

8.13 Medicines in the health system

Medicines are used to prevent and manage a wide range of health conditions. Some can be bought over the counter at a pharmacy or other retail outlet without a prescription. Prescription medicines are provided largely through community pharmacies and hospitals. There is little information collected nationally regarding the medications provided to patients by hospitals. Data on medicines dispensed through community pharmacies comes from government subsidy schemes and the Pharmacy Guild of Australia.

The Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS) are the 2 main government subsidy schemes for medicines dispensed through community-based pharmacies (see Box 8.4). Some medicines can be very expensive and/or very commonly used. The Australian Government places no cap on the amount of money spent through the PBS, so the introduction of new expensive or highly used medicines can drive expenditure up significantly. The removal of medicines, or the listing of 'generic' (non-branded) versions can have the reverse effect on overall expenditure.

Box 8.4

Pharmaceutical Benefits Scheme and the Repatriation Pharmaceutical Benefits Scheme

The PBS subsidises the cost of a wide range of prescription medicines. The RPBS provides assistance to eligible war veterans and their dependants. It is similar to the PBS but covers a broader range of medicines.

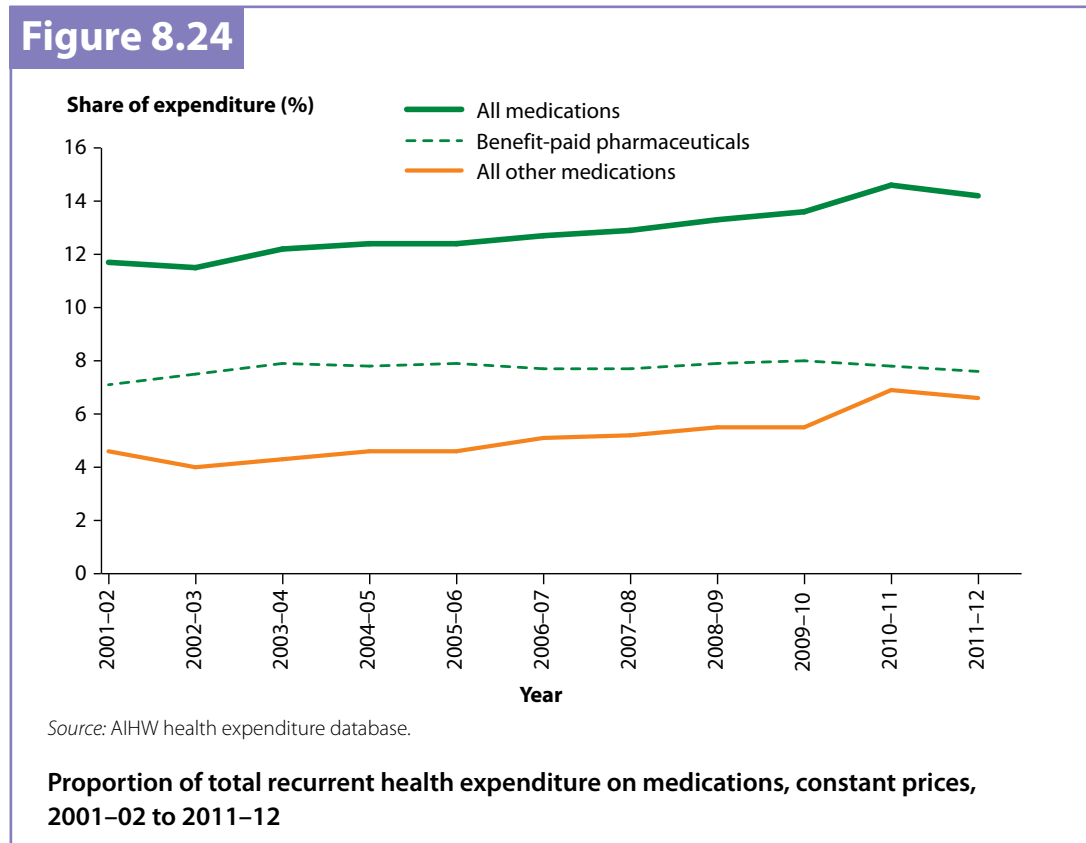
Before a medicine can be subsidised by the PBS, it is assessed by the Pharmaceutical Benefits Advisory Committee, which includes medical practitioners, other health professionals and a consumer representative. Once the committee has recommended a medicine it is considered by the Pharmaceutical Benefits Pricing Authority. The price is negotiated between the manufacturer and the Australian Government Department of Health.

Broadly speaking, patients are grouped into 2 classes: general and concessional. Concessional patients receive a greater subsidy and pay less for medicines than general patients.

How many prescriptions and at what cost?

- In 2011–12, there were more than 207 million pharmacy services subsidised through the PBS and RPBS. About 80% of these services were provided to concessional patients.
- More than 50% of the medicines subsidised through the PBS and RPBS affected the cardiovascular system (33.9%) or the nervous system (20.6%) (based on Anatomical Therapeutic Chemical classification).
- Government subsidies for medicines totalled about \$10.1 billion in expenditure in 2011–12. This equated to 54% of expenditure on medicines delivered by community pharmacies. About \$8.7 billion was spent on medicines for which there was no subsidy.

- Expenditure on medicines has grown in absolute terms, and as a proportion of total health expenditure. The proportion of total recurrent health expenditure for medicines increased from 11.7% in 2001–02 to 14.2% in 2011–12 (Figure 8.24). This growth was mostly related to medicines for which no government subsidy was paid, which rose from 4.6% of total expenditure to 6.6%. Government subsidies for medicines have remained relatively stable over the past decade, varying from 7.1% of recurrent expenditure in 2001–02 to 7.6% in 2011–12 (see Figure 8.24).



General practitioners (GPs) play a critical role in prescribing medicines, and providing advice on purchasing over-the-counter medicines. The Bettering the Evaluation and Care of Health (BEACH) survey of general practice collects information on medicines prescribed by GPs (Britt et al. 2013). According to this survey, the most frequently prescribed medicines are antibiotics, and medicines used for pain management. Amoxicillin, paracetamol and cephalexin have been the 3 most commonly prescribed medications for more than a decade. Amoxicillin and cephalexin are both antibiotics. The BEACH survey also suggests that between 2003–04 and 2012–13, the number of medications recommended or prescribed per 100 GP encounters did not change, however, the number of problems managed in each GP encounter increased. This suggests that the frequency with which medications were used as a management tool for problems presented to a GP decreased over the decade.

**What is missing from the picture?**

In most cases where a medicine is prescribed, 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 medicines dispensed through hospitals would add extra clarity on the use of medicines in Australia.

Where do I go for more information?

For more information on medicines in Australia, visit the Medicare website at www.medicareaustralia.gov.au/about/stats/index.jsp.

Reference

Britt H, Miller GC, Henderson J, Bayram C, Valenti L, Harrison C et al. 2013. General practice activity in Australia 2012–13. General practice series no. 33. Sydney: Sydney University Press.