

1993

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

NATIONAL HEALTH AMENDMENT BILL (NO. 2) 1993

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Health,
Senator the Hon Graham Richardson)



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GENERAL OUTLINE

This Bill amends the safety net arrangements which apply to general patients under the Pharmaceutical Benefits Scheme.

A general patient will now be eligible to be issued with a safety net concession card when the total of the amounts charged for supplies of pharmaceutical benefits made to the patient and to members of his or her family during an entitlement period is \$400. Further supplies of pharmaceutical benefits made during that entitlement period will be at the concessional rate of patient contribution. General patients will no longer be able to qualify for a pharmaceutical benefits entitlement card and thus receive pharmaceutical benefits free of charge.

There are no changes to the existing safety net arrangements in respect of concessional beneficiaries.

FINANCIAL IMPACT STATEMENT

The increase to \$400 in the level of expenditure which qualifies a general patient for the issue of a safety net concession card, and the removal of the eligibility of a general patient to obtain a pharmaceutical benefits entitlement card, is estimated to result in savings of \$12.4m in 1993-94, \$32.0m in 1994-95, \$33.4m in 1995-96 and \$34.9m in 1996-97.

NOTES ON CLAUSES

Clause 1 - Short title

Subclause 1(1) is a formal provision which specifies the short title of the Act as the National Health Amendment Act (No. 2) 1993.

Subclause 1(2) is a formal provision which specifies the National Health Act 1953 as the Principal Act referred to in the Bill.

Clause 2 - Commencement

This clause specifies that the provisions of the Act will commence on 1 January 1994.

Clause 3 - Object of Act

This clause provides that the object of the Act is to amend Part VII of the Principal Act to limit the application of the pharmaceutical benefits safety net provided for in that Part.

Clause 4 - Eligibility for concession and entitlement cards

This clause amends subsection 84C(1AA) of the Principal Act by increasing to \$400 the level of expenditure which qualifies a general patient to obtain a safety net concession card and thus obtain pharmaceutical benefits at the concessional rate for the remainder of the entitlement period.

The clause also omits subsection 84C(1), with the result that a general patient will no longer be able to qualify for the issue of a pharmaceutical benefits entitlement card and thus obtain pharmaceutical benefits free of charge for the remainder of the entitlement period.

The clause adds notes that the amounts specified in section 84C are periodically adjusted by indexation.

Clause 5 - Modification of amounts paid

This clause adds a note to section 84CA of the Principal Act that the amount specified in the section is periodically adjusted by indexation.

Clause 6 - Limited charges for pharmaceutical benefits

This clause amends paragraphs 87(2)(b) and (c) of the Principal Act by increasing to \$400 the expenditure level at which a general patient becomes eligible to be charged only the concessional rate for the supply of a pharmaceutical benefit.

The clause adds a note that the amounts referred to in subsection (2) are periodically adjusted by indexation.

The clause also inserts new subsection (2AB) which clarifies the amounts to be taken into account in determining whether the expenditure level referred to in paragraph (2)(b) or (c) has been reached.

Clause 7 - Payment for supply of benefits

This clause amends section 99 of the Principal Act by adding notes that the amounts specified in the section are periodically adjusted by indexation.

Clause 8 - Definitions

This clause amends section 99F of the Principal Act by omitting the definitions of "general patient full safety net" and "general patient restricted safety net" and by substituting a definition of "general patient safety net" with reference to the new safety net level of \$400.

Clause 9 - Indexation

This clause amends section 99G of the Principal Act by omitting item 5 (general patient full safety net) from the CPI Indexation Table and by amending item 4 in the table from "general patient restricted safety net" to "general patient safety net".

The clause also provides that the new general safety net level of \$400 takes the place of the indexation which would otherwise be due on 1 January 1994 and that the \$400 is to be the basis for future indexation.

The clause adds a note that details of the current indexed amounts may be obtained from the Department of Health, Housing, Local Government and Community Services.