National Health Amendment Bill 1989

Date Introduced: 30 August 1989
House: House of Representatives
Portfolio: Housing and Aged Care

Digest of Bill

Purpose
To increase the general patient contribution under the Pharmaceutical Benefits Scheme (PBS) from $11 to $12 and to provide for the annual indexation of this amount.

Background
Under the PBS the government subsidises the cost to consumers of prescribed drugs. There are three classes of assistance. The general category is currently required to contribute $11 per prescription item, while those holding a health care card, and social security and veterans affairs pensioners and their dependants who do not hold a pensioner health benefits card, are required to contribute at the rate of $2.50 per item. No contribution is required from holders of pensioner health benefit, health benefit or war widows cards. As well, eligible veterans are exempt from contribution. There is also a maximum contribution limit, so that individuals or families receive benefits with no contribution after contributing to 25 items in a calendar year.

The PBS has become increasingly expensive in recent times, with outlays increasing by an average 16% per year from 1979 – 80 to 1988 – 89. The move to increase the general contribution rate was announced in the 1989 Budget and is estimated to save $10 million in 1989 – 90 and $17 million in a full year. It is proposed that the increase will have effect from 1 October 1989.

The area of pharmaceutical benefits has attracted a lot of publicity in recent days due to a decision by the Pharmaceutical Remuneration Benefits Tribunal made on 28 August 1989. The main recommendations were that the dispensing fee be reduced by $1.05 to $3.50 per prescription over 14 months. The government estimated that this will save approximately $20 million this year, but the Pharmacy Guild of Australia has estimated the losses to its members at a much higher figure.

Main Provisions
The Bill will commence on 1 October 1989 (clause 2).
The increase in general contributions from $11 to $12 will be achieved by the amendments contained in the Schedule to the Bill.

Clause 3 deals with the indexation of the contribution. From 1990 and for subsequent years, the contribution will be adjusted on 1 August for changes in the Consumer Price Index.

For further information, if required, contact the Education and Welfare Group.

4 September 1989
Bills Digest Service
Legislative Research Service

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

© Commonwealth of Australia 1989

Except to the extent of the uses permitted under the Copyright Act 1968, no part of this publication may be reproduced or transmitted in any form or by any means, including information storage and retrieval system, without the prior written consent of the Department of the Parliamentary Library. Reproduction is permitted by Members of the Parliament of the Commonwealth in the course of their official duties.