Reduction of the Pharmaceutical Benefits Scheme (PBS) General Patient Co-payment to $25

Department of Health, Disability and Ageing

 The policy problem and preferred policy approach

Cost of living pressures have led to some Australians not taking their prescribed medicines as they cannot afford to buy them. These Australians are more likely to be socioeconomically disadvantaged and have multiple chronic conditions requiring multiple long-term medicines. Reducing the PBS general patient co-payment will help Australians to have timely, safe and reliable access to effective high-quality medicines.

 Impact Analysis



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| Impacts |
| A seven-point multi-criteria analysis was undertaken to compare the proposed option with the status quo. Key benefits included: reduced cost barriers to essential PBS medicines for general patients, reduced downstream health system costs, improved health and wellbeing of general patients and indirect benefits to stakeholders. Regulatory impacts were determined in terms of financial savings and costs, with a total save of $1.9 billion.

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| **Option** | **Individuals** | **Businesses** | **Community Organisations** | **Total change in cost** |
| **Option 1** – Status Quo | $0 | $0 | $0 | $0 |
| **Option 2** – Reduce the general patient co-payment to $25.00 | $2,206.0 (m)(save) | $285.1 (m) (cost) | $0 | $1,920.9 (m)(save) |

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| **Who is impacted** |
| **Individuals** | **Businesses** | **Community organisations** |
| Individuals will pay less for PBS-listed medicines. They may also continue to benefit from pharmacy discretionary discounting. Individuals will pay less for PBS-listed medicines at each dispense. While this means fewer patients are expected to reach the general patient Safety Net threshold, which is $1,694 in 2025, the co-payment savings will outweigh foregone Safety Net savings.  | 316 pharmaceutical companies with medicines listed on PBS subject to Deeds of Agreement may pay additional rebates of an estimated $95.5 million over 4 years. Impact on individual companies will vary depending on the specific patient population and medicine.  | There will be no impacts on community organisations.  |

 Other considerations and implementation

Alternative levels of co-payment reduction were modelled to inform the $25 co-payment amount, including a $19 co-payment proposed by the Pharmacy Guild of Australia. A $25 co-payment was decided as the preferred option as it would mean patients would pay less at pharmacies for each prescription without materially impacting pharmacy market competition. Implementation will require Parliament to consider and make amendments to the *National Health Act 1953*, with expected commencement on 1 January 2026.