EXPLANATORY STATEMENT

Issued by the Authority of the delegate of the Minister for Health and Ageing

National Health Act 1953

National Health (Indigenous Chronic Disease – PBS Co-payment Measure) Special Arrangements Instrument 2010 (PB66 of 2010)

Authority

Part VII of the National Health Act 1953 (the Act) is the legislative basis for the Pharmaceutical Benefits Schedule (PBS) by which the Commonwealth provides reliable, timely, and affordable access to a wide range of medicines for all Australians.

Subsection 100(1) of the Act provides that the Minister may make special arrangements for providing that an adequate supply of special pharmaceutical products will be available to persons:

a. who are living in isolated areas; or
b. who are receiving medical treatment in such circumstances that pharmaceutical benefits:
   (i) cannot be conveniently or efficiently supplied in accordance with Part VII of the Act; or
   (ii) are inadequate for that medical treatment.

Subsection 100(2) of the Act provides that the Minister may vary or revoke a special arrangement made under subsection 100(1).

Subsection 100(3) provides that Part VII of the Act has effect subject to a special arrangement made under subsection 100(1).

Purpose

The National Health (Indigenous Chronic Disease – PBS Co-payment Measure) Special Arrangements Instrument 2010 (PB66 of 2010) (the Instrument) makes special arrangements to assist eligible Aboriginal and Torres Strait Islander patients to access PBS medicines with reduced patient co-payments under the PBS Co-payment Measure (the Measure).

The Measure has been established to benefit Aboriginal and Torres Strait Islander people of any age who present with an existing chronic disease or are at risk of chronic disease, and in the opinion of the prescriber:

a. would experience setbacks in the prevention or ongoing management of chronic disease if the person did not take the prescribed medicine; and
b. are unlikely to adhere to their medicines regimen without assistance through the Measure.

Background

In November 2008, the Council of Australian Governments (COAG) agreed to a $1.6 billion National Partnership Agreement on Closing the Gap in Indigenous Health Outcomes to address the first of the COAG Closing the Gap targets – to close the life expectancy gap between Indigenous and non-Indigenous Australians within a generation.
As part of this Agreement, the Australian Government is contributing $805.5 million over four years from 2009-10 to 2012-13 through the Indigenous Chronic Disease Package (ICDP) to tackle chronic disease risk factors, improve chronic disease management in primary care and follow up treatment, and increase the capacity of the primary care workforce to deliver effective health care to Aboriginal and Torres Strait Islander people. The Measure is one of 14 measures in the ICDP.

The cost of medicine has been identified as a significant barrier to improving access to medicines for Aboriginal and Torres Strait Islander people. Access to PBS medicines is an important aspect of preventing and treating illness. Despite two to three times higher levels of illness, PBS expenditure for Aboriginal and Torres Strait Islander people is about half that of the non-Indigenous average.

**Instrument Description**

The Instrument, expressed to commence on 1 July 2010, was made on 21 June 2010, the Instrument sets out the parameters of the Measure, in particular:

- Section 1 – sets out the name of the Special Arrangements Instrument and how it should be cited;
- Section 2 – states that the commencement date is 1 July 2010;
- Section 3 – defines the meaning of important terms;
- Section 4 – indicates that the Instrument applies to pharmaceutical products listed in the Schedule of Pharmaceutical Benefits;
- Section 5 – establishes who may write prescriptions under the Measure;
- Section 6 – establishes which general practices are eligible to participate in the Measure;
- Section 7 – establishes which Indigenous Health Services are eligible to participate in the Measure;
- Section 8 – establishes which patients are eligible to participate in the Measure and outlines how eligible patients may be registered;
- Section 9 – establishes how prescriptions should be annotated under the Measure;
- Section 10 – establishes the co-payment relief applying to those eligible Aboriginal and Torres Strait Islander patients under the Measure;
- Section 11 – establishes how the Measure applies in relation to the operation of the PBS Safety Net provisions of the Act;
- Section 12 – establishes how indexation applies to the Measure;
- Section 13 – establishes how payments are made for the supply of special pharmaceutical supplies under the Measure; and
- Section 14 – establishes how approved suppliers can claim for payment under the Measure.

The Special Arrangements Instrument provides that eligible Aboriginal and Torres Strait Islander patients who would normally pay the full PBS co-payment (currently $33.30 per item) will pay the concessional rate ($5.40 currently per item). Those who would normally pay the concessional price will receive their PBS medicines without making a patient co-payment. Mandatory premiums for a small number of medicines may still need to be paid by the patient. Prescriptions for all of an eligible patient’s PBS medicines will be covered under the Measure whether the medicines are being used to treat chronic or acute medical conditions.
Impact and Effect
Increased access to PBS will help improve the prevention and management of chronic disease for Aboriginal and Torres Strait Islander people. Over 70,000 Aboriginal and Torres Strait Islander people are expected to benefit by the end of 2012-13.

Consultations
The PBS Co-payment Measure – Indigenous Health National Partnership Technical Reference Group (TRG) is a Department of Health and Ageing (the Department) non-statutory committee established in June 2009 to provide timely technical advice to the Department on the development and implementation of the Measure.

In particular, the TRG has provided technical advice on the Measure, including:
- administrative requirements for prescribers and community pharmacists;
- software requirements for prescription writing and dispensing;
- culturally appropriate implementation;
- effective communication and education strategies; and
- evaluation strategies.

The parameters for the Measure as outlined in this Special Arrangements Instrument were developed through consultation with the TRG.

Members of the TRG were drawn from nominations from the following organisations:
- Australian General Practice Network (AGPN);
- Australian Indigenous Doctors Association (AIDA);
- Medical Software Industry Association (MSIA);
- National Aboriginal Community Controlled Health Organisation (NACCHO);
- Pharmaceutical Society of Australia (PSA);
- Pharmacy Guild of Australia (PGA);
- Royal Australian College of General Practitioners (RACGP); and
- Departmental officers from the Community Pharmacy Branch (including the Chair and Secretariat) and the Office of Aboriginal and Torres Strait Islander Health (OATSIH).

The Office of Best Practice Regulation has been consulted regarding the need for a Regulation Impact Statement (RIS). As these arrangements are considered of a minor and machinery nature, a RIS is not required.