

# **MEDIA RELEASE**

## **PBS Stops Growing**

Newly released Federal Government figures have confirmed that spending on the Pharmaceutical Benefits Scheme (PBS) is flat-lining.

Official Government data from Medicare Australia (formerly the Health Insurance Commission) shows that PBS spending in April declined by 8.4 percent, the largest month fall since 1994 and one of the largest in the 60-year history of the scheme.

It means that over the 2005-06 financial year to date, PBS spending as recorded by Medicare Australia has increased by only 1.6 percent, far below the inflation rate of 3 percent. This means it is actually *falling* in real terms.

Spending has fallen in eight of the past 15 months – a pattern which is unique in the scheme's history.

According to the nation's peak body for the innovative pharmaceutical industry, Medicines Australia, the key questions for stakeholders and Government must be: what is the impact on patients and what are the flow-on effects for other parts of the health budget?

On top of Federal Budget figures from earlier this month, this further confirmation of the scheme's reduced growth means that any additional reform must be considered in the context of the very significant reduction in growth, patient access to medicines and the very large number of medicines now coming off patent.

"Any new reform proposals must be developed in consultation with all stakeholders against the backdrop of a declining PBS and an ageing population where the first priority must be patient access to new medicines," said the Chief Executive Officer of Medicines Australia, Kieran Schneemann.

"The PBS is an investment in health outcomes, not a savings tool. Growth in the PBS will not exceed the inflation rate any time soon.

"Patent expiries plus a series of Government measures, principally the increased co-payment and the 12.5 percent savings measure introduced to reduce the price of generics, have had a major effect," Mr Schneemann said.

The Medicare Australia data can be accessed at:

[http://www.medicareaustralia.gov.au/statistics/dyn\\_pbs/forms/pbsqtab1.shtml](http://www.medicareaustralia.gov.au/statistics/dyn_pbs/forms/pbsqtab1.shtml)

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