

Pharmaceutical Benefits Scheme — not always cost effective for the chronically ill

Chronically ill patients without concession cards may save money through non-PBS bulk prescriptions

The Pharmaceutical Benefits Scheme (PBS) has been in operation for almost 60 years, with some benefits first being made available in 1948. It has evolved from supplying a limited number of “life-saving and disease-preventing drugs” free of charge to the community, into a broader, subsidised scheme. In its current form, the PBS was introduced in 1960 and included the introduction of a patient contribution (or co-payment) of 5 shillings to provide some control on volumes and expenditure.¹

Government PBS expenditure on an accrual accounting basis for the year ending 30 June 2014 totalled \$9148.5 million. The total PBS volume was 209.8 million prescriptions. Government expenditure amounted to 82.5% of the total cost of PBS prescriptions. The remainder comprised patient contributions that amounted to \$1545.1 million. Most government expenditure on PBS prescriptions was directed towards concessional cardholders (\$5708.0 million, 78.1% of the total).²

Australia has an ageing population. Many of the post-War baby boomers, born between 1946 and 1961, are either already, or soon will be, self-funded retirees. From the point of view of the PBS, this could mean a growing percentage of the population that will be classified as non-concessional despite often experiencing a large reduction in income once retired.

As a member of this generation who is approaching retirement and also has a chronic illness, I am very much aware of the amount I spend on medication and what percentage of my retirement income this will represent. In my experience, as a long term, corticosteroid-dependent patient with chronic asthma, I have found that it is more cost effective to purchase many of my medications using non-PBS (private) prescriptions.

In the main, PBS prescriptions cover a one-month supply of medication while non-PBS prescriptions can be for any quantity. This limitation to one month's supply can result in additional direct and indirect cost to the patient.

The four medications I take long term are prednisone (tablets), beclomethasone dipropionate (inhaler), salbutamol (inhaler) and pantoprazole (tablets). As I still earn a full-time income, I fall under the general (non-concessional) PBS classification with a current patient co-payment of \$38.30 (as from 1 January 2016). The prices of the pharmaceuticals I used in this analysis were bulk purchase prices using a non-PBS (private) prescription or, in the case of the salbutamol inhaler, the over-the-counter price at my local non-discount pharmacy. I compared



these prices with the “maximum price to consumer” PBS supply price.

In the case of prednisone (5 mg tablets), my standard daily dose is 7.5 mg. Based on the current PBS maximum price to consumer of \$18.26 for 60 tablets, the weekly cost would be \$3.20. In comparison, a bulk purchase of 1000 tablets on a non-PBS prescription costs \$53.80 — a weekly cost of \$0.57. The annual saving resulting from not using the PBS is \$137.17.

For the beclomethasone dipropionate inhaler (100 µg per dose; two puffs twice daily), based on the current PBS maximum price to consumer of \$38.26, the weekly cost would be \$5.36. In comparison, a bulk purchase of six inhalers using a non-PBS prescription costs \$168.00 — a weekly cost of \$3.92. The annual saving resulting from not using the PBS is \$74.90.

The over-the-counter price for one salbutamol inhaler (200 doses taken when required) is \$6.10. In comparison, the current PBS maximum price to consumer is \$22.35 for two inhalers. Because this medication is only taken when required, it is difficult to calculate an annual saving. As my asthma is well controlled, I tend to require around six inhalers per year. On this basis, my annual saving is \$30.45.

Finally, for pantoprazole (20 mg tablets; one per day), based on the current PBS maximum price to consumer of \$17.62 for 30 tablets, the weekly cost would be \$4.11. In comparison, a bulk purchase of six packets of 30 tablets (total, 180 tablets) on a non-PBS prescription costs \$29.95 — a weekly cost of \$1.16. The annual saving resulting from not using the PBS is \$153.65.

By not using the PBS, my annual saving is \$396.17, more than a dollar a day. This does not include the savings

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from unnecessary trips to the pharmacy. Although this annual saving is based only on my own medication regimen, any patient who is on any long term medication that has a maximum price to consumer below the current safety net can also save by using bulk non-PBS prescriptions.

Cost saving from the use of bulk non-PBS prescriptions as an alternative to PBS prescriptions is, of course, subject to a number of caveats.

Patients must have a well-established, ongoing and long term clinical need for the medication to avoid wasting both money and medication. Also, the expiry date on the medications needs to allow for the time required to use up the supply.

Additionally, the PBS dispensed price for maximum quantity (DPMQ) needs to be either less than or not much higher than the maximum general (non-concessional) patient co-payment amount, currently \$38.30. A pharmaceutical such as the beclomethasone dipropionate inhaler, with a DPMQ of \$38.26 (virtually the same as the maximum patient co-payment amount), has a minimal price advantage with a bulk non-PBS prescription because of the higher dispensing fee for non-PBS prescriptions.

Finally, non-PBS prescriptions do not qualify for the safety net. My current safety net threshold, as a non-concessional patient, is \$1475.70. For the four medications that I take on a permanent basis, I would have only reached \$727.35 in one year, virtually half of the threshold.

I am aware that it is not the responsibility of prescribers or pharmacists to give cost-saving advice when prescribing or dispensing medications. However, considering the growing number of self-funded retirees, perhaps chronically ill patients could be made aware of the potential to mitigate some of the financial burden of their prescription medications by using bulk non-PBS prescriptions. It may also be time for a review of PBS prescriptions for pharmaceuticals used by the chronically ill to allow these drugs to be dispensed in amounts covering more than a single month's supply.

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References are available online at www.mja.com.au.

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