

8 June 2010

Pharmaceuticals Costs Review  
Department of Veterans' Affairs  
GPO Box 9998  
CANBERRA ACT 2601

Dear Sir/Madam,

## **PHARMACEUTICALS COSTS REVIEW**

### **INTRODUCTION**

1. Thank you for inviting Legacy to submit comments to the Pharmaceuticals Costs Review.
2. As you will be aware, Legacy is an independent, voluntary organisation dedicated to assisting widows and children of deceased veterans of war and peacekeeping operations, and members of the Australian Defence force, whose deaths are accepted by Clubs as being service deaths as defined in the Military Rehabilitation and Compensation Act. The support provided by Government to the dependants of deceased veterans is greatly appreciated.
3. Legacy also appreciates the commitment of the Government to review the cost of pharmaceuticals on veterans for war-caused disabilities, particularly the growing out-of-pocket expenses for medicines to treat war-caused disabilities. It is noted that the Review undertaken within the Department of Veterans' Affairs appears to have taken this commitment in respect to war-caused disabilities literally. In practice, the growing cost of out-of-pocket expenses for medicines also affects all those entitled to 'health care for all conditions', such as special rate disability pensioners and war widows and orphans. This submission is concerned with the apparent lack of consideration for war widows and orphans in the Paper provided for consultation.

### **SCOPE OF REVIEW**

4. When the Labor Party's Plan for Veterans' Affairs was announced, it was assumed that the term 'veterans' included dependants in the same way that the Mission Statement for the Department of Veterans' Affairs does not specifically refer to dependants. Accordingly, it is submitted that the scope of the Review should have included 'veterans and their dependants'.
5. Referring to the possible literal interpretation of the phrase 'war-caused disabilities', it is submitted that the death of a veteran is the ultimate war-caused disability.

## OTHER REASONS FOR INCLUSION OF DEPENDANTS

6. The Consultation Paper provides conclusive evidence supporting the need to implement the Government's commitment to address the unreasonable growth in co-payments required by both veterans and dependants.

7. The Consultation Paper also refers to a DVA commissioned Study on Health Care and Usage Costs<sup>(1)</sup> which compared Gold Card veteran and war widow's health care costs with the rest of the community. This study noted that health care costs for Gold Card veterans were higher than for the general community and attributed this to their service disabilities. Importantly the Report then notes that:

*'...In contrast to males, female Gold Card holders show lower utilisation rates of pharmaceuticals compared with their rest of community counterparts, with fewer scripts filled per LMO/GP consultation. However, this difference is not supported by the Bettering the Evaluation and Care of Health (BEACH) GP survey data, which indicates no difference in scripts written per LMO/GP visit between the two groups...'*

The shortcoming in the DVA sponsored study is explained in the Study. It states that:

*'a possible explanation is that some female Gold Card holders may be processing their scripts through the Pharmaceutical Benefits Scheme (PBS) (with or without using a seniors' concession card) rather than using the Gold Card, resulting in only a portion of their script purchases being recorded on the DVA Repatriation Pharmaceutical Benefits Scheme (RPBS) database.'*

8. In summary, there is evidence that the higher utilisation rates for pharmaceuticals are the same for both male and female Gold Card holders.

9. There is a logical, service-related, reason for this. As the partner of a veteran, the war widow is frequently placed in the position of being a dedicated carer, due to the veteran's service-related disabilities. This is a demanding role which ultimately affects the health of the carer. This has recently been demonstrated by a survey<sup>(2)</sup> conducted by Deakin University and Carers' Australia which found that:

- The wellbeing of carers is more vulnerable to physical pain than is normal
- Carers are more likely than is normal to be experiencing chronic pain
- Carers are highly likely to be carrying an injury and this is associated with reduced wellbeing
- Having a significant medical or psychological condition is associated with lower wellbeing for carers than is normal
- Not receiving treatment for a significant medical or psychological condition is extremely damaging to wellbeing
- The major reasons carers are not receiving treatment for themselves is that they have no time or cannot afford the treatment.

10. Finally, the treatment for all conditions with the Gold Card has never been differentiated between veterans and dependants. This entitlement has been considered an essential part of the package of compensation offered by the nation for the service-related death of a veteran. To introduce a difference in eligibility for pharmaceutical benefits would be discriminatory and unfair.

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<sup>(1)</sup> Australian Institute of Health and Welfare (AIHW) Study; 'Health Care Usage and Costs' (2002)

<sup>(2)</sup> Deakin University and Carers Australia 2007 – Australian Unity Wellbeing Index Survey 17.1 Report 17.1, - **'Carer Challenges'** from page vi of Executive Summary – October 2007 Melbourne.

## OPTIONS

11. For veterans, it is suggested that, of the two options proposed, Legacy prefers Option 1 as this option would be simpler to administer. In the longer term, maintaining an easier system could well offset the costs of maintaining a more complex Option 2. It will also be appreciated that Option 2 would not be workable when provision is made for dependants.

## CONCLUSIONS

12. The Consultation Paper provides conclusive evidence supporting the need to address the unreasonable growth in co-payments required by both veterans and dependants.

13. The Review undertaken by the Department of Veterans' Affairs unfairly excludes consideration for war widows and orphans.

14. There is evidence that the higher utilisation rates for pharmaceuticals for female Gold Card holders are the same as for service-related disabilities in veterans.

15. To introduce a difference in eligibility for pharmaceutical benefits for veterans and their dependants would be discriminatory and unfair and set an unfortunate precedent.

16. Exclusion of war widows and orphans from the proposal 'to establish a fair solution that relieves the burden on veterans of the cost of medication to treat their war-caused disabilities' would be unjust.

## CONSULTATION

17. Legacy Australia Council has appointed Legatee Ian Wills as the point of contact if further information is required in regard to this Review. His details are:

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Yours sincerely



DAVID KELLY  
**National Chairman**