

**From:** [PLATONA, Adriana](#)  
**To:** s22 [TREASURY.GOV.AU](#); s22  
**Cc:** [TSYGANOV, Nikolai](#); [COMLEY, Blair](#); [SHAKESPEARE, Penny](#); [NORRIS, Sarah](#)  
**Subject:** Analysis of \$1 discount and under co-pay charges [SEC=OFFICIAL:Sensitive]  
**Date:** Thursday, 29 February 2024 8:24:13 PM  
**Attachments:** [Discounting\\_31\\_Jan-2024.docx](#)  
[UNTITLED.pptx](#)

Hi s22 and s22

Attached is work we did earlier on the discretionary \$1 discount.

A few points

- There has been a reduction of 1% per year since 2020. This applies for over co-pay prescriptions only.
- There is no visible decline in the discounting behaviour for under co-pay prescriptions since the announcement of the 60 day measure at 2023 Budget, s45. The total number of discounted scripts has increased in the May to December period in 2023, compared to the same period in 2022.
- There have been a number of measures that have been implemented by Government since 2022, which have changed, and already reduced, the cost of medicines for patients. It is likely that these policy changes have had an impact on the way medicines are priced
  - For example –
    - Due to the Government's implementation of the PBS Safety Net reduction in July 2022, in 2022-23 financial year, there were 70 million free prescriptions dispensed to concessional safety net patients, compared to only 50 million in 2021-22 financial year
    - This is an increase of 20 million scripts (whole of PBS script volumes increased by 12.8 million across all categories)
    - Free PBS Safety net prescriptions are not able to be discounted further, meaning that there are proportionately fewer concessional prescriptions that can have the \$1 discount applied.

s47C

Call anytime if I can be of help.

AP

**Adriana Platona PSM** | First Assistant Secretary, Technology Assessment and Access Division | Department of Health  
 ☎ 02 6289 s22 | 📧 s22 | ✉ s22 @health.gov.au

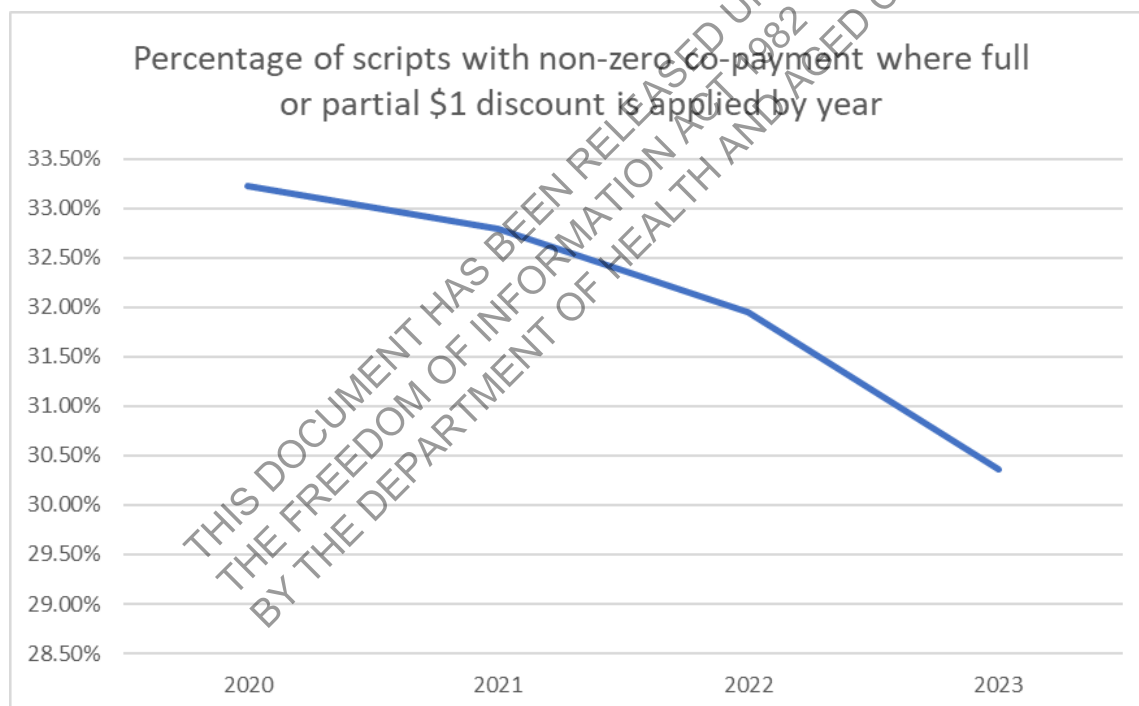
## PBS Discounting patterns

### \$1 discounting analysis

The overall proportion of scripts for which the dollar discount is applied has been trending downward over the last 4-years. However, the decline in 2023 is larger than in previous years.

**Table 1: Percentage of prescription with full or partial \$1 discount applied 2020-2023**

Year of Supply	2020	2021	2022	2023
Percentage of scripts with non-zero co-payment where full or partial \$1 discount is applied by year	33.22%	32.80%	31.95%	30.37%
Change from same period in previous year		-0.42%	-0.84%	-1.59%



- Each year there has been a significant seasonal trend in offering the dollar discount, with a lower proportion of discounts offered toward the start of a calendar year and a higher proportion toward the ends of the calendar year.
- The seasonal trend is significant enough such that for 2023, the proportion of scripts being discounted is increasing in the 4 months following the MDQ announcement, and again (slightly) in the 4 months following MDQ implementation (see table 2).
- These discounting proportions in 2023 still represents a decline on the same period in the previous year, and the magnitude of the decline is greater than the year-on-year comparative period decline observed in either 2021 or 2022. This is particularly evident for the post-MDQ implementation period (table 3).

**Table 2: Percentage of prescriptions with full or partial \$1 discount in 2023**

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Percentage of scripts with non-zero co-payment where full or partial \$1 discount is applied	27.95%				32.03%				32.47%			
	Pre-MDQ announcement				Post-MDQ announcement Pre-MDQ implementation				Post-MDQ implementation			

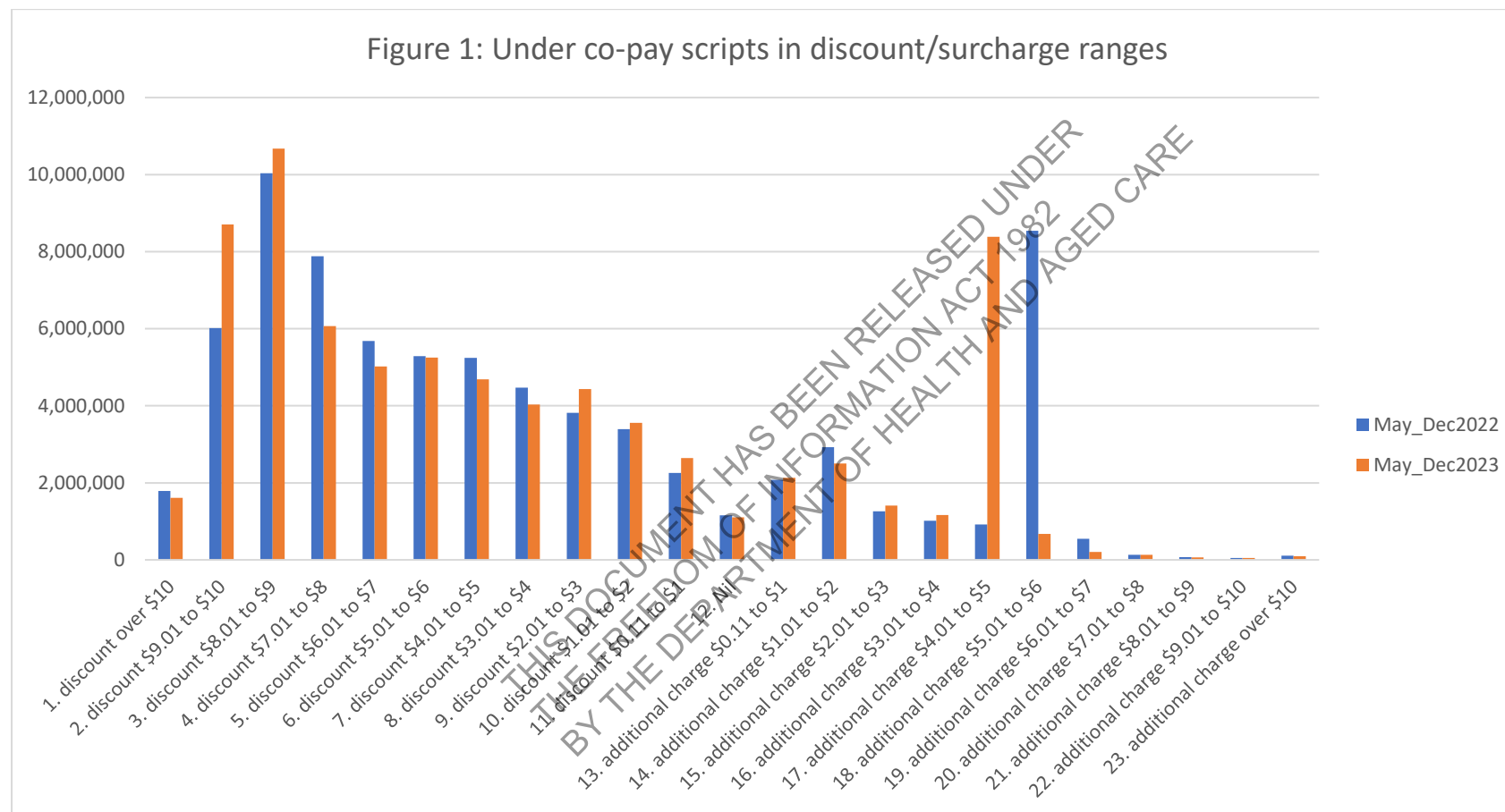
**Table 3: Percentage of prescriptions with full or partial \$1 discount in 2022**

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Percentage of scripts with non-zero co-payment where full or partial \$1 discount is applied	28.81%				33.07%				36.09%			

Notes for \$1 discounting analysis:

- This analysis excludes the concessional safety net, repatriation safety net and doctors bag where there isn't a co-pay to be discounted. Including zero co-pay scripts can significantly skew the analysis.
- Discounts included cases where all or part of the dollar discount is applied.
- The analysis is across scripts supplied across the PBS, so does not look at percentages in individual pharmacies or chains.
- The other factors which could change this analysis would be to remove from the analysis early supply scripts where the discount cannot be offered under the NHA, and CTG UG/under co-pay scripts (which I understand from the original \$1 discount FAQ can also not be discounted but I don't know whether this is enforced).

## Under Co-payment discounting analysis



# s47C

**Table 4: Average discount or surcharge, general under co-payment \$85 (limited to single script max quantity dispensing)**

Time period	Discount or Surcharge	Sum of total Discount Amt or Surcharge	Scripts	Average Discount/Surcharge
May – Dec 2022	Discount	\$341,664,631	55,875,075	\$6.11
May – Dec 2022	Nil	\$12,404	1,154,833	\$0.01
May – Dec 2022	Surcharge	\$72,426,625	17,646,432	\$4.10
May – Dec 2023	Discount	\$353,186,599	56,676,822	\$6.23
May – Dec 2023	Nil	\$1,283	1,104,210	\$0
May – Dec 2023	Surcharge	\$59,480,560	16,809,345	\$3.54

**Table 5: Average Discount or surcharge, general under co-payment s85/s100 all dispensing quantities.**

timeperiod	Discount or Surcharge	Sum of total discount Amt or Surcharge	Scripts	Average Discount/Surcharge
May – Dec 2022	Discount	\$358,008,130	58,606,839	\$6.11
May – Dec 2022	Nil	\$12,612	1,202,617	\$0.01
May – Dec 2022	Surcharge	\$77,697,504	18,990,889	\$4.09
May – Dec 2023	Discount	\$369,148,136	59,455,157	\$6.21
May – Dec 2023	Nil	\$1,314	1,146,610	\$0
May – Dec 2023	Surcharge	\$63,519,253	18,082,042	\$3.51

Notes under co-payment prescription analysis (table 4 and 5)

- Table 4 and 5 show the average surcharge and discount for under co-payment single script max quantity and all under co-payment prescriptions (\$85/\$100, all quantities) respectively.
- The prescriptions have been categorised into three groups:
  - Scripts where pharmacy has applied a discount (discount)
  - Scripts where pharmacy has applied neither discount nor optional fees (nil)
  - Scripts where some or all the optional fees are applied (Surcharge)
- Outliers of more than \$50 saving or surcharge have been excluded from table 4 and 5.

# \$1 discount data

Calendar Year	Sum of Discounted Scripts	Sum of Total Scripts*	Sum of % Discounted Scripts
2020 Total	54,051,592	162,702,485	33.22%
2021 Total	54,136,193	165,053,956	32.80%
2022 Total	49,562,342	155,101,321	31.95%
2023 Total	46,548,047	153,293,187	30.37%
Grand Total	204,298,174	636,150,949	32.11%

\*Sum of total scripts does not include Concessional Safety Net prescriptions, as these cannot be further discounted

# s22

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THE FREEDOM OF INFORMATION ACT 1982  
BY THE DEPARTMENT OF HEALTH AND AGED CARE

**From:** s22 <[s22@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au)>  
**Sent:** Wednesday, April 24, 2024 4:30 PM  
**To:** NORRIS, Sarah s22 <[s22@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au)>; s22 <[s22@finance.gov.au](mailto:s22@finance.gov.au)>  
**Cc:** s22 <[s22@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au)>; s22 <[s22@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au)>; s22 <[s22@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au)>; s47E(d) <[s47E\(d\)@protected.health.gov.au](mailto:s47E(d)@protected.health.gov.au)>; Rocks, Martin s22 <[s22@finance.gov.au](mailto:s22@finance.gov.au)>; s22 <[s22@finance.gov.au](mailto:s22@finance.gov.au)>; s47E(d) <[s47E\(d\)@finance.gov.au](mailto:s47E(d)@finance.gov.au)>; WINTERBINE, Amy s22 <[s22@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au)>; s22 <[s22@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au)>; TSYGANOV, Nikolai s22 <[s22@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au)>; s22 <[s22@protected.health.gov.au](mailto:s22@protected.health.gov.au)>; HARPER, Emily



s22 @Protected.Health.gov.au>; s22

@Protected.Health.gov.au>; s47E(d)

@protected.health.gov.au>

**Subject:** 8CPA -s22 and \$1 Discount updated pack [SEC=PROTECTED]

Hello s22

s22

Please also see the latest \$1 Discount model and supporting documents attached. This updated costing takes into account the new release of Treasury indexation parameters and other changes made in the Budget 2024-25 EV and is the only changes from the last version you have received.

The information provided further below are the same components and caveats.

Could I ask that you organise the Teams meeting and invite the following Health staff:

s22 @Health.gov.au

s22 @health.gov.au

WINTERBINE, Amy s22 @health.gov.au

s22 @health.gov.au

s22 @Health.gov.au

s22 @Health.gov.au

s22 @health.gov.au

#### **\$1 Discount Model update**

Attached are the revised costings for the proposed 8CPA policy to freeze indexation of the patient co-payments and gradually reduce the \$1 discount to zero.

Am including the Budget team in parallel, noting that if these need to be agreed for Budget, then they need to be with DoF today.

The updated costing takes into account the new release of Treasury indexation parameters and other changes made in the Budget 2024-25 EV (agreed with the Department of Finance).

s47C

**From:** s22  
**To:** s22  
**Cc:** s22  
**Subject:** FW: 8CPA - s22 updated costing pack [SEC=PROTECTED]  
**Date:** Monday, 29 April 2024 9:48:41 AM  
**Attachments:** [image001.png](#)  
[CA - \\$1 Discount Abolition and Freeze on indexation to the PBS Co-Payment.pdf](#)  
s22

Well done team, this is a significant accomplishment!

**From:** TSYGANOV, Nikolai  
**Sent:** Sunday, 28 April 2024 5:36 PM  
**To:** s22 ; NORRIS, Sarah ; s22 ; PLATONA, Adriana ;  
s22 ; LAFFAN, David  
**Cc:** s22 ; s47E(d) ; s22 ; WINTERBINE, Amy ; HARPER,  
Emily ; s47E(d)  
**Subject:** RE: 8CPA - s22 updated costing pack [SEC=PROTECTED]  
Please pass on our thanks to DoF and thank you to all of you that have worked over the weekend

**From:** s22 [@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au)  
**Sent:** Sunday, 28 April 2024 5:18 PM  
**To:** TSYGANOV, Nikolai s22 [@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au); s22  
[@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au); NORRIS, Sarah  
s22 [@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au); s22  
[@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au); PLATONA, Adriana  
s22 [@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au); s22  
[@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au); LAFFAN, David  
s22 [@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au)  
**Cc:** s22 [@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au); s47E(d)  
[@protected.health.gov.au](mailto:s22@protected.health.gov.au); s22  
[@protected.health.gov.au](mailto:s22@protected.health.gov.au); WINTERBINE, Amy  
s22 [@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au); HARPER, Emily  
s22 [@Protected.Health.gov.au](mailto:s22@Protected.Health.gov.au); s47E(d)  
[@protected.health.gov.au](mailto:s22@protected.health.gov.au)  
**Subject:** FW: 8CPA - s22 updated costing pack [SEC=PROTECTED]  
Good evening TAAD  
Please see the attached Costing Agreements attached s22

We will let you know when these are completed.

s22

Regards

s22

Assistant Director, Budget Team 1

Budget Strategy Branch | Health Systems Strategy Division | Health Strategy, First Nations & Sport Group

Australian Government Department of Health

T: s22 | E: s22 [@protected.health.gov.au](mailto:s22@protected.health.gov.au)

Location: Sirius Building Level 6 South, 23 Furzer Street WODEN, ACT 2606

PO Box 9848, Canberra ACT 2601, Australia

*The Department of Health acknowledges the Traditional Custodians of Australia and their continued*

*connection to land, sea and community. We pay our respects to all Elders past and present.*

**Subject:** RE: 8CPA - s22 updated costing pack [SEC=PROTECTED]

**PROTECTED**

Hi s22 and s22

Thank you once again for all your help in getting these agreed.

Please see attached costing agreements for s22 and \$1 Discount Abolition and Co-Payment Indexation Freeze.

s22

Many thanks

**Subject:** FW: 8CPA - s22 updated costing pack [SEC=PROTECTED]

Hello AAU

As advised I have built two \$1 Discount Costing models for the PBS s22

s22

s22

Happy to discuss

s22

Assistant Director, Budget Team 1

Budget Strategy Branch | Health Systems Strategy Division | Health Strategy, First Nations & Sport Group

Australian Government Department of Health

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PO Box 9848, Canberra ACT 2601, Australia

*The Department of Health acknowledges the Traditional Custodians of Australia and their continued connection to land, sea and community. We pay our respects to all Elders past and present.*

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