

Outcome 2

Access to Pharmaceutical Services

Australians have access to cost-effective medicines

OUTCOME SUMMARY – THE YEAR AHEAD

This outcome aims to provide all Australians with access to cost-effective and high quality pharmaceutical services.

Responsibility for this outcome lies with the Medical and Pharmaceutical Services Division. The Division provides policy advice to Government and manages the Pharmaceutical Benefits Schedule (PBS).

Pharmaceutical services funded through the PBS are delivered primarily by the private sector.

The safety, effectiveness and cost-effectiveness of proposed new pharmaceuticals are subject to evidence based reviews by ministerial advisory bodies before any decisions to list new items are made.

Key Strategic Directions for 2006-07

During 2006-07, the Australian Government will:

- continue to develop, implement and revise policy initiatives that ensure the affordability and sustainability of the PBS for patients and the government;
- continue to improve the transparency and efficiency of PBS processes; and
- support timely access to medicines for all Australians, regardless of where they live or their medical condition, delivered through community pharmacy.

Major Activities

The PBS is the main mechanism through which the Government subsidises the cost of medications used in the community setting. The aim of the PBS is to provide Australians with affordable, reliable and timely access to necessary and cost-effective medicines.

In 2006-07, the Department will continue to explore ideas to support the long-term affordability and efficiency of the PBS while maintaining consumer access to necessary medicines. Development of cost recovery mechanisms for the administration of the Pharmaceutical Benefits Advisory Committee (PBAC) and the PBS listing process will continue, with their scheduled introduction from 1 July 2007. The PBAC will consider cost-effectiveness reviews of certain drugs currently listed on the PBS with a view to reducing prices if cost-effectiveness has declined over time.

The Department will continue to progress the recommendations of the Post PBAC Review, including the development and implementation of new business processes and information technology systems, designed to significantly reduce the time taken for approved drugs to be listed on the PBS and made available to the community.

A number of improvements to the transparency of the PBS processes have already been implemented including those arising from the transparency provisions of Annex 2-C of the

Australia-United States Free Trade Agreement (AUSFTA). This has led to more comprehensive information being made available to all stakeholders about the deliberations and decisions of the PBAC. Implementation will continue to be monitored to ensure that all stakeholders continue to benefit from these improved transparency measures.

The Fourth Community Pharmacy Agreement (CPA) between the Government and the Pharmacy Guild of Australia establishes the remuneration arrangements for pharmacists for the supply of PBS medicines, and provides funds for pharmacy programs and services. The Fourth CPA commenced in December 2005 with changes to pharmacist and wholesaler remuneration to take effect from 1 July 2006. Through the Fourth CPA, the Government is supporting the capacity of wholesale distributors and pharmacists to continue to provide consumers with reasonable and timely access to the PBS medicines they need regardless of where they live or their medical condition.

New pharmacy location arrangements will commence from 1 July 2006. These are designed to improve access to community pharmacies, particularly in settings such as large medical centres, small shopping centres and large rural towns.

For the first time, direct payments will be made to pharmaceutical wholesalers through a Community Service Obligation (CSO) funding pool. These payments to wholesalers meeting specific service standards will help to ensure that all Australians can access the full range of PBS medicines generally within 24 hours, regardless of where they live.

The Government has established a new Committee, the Professional Programs and Services Advisory Committee, to advise the Minister on professional pharmacy programs that are funded under the Fourth Agreement. The Committee, comprising members nominated by the Pharmacy Guild of Australia and government appointees, will ensure that there is broad consultation across the health sector on the funding of pharmacy programs and that its recommendations to the Minister reflect improved accountability, transparency and contestability of funds.

Outcome 2 Resourcing

Table 2.1.2 shows how the 2006-07 Budget appropriations translate to total resourcing for Outcome 2, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Section 3 – Department Outcomes – 2 Access to Pharmaceutical Services

Table 2.1.2: Total resources for Outcome 2

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000
Administered appropriations		
Program 2.1: Community Pharmacy & Pharmaceutical Awareness		
Appropriation Bill 1	117,197	174,274
	117,197	174,274
Program 2.2: Pharmaceuticals and Pharmaceutical Services		
Appropriation Bill 1	-	149,853
<i>National Health Act 1953 - Pharmaceutical Benefits</i>	6,170,829	6,623,769
Total Special Appropriations	6,170,829	6,623,769
	6,170,829	6,773,622
Program 2.3: Targeted Assistance - Pharmaceuticals, Aids and Appliances		
Appropriation Bill 1	75,238	85,541
<i>National Health Act 1953 - Aids and Appliances</i>	159,257	173,911
Total Special Appropriations	159,257	173,911
	234,495	259,452
Total Administered Appropriations	6,522,521	7,207,348
Departmental appropriations		
Health and Ageing		
Output Group 1 - Policy Advice	36,339	35,131
Output Group 2 - Program Management	10,250	9,909
Total price of departmental outputs <i>(Total revenue from government and from other sources)</i>	46,589	45,040
Total revenue from government (appropriations) contributing to price of departmental outputs	46,589	45,040
Total revenue from other sources	-	-
Total price of departmental outputs <i>(Total revenue from government and from other sources)</i>	46,589	45,040
Total Price of Outputs for Outcome 2 <i>(Total Revenue from Government and from other sources)</i>	46,589	45,040
Total estimated resourcing for Outcome 2 <i>(Total price of outputs and administered appropriations)</i>	6,569,110	7,252,388
	2005-06	2006-07
Average staffing level (number)		
Department	169	168

Measures Affecting Outcome 2

A summary of measures affecting this outcome is provided at Table 2.2, Section 2. Measure descriptions are published in full in Budget Paper No. 2, *Budget Measures 2006-07*, available on the Australian Government website at <<http://www.budget.gov.au>>.

Contribution of Administered Programs to Outcome 2

Program 2.1: Community Pharmacy and Pharmaceutical Awareness

This Program provides funding for evidence-based professional pharmacy programs and services which aim to optimise the effectiveness and value of the health system in general and the PBS in particular. The Fourth CPA which is part of this program group establishes the remuneration arrangements for pharmacists for the supply of PBS medicines, and provides administered funds (\$500 million) for pharmacy programs and services. The contribution to the outcome will be measured by the services provided and their impact on improving access to quality community pharmacy services, Quality Use of Medicines initiatives, and improving health outcomes via professional pharmacy services.

Improved Entitlement Validation of Concession Cards Measure (CEV) aims to ensure that concessional pharmaceutical benefits are provided only to those individuals who are eligible because they hold a valid concession card. The contribution to this outcome is measured by the savings accrued from the decrease in the number of invalid concessional pharmaceutical benefits claims made by pharmacy.

The National Prescribing Service will continue to provide programs and information services to help health professionals and consumers to make effective and cost-effective choices and improve quality use of medicines. Collection and safe disposal of medicines is also provided under the Return of Unwanted Medicines Program, a national Program conducted through the community pharmacy network. The contribution to this outcome is measured by the participation of health professionals in National Prescribing Service programs.

Program 2.2: Pharmaceuticals and Pharmaceutical Services

Funding for this Program provides timely, reliable and affordable access for the Australian community to necessary and cost effective medicines. The contribution of the PBS to this outcome is measured in terms of access to the PBS, as represented by the number of prescriptions subsidised, and in terms of the efficiency of the PBS, as measured by the annual growth in expenditure.

Program 2.3: Targeted Assistance Pharmaceuticals, Aids and Appliances

The National Diabetes Services Scheme (NDSS) is an initiative of the Australian Government, administered by Diabetes Australia, which provides access to products and services needed for the self-management of diabetes through the supply of essential medicines: diagnostic test strips, needles and syringes and insulin pump consumables. The contribution to this outcome is measured by the number of registrants accessing products and services to assist them in the self-management of diabetes.

The Stoma Appliance Scheme (SAS) subsidised by the Australian Government, provides stoma-related products free of charge to ostomates who have been given temporary or permanent stoma (artificial body openings) in the abdominal region for the purpose of waste removal. The contribution of this outcome is measured by the number of ostomates accessing products for the self-management of their stoma.

Contribution of Departmental Outputs to Outcome 2

The Department describes its core activities in terms of three output groups: policy advice, program management and agency-specific service delivery. Outcome 2 reports on policy advice and program management. Refer to Section 2.1 for more information on output groups.

Performance Information for Outcome 2

Performance information for administered programs, individual outputs and output groups relating to Outcome 2 are summarised in Table 2.2.2.

Table 2.2.2: Key Performance Information for Outcome 2

Performance Information for Administered Programs

Indicator	Measured by	Reference Point or Target
Administered Funding – Medicines and Medical Services Programs		
Effectiveness of the Herceptin program.	Number of patients assisted through the Herceptin program.	1,000 patients assisted.
PBS prescriptions will be subsidised for general and concessional patients.	The number of PBS prescriptions subsidised.	179 million PBS prescriptions subsidised, representing approximately 8.7 prescriptions per capita.
Families and singles qualify for reduced patient co-payments under the PBS safety net.	The number of families and singles that qualify for reduced patient co-payments under the PBS safety net.	1.2 million families and singles qualify.
Increased expenditure on the PBS.	Percentage of increase in expenditure on the PBS.	7.1% increase in expenditure on the PBS in 2006-07.
Persons with diabetes benefit from subsidised products and services through the National Diabetes Services Scheme.	The number of persons with diabetes benefit from subsidised products and services through the National Diabetes Services Scheme.	An estimated 862,200 persons with diabetes will benefit from subsidised products.
All areas for review identified in the Fourth CPA are completed during the life of the Agreement.	The number of reviews completed.	11 reviews completed.
Cost: \$7,207.348m		

Performance Information for Departmental Outputs

Indicator	Measured by	Reference Point or Target
Output Group 1 – Policy Advice		
Quality, relevant and timely advice for Australian Government decision-making.	Ministerial satisfaction.	Maintain or increase from previous year.
Relevant and timely evidence-based policy research.	Production of relevant and timely evidence-based policy research.	Relevant evidence-based policy research produced in a timely manner.
Price: \$35.131m		

Indicator	Measured by	Reference Point or Target
Output Group 2 – Program Management		
Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.	Percentage that actual expenses vary from budgeted expenses.	0.5% variance from budgeted expenses.
Stakeholders to participate in program development.	Opportunities for stakeholder participation through a range of avenues, such as surveys, conferences and meetings.	Stakeholders participated in program development through (eg. surveys, conferences and meetings).
Price: \$9.909m		

Evaluations

There are no evaluations planned to be undertaken in 2006-07.

Major Reviews

A review of the implementation of the pharmaceutical provisions of the AUSFTA is scheduled for late 2006. This will be undertaken to ensure that the provisions of the text of the AUSFTA, as well as the objectives of accountability and transparency for all stakeholders, are being met.

Performance Improvement Initiatives

There are no performance improvement initiatives planned to be undertaken in 2006-07.