Hidden cost of increasing drug co-payment poses a high risk

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A rise in the co-payment for medicines may lead to an increase in the rates of discontinuation for some drugs. Credit: Michael Cheng, CC BY-NC-ND

Apart from proposing a co-payment for visiting doctors, the last federal budget also contained a proposal to increase the level of co-payments for medications. The government seems to have given little attention to the effect this policy would have on the long-term health of the nation.

Australians buying medicines listed on the Pharmaceutical Benefits

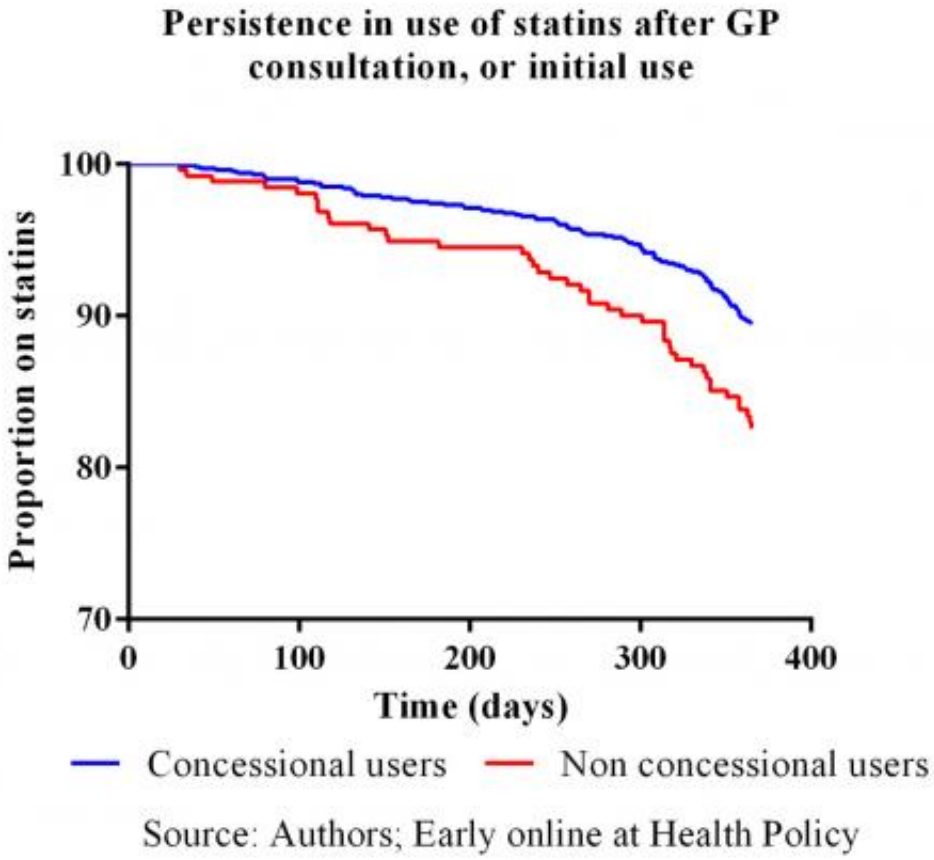
Scheme (PBS) have been required to make a contribution to their cost since the 1960s. Currently, many of us pay the first A$37.70. Pensioners, the unemployed and those receiving a range of disability benefits have access to a health-care concession card, which reduces this co-payment to A$6.10.

Following recommendations of the National Commission of Audit, the 2014 budget contained a A$5 increase in the general level of co-payments, from A$37.70 to A$42.70. To date this budget measure has not been passed by the Senate. In early December 2014, then-health minister Peter Dutton indicated the government intended to legislate the change in 2015.

Our research suggests that, if implemented, this rise may lead to an increase in the rates of discontinuation for some medications.

Unknown impact

Australian studies on the impact of co-payments on the use of medications have been surprisingly rare. Research published in 2008, which used Australia-wide PBS prescribing information, showed that co-payment increases a decade ago resulted in a "significant decrease in dispensing volumes" for many types of medications.



But there hasn't been much direct research on the impact of the higher out-of-pocket costs on long-term use of common medicines by people who don't have a concession card. This may be because this research requires data-linkage to track individual usage of medications over time.

In a study to be published in the international journal Health Policy, we focused on the impact of non-concessional co-payments on drug use using information collected for the Australian Hypertension and Absolute Risk Study(AusHEART). The research involved collecting clinical information on patients aged above 55 years when visiting a GP,

in order to assess the perception and management of cardiovascular disease risk in Australian primary care.

Our study focused on a subset of 1,260 people who were taking cholesterol-lowering drugs known as statins, which are among the most commonly used in Australia. There's compelling evidence that statins are effective for preventing cardiovascular disease, and that non-adherence leads to increased hospitalisation rates and greater medical costs.

We linked clinical information collected during GP consultation with PBS administrative records on long-term medication use in order to find out what caused these people to stop taking the pills. We found that those who didn't have a concession card were around 60% more likely to stop taking the medication. Along with being a smoker and a new statin user, this was one of only three factors that had a significant impact on long-term use.

Which way forward?

Many types of statin medication have historically cost much more in Australia than other countries. For instance, a 2010 study comparing the cost of Simvastatin in different places found Australia paid more than four times more for this drug than in England.

To address this discrepancy, the Rudd government introduced a policy of accelerated price disclosure in 2010. The policy bases future drug prices on actual cost to pharmacists. As these are often much lower than official prices, the cost of many generic drugs has been falling.

While the cost of statins in Australia is still higher than in other countries such as England and New Zealand, many of these medications now cost less than the non-concessional level of co-payment; 40mg Simvastatin, for instance, is just under A$12.

Falls in prices like this reduce the out-of-pocket costs for general users, which is likely to improve adherence to medications. Drugs like statins generally require long-term use to effectively reduce cardiovascular disease and prevent premature death. Our study shows increases in drug prices are likely to have the opposite effect. And the 2008 study mentioned above shows this may hold true for other medications as well.

Such findings have implications for future government policies regarding co-payments. Clearly, when considering a policy that will increase drug costs, the government needs to consider more than just direct financial impact. Potential downstream costs, such as changes in number of hospitalisations, and health impacts, such as the policy's effect on the risk of premature mortality, should also be considered.

Our results suggest that reducing the cost of statin medications may not only save taxpayers money, it may also save their lives.

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