

Podcast 153 – The Cost of Prescription Medicines in Australia

Learn English while learning about daily life in Australia, with Rob McCormack

Podcast Number 153 – The Cost of Prescription Medicines in Australia

(This podcast is 13 minutes and 42 seconds long.)

Hi,

We all know that medicines are important for keeping us healthy and having a long and active life. Sickness and injury can affect anybody at any time, so it's important that all Australians can afford the safest and most effective medicines. Often, people may require a particular medicine for an extended period. I'm sure we all know somebody who has to take tablets on a regular basis.

In this podcast, I would like to talk a little about a government health scheme in Australia called the Pharmaceutical Benefits Scheme, or PBS for short. Pharmaceutical means relating to medicines. The PBS covers the medicines which your doctor prescribes and has the aim of providing safe, effective and affordable medicines to all Australians. I don't claim to be an expert on this topic, and will provide only a summary here, as the full scheme is complicated. For full and accurate information, please refer to the government website at www.pbs.gov.au, or <https://www.healthdirect.gov.au/pharmaceutical-benefits-scheme-pbs>

When you consult a doctor, they may prescribe a medicine for you, to help you get well or to help keep you well. They will write out a prescription for you naming the particular medicine and how and when you must take it.



One of my local pharmacies. You can see the counter at the rear where you hand over your prescription. The pharmacist then prepares your prescription medicine.

Normally, a prescription will be for a course of the medicine. The course might be for a week or 2 months or some shorter period, whatever the doctor thinks is necessary to treat your health issue. The price of these medicines can vary a great deal. Pharmaceutical companies take a long time to develop them and must invest large amounts to do so. The price they charge will reflect that time and investment cost, as well as the cost of making the medicine. The total price for a medicine could be less than \$30, or it could be in the

hundreds or even thousands of dollars, or more, for just one prescription. However, with medicines listed on the PBS, the patient pays only a small, capped payment for each prescription, called the co-payment. The government pays the remaining part of the price, called the subsidy.

In 2024, the maximum patient co-payment is \$31.60 per prescription. (This amount is adjusted annually according to inflation). It doesn't matter how much the medicine costs to buy from the pharmaceutical company. For example, some newer cancer medicines are very expensive. Despite that, the patient co-payment is no more than \$31.60 per prescription. The government pays the subsidy. For pensioners, for people with a concession card and for military veterans, the patient co-payment is no more than \$7.70 per prescription. This scheme, along with the Medicare system for paying doctors and hospital fees (which I covered in Podcast 13), helps ensure that all Australians can afford the healthcare that they need to stay healthy, whether they are rich or poor.

As a further cost saving measure for patients, there are annual restrictions on how much a family must pay for medicines in any one calendar year. This is called the Safety Net. The Safety Net helps families who require a lot of medicines and it saves them money. Once you and your immediate family have spent up to the Safety Net cap for the year, then the co-payment for each prescription will drop to \$7.70 for the rest of that calendar year. For pensioners, concession card holders and military veterans, the co-payment drops to \$0 per prescription. Of course, once the calendar year is over, the Safety Net starts from zero again and you go back to paying the normal \$31.60 co-payment (or whatever the revised amount is each year). In 2024, the Safety Net cap is around \$1650 per family per year. It is also adjusted annually. This means that, once your family has paid this amount in co-payments (around 50-60 prescriptions), the safety net is reached and you start paying the reduced co-payment for

the rest of the calendar year.

So, the PBS is an important part of the Australian health system. It makes high quality medicines affordable for all sick Australians. In order to be eligible, you must be either an Australian citizen or a permanent resident. Australians and permanent residents will need to show the pharmacist their Medicare Card when they present their prescription. In addition, visitors who are citizens of certain countries may also be covered by the PBS for medicines when they are in Australia. These countries have what is called a Reciprocal Health Care Agreement with the Australian government. The countries are Belgium, Finland, Italy, Malta, New Zealand, United Kingdom, Netherlands, Norway, Slovenia, Sweden and Ireland. Likewise, when Australians are visiting these countries, they can get access to certain medical care at reduced cost. (See <https://www.servicesaustralia.gov.au/reciprocal-health-care-agreements>).

The PBS list of medicines is very long, with thousands of approved medicines listed. Putting new medicines onto the PBS list does not happen automatically and not all new medicines are included. Each new medicine must first pass an evaluation by the Therapeutic Goods Administration, or TGA for short, a government organisation here in Australia. The TGA evaluates each medicine for safety, quality and effectiveness and must approve it before it can be sold in Australia. However, this does not mean it will receive a government subsidy through the PBS. Once a medicine is approved for sale by the TGA, it must then undergo a separate evaluation by the Pharmaceutical Benefits Advisory Committee, or PBAC for short. This group is also appointed by the government and makes recommendations about including the medicine on the PBS list. This expert committee evaluates not only the safety, quality and effectiveness, but also the cost-effectiveness of the medicine compared to other existing medicines. They consider the

impact on the government's budget if this medicine were to be placed on the PBS. In other words, this committee also considers the 'value for money' question. The Minister for Health in the government then receives the PBAC recommendations and makes the final decision as to whether it will be listed on the PBS. That process normally takes many months. All these processes sound complicated, however I think it's important that approval is only given after all aspects have been considered – both medical and financial aspects.

Here's some interesting facts about the PBS. In financial year 2021/22, there were 215 million prescriptions subsidized under the PBS. The subsidies for these prescriptions cost the government around \$14.4 billion. The patients for these prescriptions paid around \$1.6 billion in co-payments. You can see that the savings are large for all Australians.

I sometimes see a news report on the daily 6pm news about a new life saving medicine passing through all the approval steps and finally being added to the PBS. These stories are always good news. One example recently was a new medicine for treating advanced prostate cancer. The new medicine costs around \$42,000 for a full year of tablets per patient. That amount is out of reach for many Australian men. Now that it has been listed on the PBS, a patient will pay (in 2024) no more than \$31.60 per month. In total, for a full year, the patient will only pay around \$380 for 12 prescriptions. The government pays the rest.

<https://www.pcfa.org.au/news-media/news/new-pbs-drug-listing-for-men-with-prostate-cancer/>

I think such stories are wonderful to hear. In my opinion, the PBS is one of the best aspects of our health system.

If you have a question or comment to make, please leave it in the comments box at the bottom of this page. Or, you can send

me an email at rob@slowenglish.info. I would love to hear from you. Tell me where you live, a little bit about yourself and what you think of my Slow English podcast. I will write back to you, in English of course. If you would like to take a short quiz to see if you have understood this podcast, you will also find it on my website. Goodbye until next time.

Rob

PODCAST 153 QUIZ

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True or False - The PBS aims to make prescription medicines safe, effective and affordable in Australia.

True

False

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True or False? - The pharmaceutical companies always set their prices very low for medicines which they make.

True

False

Prev

Next

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True or False? - For medicines listed on the PBS, the patient pays no more than \$31.60 per prescription.

True

False

Prev

Next

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True or False? - Pensioners pay the same co-payment for their prescription medicines as working people.

True

False

Prev

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True or False? - The PBS Safety Net helps some families control the total cost of their co-payments in a calendar year.

True

False

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True or False? - If you are visiting Australia from any other country, the PBS allows you to save money on prescription medicines.

True

False

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True or False? - If medicines are approved by the TGA for sale in Australia, then they will be listed on the PBS.

True

False

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True or False? - The PBAC considers the cost-effectiveness of a new medicine by comparing it to existing medicines and by considering the impact of its subsidies on the government's budget.

True

False

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True or False? - In 2021/22, the cost to the government of the PBS subsidies was much more than the cost of co-payments paid by the patients.

True

False

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True or False? - Rob thinks that the PBS subsidy for a new advanced prostate cancer medicine will save mens' lives.

True

False

Prev

See Result

Your score is

The average score is 100%

Vocabulary

- Play access = when you are able to get something that not all people can get
- Play active = when you do lots of things in your daily life
- Play adjusted according to inflation = has been changed due to inflation in the economy
- Play advanced prostate cancer = cancer of the prostate where it is already very bad
- Play afford = when you have enough money to pay for something
- Play annual = yearly (every 12 months)
- Play approve = to give your agreement
- Play aspects = different parts of something, different viewpoints about something
- Play automatically = without any approval, without any delay
- Play budget = the total amount of money you have available to spend
- Play calendar year = from 1 January to 31 December
- Play cap/capped = (here) a limit, you can't have more than this amount
- Play citizen = a person who was born in a country and lives there
- Play claim = (here) to say that you can do something special

- Play compared = when you decide if something is better, worse or just different to something else
- Play complicated = when something has many different parts, hard to understand
- Play concession card = a card given by the government which lowers certain costs for you
- Play considered = thought about
- Play consult = ask for advice or help (used when you ask a doctor for their advice)
- Play cost-effective = when something is 'value for money', the price is not too high
- Play course = (here) a treatment with medicine, from start to finish, or for a particular timeframe
- Play effective = when something works well, it achieves its purpose
- Play effectiveness = how well something achieves its purpose
- Play evaluation = a test
- Play existing = already there
- Play expensive = costs a lot
- Play expert = someone who knows a lot about a subject
- Play extended = longer or bigger
- Play financial = to do with money
- Play immediate family = a couple, or a couple and their children who are dependent on them
- Play impact = how something is affected by something else

- Play included = added
- Play injury = when your body is damaged in an accident
- Play invest = when you spend money in order to build or develop something new
- Play listed = put onto a list of things
- Play medical = to do with the health of someone
- Play Medicare Card = an Australian government card which says you can get medical benefits
- Play medicines = something used to help sick or injured people get healthy again
- Play pensioners = people who have retired from work and no longer have a job
- Play period = a length of time (for example 2 months or a year)
- Play permanent resident = a person who was born in one country but now lives in another country
- Play prescribes = to write down a medical treatment, usually including a medicine
- Play prescription = a written request by a doctor asking for particular medicine to be provided to a sick patient
- Play providing = to give, to make available
- Play reciprocal = when one person gives something to another and they give the same in return
- Play recommendation = to tell another person what they should do
- Play reduced = made smaller

- Play regular = happens again and again
- Play require = need
- Play restrictions = limits, the point after which things are not allowed to change greatly
- Play revised = changed
- Play scheme = a system, a set of steps to achieve something
- Play tablets = small amounts of medicine, usually shaped like a wheel
- Play treat = (here) doing things to help a person overcome sickness or injury
- Play vary = change
- Play veterans = people who have previously worked in the military (army, navy, airforce)