

# Fact Sheet – Price Disclosure & Premiums

This fact sheet has been developed to help responsible persons:

- calculate a premium following a price disclosure reduction; and
- understand interactions between price disclosure reductions and requests to add or change premiums.

## Premium changes under Price Disclosure

A premium (including an other special patient contribution) effective on a price disclosure reduction day will be reduced by force of subsection 99ADH(4) of the *National Health Act 1953* (the Act) if there is a price disclosure reduction.

The claimed price immediately before the reduction day will be reduced by the percentage difference between the PBS approved ex-manufacturer price:

- in the month immediately before the reduction day; and
- on the reduction day.

For example, for an October reduction day, the September claimed price is reduced by the percentage difference between the September and October approved ex-manufacturer prices.

In most cases, where there is no price change between the end of a data collection period and the reduction day (including no change in premium), the percentage reduction in claimed price will be the same as the percentage difference between the old and new approved ex-manufacturer prices published in the [‘Price Disclosure Outcomes’](#).

For an October reduction with no differences between April and September prices, the percentage reduction to claimed price would be the same as the percentage difference between the April and October approved ex-manufacturer prices.

A detailed explanation about how to work out the reduced premium that will apply on a price disclosure reduction day can be found at paragraph 121 on page 35 of the [Price Disclosure Procedural and Operational Guidelines](#).

## Changing or adding a premium

Generally speaking, responsible persons for brands with a premium have the opportunity to make price changes six times a year on 1 February, 1 April, 1 June, 1 August, 1 October and 1 December. Submissions for premium changes should be made via [email to the Pricing Section](#). The deadlines for submission of premium change requests can be found on the [PBS Calendar](#), which is available on the PBS website under ‘Useful Resources’.

However, no request for a premium change (including the addition of a new premium) can be made for the day a price disclosure reduction applies to a brand (see the FAQs below for

more information). Any existing premium will be reduced by force of the Act on a reduction day.

## Price Disclosure Outcome Announcement & Premium Changes

Prices set out on publication of '[Price Disclosure Outcomes](#)' do not specify premiums. Price disclosure outcomes are expected to be published in June and December each year and provide existing and potential new approved ex-manufacturer prices (based on listings and prices at the time of publication). Any changes in premium or other pricing and listing changes before or on a reduction day can impact the price disclosure premium reduction.

Any published '[Indicative Prices](#)', including premiums, do not take into account potential pricing and listing changes prior to a reduction day. They reflect the listings and prices during the month the indicative prices are published.

When considering potential new prices on a reduction day, each responsible person should take care to consider intervening listing and pricing implications relevant to its products.

The final price disclosure reduced prices are published as '[Confirmation of Prices](#)' (including premiums) on the price disclosure web page early in the month prior to a reduction day.

## FAQs

**When is the next opportunity that I can request a change to a premium if a brand is subject to a price disclosure reduction on 1 April?**

Generally speaking, price changes can occur six times a year on 1 February, 1 April, 1 June, 1 August, 1 October and 1 December. The deadlines for submission of premium change requests can be found on the [PBS Calendar](#), which is available on the PBS website under 'Useful Resources'.

However, when a price disclosure reduction occurs, the premium will be reduced by force of subsection 99ADH(4) of the Act. A further change to the premium (or addition of a premium) on the same day is not permitted. As a result, when a price disclosure reduction occurs on 1 April, the next occasion when a requested change in premium can take effect is 1 June of the same year. The same principle can be applied to a brand that is subject to a price disclosure reduction on 1 October. In this case, the next occasion a requested change in premium can take effect is 1 December of the same year.

**My brand had a premium change on 1 August. It will also take an October price disclosure reduction. How do I work out prices for a further premium change in December?**

You need to work out the October reduced premium in order to decide what change you want for December. Applications for December premium changes are due by 1 September.

When working out the likely October reduced premium you cannot use '[Indicative Prices](#)' published before August because they do not take account of the impact of your August premium change on an October premium reduction.

To work out your proposed December premium, you need to estimate your October premium reduction taking into account the change in your August manufacturer's claimed price. The [Price Disclosure Procedural and Operational Guidelines](#) provide the method to calculate the October reduced premium.

**A new premium will take effect for my product on 1 August. Why doesn't my product have a premium in the 'Indicative Prices' published in July for the 1 October reduction day.**

The '[Indicative Prices](#)' for 1 October were based on July data (the listings effective at the time of publication). As a result, they did not reflect August pricing or listing changes. In most cases the '[Indicative Prices](#)' will be correct because there is no change between July and October listings or prices.

However, each responsible person needs to consider intervening listing and pricing implications relevant to its products. The [Price Disclosure Procedural and Operational Guidelines](#) provide the method to calculate a new reduced premium.

The final price disclosure reduced prices are published as '[Confirmation of Prices](#)' (including premiums) on the price disclosure web page early in the month prior to the reduction day.