 Federal election, access to quality and affordable health care came out as the number one concern. In those survey results it became clear that older Australians greatly value the access to reasonably priced medicines that the Pharmaceutical Benefits Scheme (PBS) gives them and that they have a good understanding of the degree of subsidy that is provided by the PBS.

In the build up to the Federal Budget there was media speculation about what would happen to PBS co-payments. We had people contacting us raising concerns about the cost of medicines and how any further increases would mean they might have to limit their use of medicines and visits to doctors. After the Budget was announced a number of older people contacted us to express dismay at the announced changes to PBS copayments.

ISSUES

Increased copayments

In our submission to the Senate inquiry into out of pocket health expenses we highlighted the fact that many older people have complex and chronic conditions, requiring multiple medications and frequent visits to doctors. Older people are more likely to have to go to the doctor, more likely to see a specialist and more likely to be an inpatient in a hospital than younger people[1]. This increases the likelihood they will be using some medications, either long term for chronic conditions or to deal with short-term medical conditions.

There are a number of studies looking at the affordability of medicines as a barrier to access. The ABS survey of 2010[2] estimated that 1 in 10 people delayed getting a prescription filled because of the cost. For older people this figure was lower at around 3 per cent which is due to older people being able to access concessional medications, either as a pensioner or through the Commonwealth Seniors Health Card.

Not filling a prescription is only part of the story. For a number of years the COTAs ran a peer education program on the Quality Use of Medicines. Anecdotal evidence from the peer educators showed that many older people were not able to afford all their medications, even at the concessional rate, and so they developed a range of strategies to manage the costs. These included reducing the dosage of medications e.g. only taking a medicine every other day instead of daily, dropping some completely, and sharing medications with other people.

[1] AIHW 2014 Australia's Health 2014p 256
[2] ABS 2010 Health Services: patient experiences in Australia 2009

All of the above strategies reduce the effectiveness of the prescribed medications and in many cases lead to less than optimal health outcomes which in turn cost the health system more as people's conditions deteriorate.

Most older people are on low or fixed incomes and have limited discretionary income, particularly if they are a single person and/or not a home owner. The Budget co-payment increases represent a rise of 13.3 per cent, in addition to any increase due to inflation as measured by CPI. It is hard to see how many older people are going to be able to absorb such an increase without sacrificing something else.

Getting a prescription medicine is not a consumer choice; it is the health professional's decision as to whether or not a person needs it. The increased cost will impact on people's capacity to pay and we believe there will be an increase in the proportion of people delaying filling a prescription.

The proposed increases in co-payments will probably increase the numbers of people who do not fill prescriptions. Whilst that may give the Government the short term savings it is looking for on the PBS expenditures, it has the potential to drive up other health costs in the longer term.

Changes to safety net thresholds

In our survey last year, people placed great value on the safety net arrangements. Even though many said they found it odd that there were separate safety nets for MBS and PBS and they were sometimes confused about how they operated, the existence of the safety net gave people reassurance that they would be able to access the medicines they needed.

The proposed increases to the safety net thresholds will again push up out of pocket expenses for people who need prescription medicines. The increase of two concessional prescriptions a year over four years means that in 2018 people will be paying for 68 rather than 60 prescriptions. At the cost of $6.80 (as it will be) this means an additional $54.40 which is a burden for people who live on low fixed incomes and have little or no discretionary income.

For people on the general safety net there is a similar concern with the increased limit being particularly hard on people on low incomes who are not concession card holders. In addition, people on the general patient safety net will have to pay the increased concessional co-payment once they reach the safety net limits.

CONCLUSIONS

The proposed changes to co-payments and safety net thresholds have the combined effect of increasing the out of pocket expenses for PBS medicines for both non-concessional and concessional patients. They cannot be viewed in isolation. Older people will incur these increases at the same time as the Government is planning to introduce co-payments for GP visits and related diagnostic tests and decrease the value of the pension through changes to indexation and other initiatives.

COTA is opposed both to the increases in co-payments and increases in the safety net thresholds. Getting the right mediation at the right time should not depend on your ability to pay for it and people should not have to choose between food, heating and medications.

The estimated savings from these measures is $1.3 billion over four years. Work done by the Grattan Institute shows the Government could make savings of around $1 billion by having a better purchasing policy for drugs. We urge the Government to look at the cost of drugs, the cost of prescribing, prescribing habits and more careful examination of the efficacy of drugs rather than taking the easy path of passing health system inefficiencies onto consumers.