



6.4 Medicines in the health system

Medicines are used to treat, prevent and manage a wide range of health conditions. Some require prescriptions; others can be bought without a prescription over the counter at a pharmacy or through other retail outlets such as supermarkets. Data on medicines are mainly available for medications available through these community outlets and come from Australian Government subsidy schemes, the Pharmacy Guild of Australia and from market surveys for over-the-counter goods purchased from pharmacies and supermarkets. There is little information collected nationally regarding the medications provided to patients by hospitals, apart from information from the Australian Government Section 100 program which allows supply of restricted medicines under a special arrangement in public and private hospitals (Department of Health 2015b).

The Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS) are the two main government subsidy schemes for medicines. The PBS and RPBS specify a price for each listed pharmaceutical to be paid to the pharmacy when dispensing the medication. This price includes an amount to cover the services provided by the pharmacist, as well as the cost of the pharmaceutical. Consumers pay out-of-pocket costs up to a maximum copayment limit (\$38.30 for general patients or \$6.20 for concession card holders).

Medicines dispensed through the PBS and RPBS

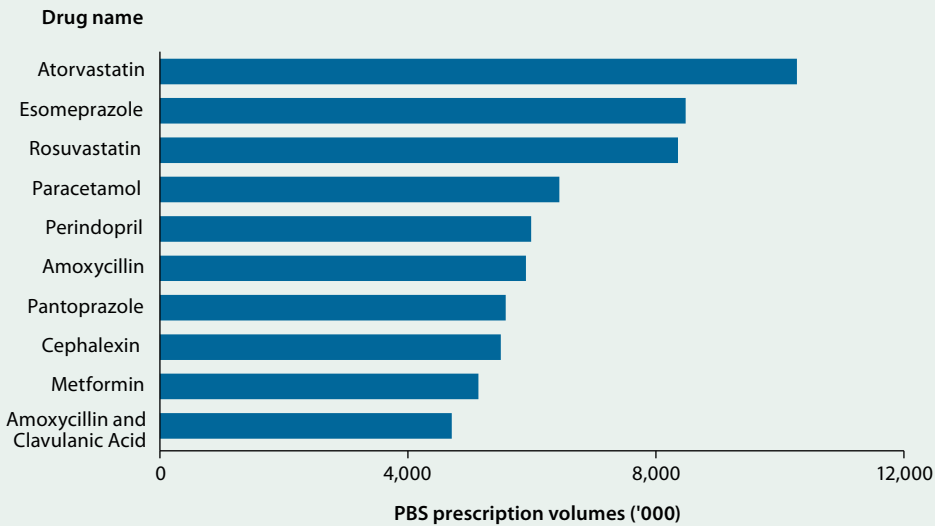
The best available data on the dispensing of medicines comes from the PBS and RPBS and the most recent financial year with data on the total number of dispensed PBS and RPBS prescriptions is 2014–15. In 2014–15, there were nearly 225 million subsidised prescriptions dispensed under the PBS and RPBS that were priced over the maximum copayment limit. This was an increase of 21% from 185 million in 2004–05 (DHS 2015). In the same period, Australia's population increased from 20.0 million to 23.3 million people, a growth of 16%. About 91% of PBS services in 2014–15 were provided to concession card holders.

Some of the medicines dispensed under the PBS and RPBS are dispensed at a price less than the maximum copayment and do not attract a government subsidy. In 2013–14, the most recent year with data on these under-copayment medicines, there were 72 million prescriptions dispensed under the copayment level (Department of Health 2015a). This is in addition to the 210 million subsidised medicines in 2013–14. This was an increase from 62 million in 2012–13. Prior to 1 April 2012, data on PBS prescriptions priced below the copayment level were not collected by the Australian Government.

In 2013–14, of all drugs dispensed under the PBS or RPBS, including those where there was no subsidy from the Government, the most commonly dispensed groups of drugs were cholesterol-lowering drugs (atorvastatin and rosuvastatin); drugs treating gastro-oesophageal reflux disease (esomeprazole and pantoprazole); and antibiotics (amoxycillin, cephalexin, and amoxycillin with clavulanic acid) (see Figure 6.4.1). The analgesic paracetamol and the anti-hypertensive perindopril were also commonly dispensed. Metformin, a drug used for treatment of diabetes, was the ninth highest prescribed drug.



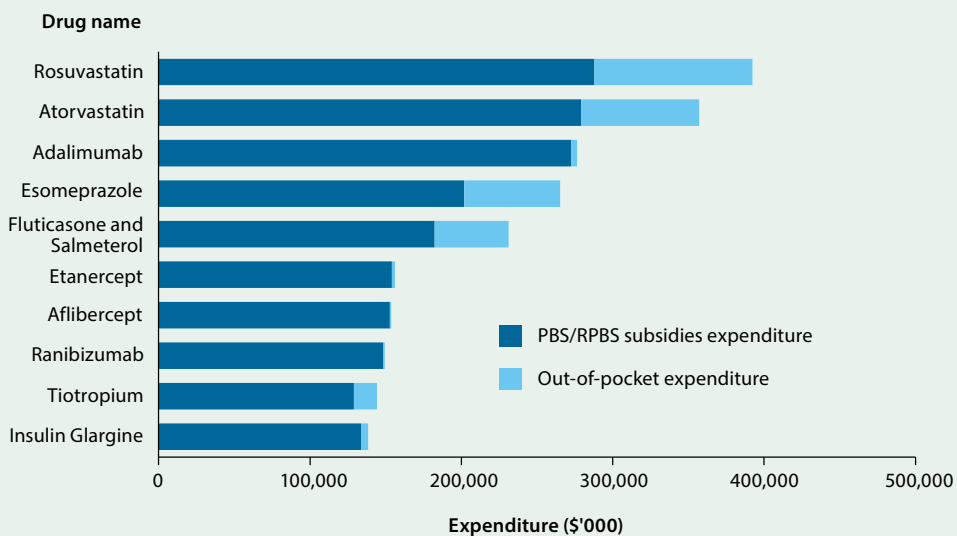
Figure 6.4.1: PBS and RPBS dispensed drug volumes, including under- and over-copayment prescriptions, 2013–14



Source: Department of Health 2015a.

Cholesterol-lowering drugs also had the highest total expenditure in 2013–14 of all drugs under the PBS and RPBS (see Figure 6.4.2). Other high-expenditure drugs were those used for the treatment of severe arthritis (adalimumab and etanercept); the treatment of gastro-oesophageal reflux disease (esomeprazole); the management of respiratory disorders (fluticasone with salmeterol and tiotropium); the treatment of macular degenerative disorders (afibercept and ranibizumab); and for long-acting control of blood sugar levels in diabetics (insulin glargine).

Figure 6.4.2: PBS and RPBS dispensed drug expenditure, including under- and over-copayment prescriptions, 2013–14



Source: Department of Health 2015a.



In 2013–14, more than half of the drugs subsidised through the PBS and RPBS—that is, drugs where the cost was above the maximum copayment level and there was a subsidy paid by government—affected the cardiovascular system (31%) or the nervous system (22%). In 2003–04, the subsidised drugs most supplied were also medicines for the cardiovascular system and nervous system, but these made up a lower proportion of the total subsidised medicines (30% and 18%, respectively) (Department of Health 2015a).

According to the Bettering the Evaluation and Care of Health survey of general practice, antibiotics and analgesics (used for pain relief) were the medicines most commonly prescribed by general practitioners in 2013–14. It is not known whether these were then dispensed through the PBS or RPBS. This pattern has not changed since 2003–04 (Britt et al. 2015).

Medicines expenditure

Expenditure on medicines grew in absolute terms, from \$10.3 billion in 2003–04 to \$19.8 billion in 2013–14, and as a proportion of recurrent health expenditure, from 11% in 2003–04 to 14% in 2013–14. The estimate of the expenditure on medicines includes expenditure by the Australian Government, such as expenditure on medicines subsidised through the PBS and RPBS, and non-government expenditure, which includes expenditure on below-copayment prescriptions. Apart from expenditure on medicines dispensed in hospitals under the Section 100 provisions, it does not include expenditure on medicines supplied in hospitals, which is regarded as hospital expenditure.

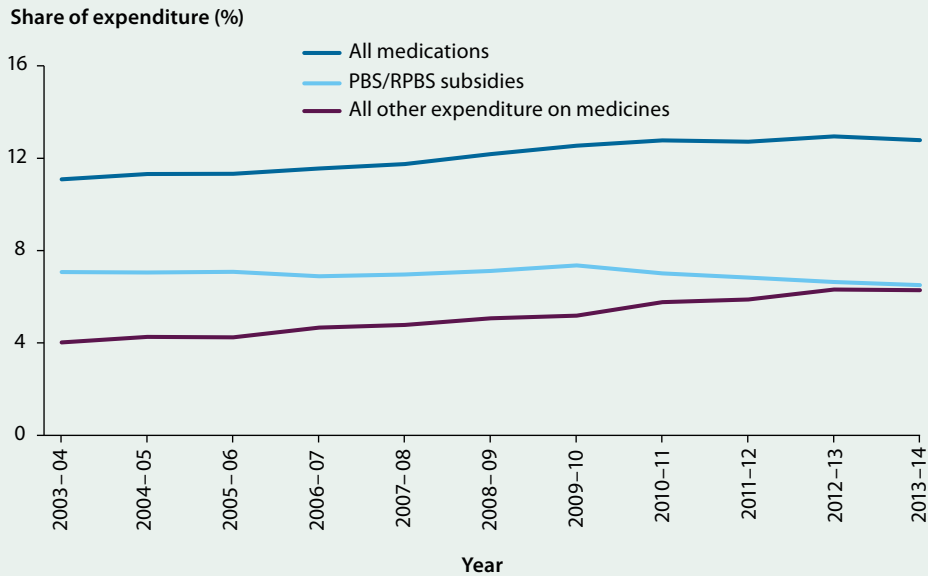
The growth in medications expenditure was mostly related to expenditure for non-PBS and non-RPBS subsidised medicines, referred to as *All other expenditure on medicines*, which is mostly non-government expenditure such as expenditure on over-the-counter medicines and below-copayment prescriptions. However, it includes some government expenditure such as incentive payments to pharmacies to process prescription subsidies using PBS Online, and payment for medicines provided under the Life Saving Drugs program. *All other expenditure on medicines* rose from 4.2% of recurrent health expenditure in 2003–04 to 6.7% in 2013–14. PBS and RPBS subsidies reduced from 7.4% of recurrent health expenditure in 2003–04 to 6.7% in 2013–14 (Figure 6.4.3).

In real terms, PBS and RPBS expenditure generally increased since 2003–04, but decreased recently, from \$9.1 billion in 2011–12 to about \$9 billion in 2013–14.

Lower expenditure does not necessarily mean fewer prescriptions dispensed. The volumes of prescriptions subsidised increased from 201 million government-subsidised medicines dispensed in 2011–12 to 210 million in 2013–14.



Figure 6.4.3: Proportion of recurrent health expenditure on medications, constant prices, 2003–04 to 2013–14



Source: AIHW health expenditure database.

What is missing from the picture?

In most cases where a medicine is dispensed there is little information captured and collated at a national level on the purpose for which it was prescribed, whether the medicine was taken, and the outcome that occurred from use of the medicine. This information at the patient level would greatly enhance monitoring of the use of medicines in Australia.

Nationally collected information on all medicines provided through hospitals would add extra understanding of the use of medicines in Australia and expenditure on them.

Where do I go for more information?

For more information on medicine statistics in Australia, visit the [Medicare Statistics](http://medicarestatistics.humanservices.gov.au/statistics/pbs_group.jsp) website.

References

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