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Media Release



BETTER ACCESS  
— AUSTRALIA —

## Government must stop PBS price hikes on 1 January for individuals and families earning less than \$78,000

*“On 1 January 2023 concessional patients will be facing a price hike of at least 50cents per script from \$6.80 to \$7.30. For individuals and families on fixed incomes of less than \$78,000 per year, this is yet another government-imposed price increase they cannot afford, said Better Access Australia Chair, Felicity McNeill*

*“Right now, the Government is in the process of reducing the General PBS Co-Pay from \$42.50 to \$30.00 on 1 January 2023 through changes to the National Health Act before the Parliament. This is a part of a suite of reforms [Better Access Australia](#) has lobbied for and warmly welcomed, but it only solves half the affordability crisis in medicines affordability.*

*“The Government needs to protect all patients from the inflationary pressures of the cost of living in these uncertain times. The current Bill does not do this but including a freeze on indexation of the Concessional PBS Co-Pay will.” Ms McNeill said*

[Better Access Australia](#) is seeking urgent action by the Senate to amend the *National Health Amendment (General Co-Payment) Bill* to freeze indexation increases to the Concessional PBS Co-Pay till 2025 to ensure medicines remain affordable for everyone during these times of unprecedented rises in the cost of living in Australia.

The law currently mandates that the Concessional PBS Co-Pay must be increased by CPI on 1 January each year. Based on the 12-months to August 2022 CPI figure of 6.8%, that means Concessional patients will be facing an increase of at least \$0.50 per script on 1 January 2023, from \$6.80 to \$7.30.

The increase will also impact Aboriginal and Torres Strait Islander general patients who access PBS medicines via the *Closing the Gap* program.

*“Families earning less than \$78,000 a year are making choices between feeding their kids, paying their rent, putting fuel in their car, and whether they can afford their medicines, let alone visit the GP to get the script.*

*“Every cent counts. Every per cent increase hurts. Ms McNeill said*

*“Government shouldn’t be profiting from the inflationary pressures being placed on the community.*

*“A two-year freeze on indexation being applied to the concessional PBS Co-Pay would help keep medicines affordable for everyone in the community until our economy is back on track.*

*“In the past three years we have had bi-partisan support for a reduction in the number of scripts a patient must fill to reach the PBS Safety Net. They have been great initiatives.*

*“Unfortunately, the Safety Net still requires a concessional patient to pay for 36 medicines before they are protected and yet their average script use is 17 scripts a year. This means the Safety Net reforms are not protecting the majority of people who access medicines on the PBS. Ms McNeill said*

*“We had bi-partisan support for the general co-payment reduction and the changes to the safety net. We need one final all party commitment to the PBS to ensure that during these times of great financial stress in the community, purchasing a medicine is within reach for everyone, not just some.*

*“Freezing indexation hikes on PBS co-pay calculations for two years supports the community through these challenging fiscal times but allows for a return to business as usual once the economy has been stabilised by the Government.” Ms McNeill concluded*

### The Facts

- Average weekly earnings in Australia for all employees is only \$1344.70. <sup>1</sup>
- 91.2% of subsidised scripts on the PBS are dispensed to concessional patients<sup>2</sup>
- The average concessional patient or family use 17 scripts a year and those over 65 around 43 scripts.<sup>3</sup>
- Without this indexation freeze government is proposing to charge concessional patients an extra \$76M a year to access their medicines on the PBS.
- The proposed amendment to freeze the indexation price hikes is time limited aligned to Treasury forecasts of the peak of inflation being passed by end of 2023.<sup>4</sup>
- The estimated cost of introducing the indexation freeze for two years for the Concessional Co-Pay is around \$15.2-\$30.5M in 2023 and again in 2024 based on the standard CPI that would have been previously factored into the forward estimates.
- The *National Health Amendment (General Co-Payment) Bill* is expected to be introduced into the Senate next week.

*For more information about Better Access Australia, please visit [www.betteraccessaustralia.org.au](http://www.betteraccessaustralia.org.au)*

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<sup>1</sup> Australian Bureau of Statistics, [Average Weekly Earnings Australia](#), Canberra May 2022

<sup>2</sup> Department of Health and Aged Care, [PBS Expenditure and Prescriptions Report 1 July 2020 to 30 June 2021](#), Canberra December 2021, Table 2(a) page 2

<sup>3</sup> National Health Amendment (Pharmaceutical Benefits) Bill 2015 [Second Reading Speech](#), The Senate, Parliament of Australia Tuesday, 16 June 2015

<sup>4</sup> The Hon Dr Jim Chalmers MP, Treasurer of the Commonwealth of Australia, [Ministerial Statement on the Economy](#), 28 July 2022