



15 June 2007

The Hon. Tony Abbott MHR
Minister for Health and Ageing
Leader of the House of Representatives
Room MG 43
Parliament House
CANBERRA ACT 2600

PHARMACEUTICAL BENEFITS SCHEME (PBS) REFORMS

Dear Minister

I am writing to you about the proposed PBS reforms which will be rolled out next month. While it is expected that the reforms will generate savings for the Government, it is not clear how consumers will benefit. CHOICE is aware that many consumers are increasingly finding it more difficult to fill their prescriptions due to cost. We believe the patient co-payment needs to be reduced as part of the reform package.

The 2007 co-payment of \$4.90 for concession card holders and \$30.70 for general patients is too expensive for many families. A 2002 Commonwealth Fund study confirmed that 20% of consumers were not filling prescriptions due to cost. This study was at a time when the co-payment was \$22.40. The co-payment needs to be affordable for all consumers and thus needs to be reduced as part of the reforms.

The patient co-payment has increased by more than \$10 for general patients since 1997. It has increased by more than 50% during this period, which is more than the inflation rate.

The safety net threshold for general patients has increased by over \$440 during this time. These increases have had the greatest impact on working families who are not eligible for a healthcare card.

CHOICE supports some of the proposed reforms including the move to greater use of generics. We are concerned however, that the reforms focus on savings to Government but will not lead to savings to consumers.

Further, there is no mention where the savings will be directed. The savings could be redirected into the health portfolio, for example by listing more pharmaceuticals on the PBS and reducing the patient co-payment.

We would welcome the opportunity to discuss this issue with you or your office. Please contact General Manager of Policy and Campaigns, Gordon Renouf on 9557 3246, or by email grenouf@choice.com.au if you wish to discuss this matter.

Yours Sincerely

Peter Kell
Chief Executive

57 Carrington Road Marrickville NSW 2204

Phone 02 9577 3333 Fax 02 9577 3377 Email ausconsumer@choice.com.au www.choice.com.au

The Australian Consumers' Association is a not-for-profit company limited by guarantee. ABN 72 000 281 925 ACN 000 281 925

choice