



PBS Price Increases on 1 October 2022 – Fact Sheet

Medicine Shortages

Increasingly, global medicine shortages are interrupting supply of medicines that are the mainstay of treatment for some of the most prevalent health conditions in the Australian community. In 2019 and 2020, medicines supplied by manufacturers for \$4 or less per pack were the most susceptible.

Medicines Supply Security Guarantee

Amendments made by the *National Health Amendment (Enhancing the Pharmaceutical Benefits Scheme) Act 2021 (Cth) (Amendment Act)* give effect to the commitments in the new Strategic Agreements with the medicines industry, which includes Minimum Stockholding Requirements. Minimum Stockholding Requirements are designed to help protect Australian patients, pharmacists, and prescribers from the impact of global medicines shortages.

From 1 July 2023, Minimum Stockholding Requirements will apply where manufacturers will be required to hold a minimum of either 4 or 6 months' of stock in Australia for certain PBS listed medicines. While these measures will not prevent shortages that are outside of the control of Australian companies, they will help to ensure that Australian manufacturers are better placed to continue supply when global disruptions occur. Greater buffers will allow time for supply disruptions to be resolved and ensure better continuity of supply for Australians, including through identifying alternative sources of supply (where possible).

A list of 'Designated Brands' that will be subject to Minimum Stockholding Requirements from 1 July 2023 is published on the Designated Brand webpage.

Improved pricing for older low-cost medicines

The Medicines Supply Security Guarantee includes support for manufacturers of low-cost medicines to help ensure they can invest in supply chain resilience, including through Minimum Stockholding Requirements. This includes a one-off price increase that will apply on 1 October 2022 to low-cost medicines that meet the criteria under section 104B of the Amendment Act. For medicines on the F2 formulary, where the Approved Ex-Manufacturer Price (AEMP) on 30 September 2022 is:

- a) \$2 or less, the AEMP will increase to \$2.50;
- b) more than \$2 but not more than \$3, the AEMP will increase by \$0.50; and
- c) more than \$3 but less than \$3.50, the AEMP will increase to \$3.50.

Medicines that are listed in Schedule 2 of the Poisons Standard, in a quantity that is equal to or greater than the PBS quantity, will not receive a price increase.

A list of medicines subject to price increases on 1 October 2022 is published on the PBS website.

More information

Prices for concession card holders

The price increases do not change the maximum PBS patient co-payments for concession card holders, which is \$6.80 in 2022. Please note, patient co-payments change on 1 January each year.

Concession card holders will continue to pay a maximum PBS co-payment of \$6.80 per script in 2022, including for all medicines that will receive a price increase on 1 October 2022. The Australian Government will subsidise the cost of the price increase for concession card holders.

Prices for general patients

The price increases do not change the maximum PBS general patient co-payment which is currently \$42.50. Please note, patient co-payments change on 1 January each year.

The one-off price increases on 1 October 2022 apply to low-cost medicines which are priced below the general patient co-payment of \$42.50. The amount charged to general patients for all PBS medicines priced below the co-payment is a matter for each pharmacy to determine. Pharmacies can charge any amount up to the maximum general patient charge for that medicine. The maximum general patient charge for every PBS listed medicine can be found on the PBS website by searching for the medicine or brand in the 'PBS Medicine Search' field.

The price increases may result in an increase to the maximum general patient charge for medicines that receive a price increase. Reducing the incidence of shortages through the Medicines Supply Security Guarantee will reduce the extent to which patients are required to bear the cost of more expensive and unsubsidised medicines where a PBS medicine may be in shortage.

Ultimately, the price charged to general patients for these medicines will continue to be at the discretion of the pharmacy that dispenses the medicine. General patients are encouraged to shop around for their PBS medicines, including online, to find the best price.

Importantly, other measures in the Strategic Agreements will reduce the maximum patient charge for general patients through reformed price reduction arrangements. In March and September each year, a list of patient savings as a result of reductions in PBS listed medicines will be published on the PBS website. This is in addition to the large number of PBS medicines that have already reduced for general patients, which are published on the PBS website.