



Australian Government
Medicare Australia










Explanation of PBS pricing



June 2011

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Disclaimer

Examples and pricing in this publication reflect the June 2011 online Schedule of Pharmaceutical Benefits, available at www.pbs.gov.au Note: prices should be used as a guide only.

The monthly online Schedule lists a 'price to consumers' that is the maximum price a patient can reasonably expect to pay for their Pharmaceutical Benefit Scheme (PBS) medicines. This amount includes patient charges, contributions and allowable fees and premiums. Generic medicine names, brand names and extemporaneous ingredients and formulae, are used only to illustrate particular pricing rules and/or examples to allow the reader to cross-reference these easily with the examples given in the *Schedule of Pharmaceutical Benefits for Approved Pharmacists and Medical Practitioners (the Schedule)*, 1 June 2011. There is no implied endorsement for any of these specific names, ingredients or formulae by Medicare Australia.

Introduction

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The Pharmaceutical Benefits Scheme

The Australian Government's Pharmaceutical Benefits Scheme (PBS) and Repatriation Pharmaceutical Benefits Scheme (RPBS) make a large range of prescription medicine more affordable for Australian residents and eligible overseas visitors by subsidising the cost.

The PBS is established under the *National Health Act 1953* (the Act) and the *National Health (Pharmaceutical Benefits) Regulations 1960*. Pricing and reimbursement calculations are derived from Part VII of the Act.

Medicare Australia administers the PBS on behalf of the Australian Government. It processes pharmacists' claims and reimburses them for medicine supplied. Medicare Australia also protects the PBS by preventing and detecting incorrect and inappropriate use of the program.

PBS dispensed price



When a pharmacist supplies a medicine that attracts an Australian Government benefit, the pharmacist is entitled to be paid the Australian Government or PBS dispensed price of the medicine, less any applicable patient contribution.

The PBS dispensed price consists of:

- the cost to pharmacists
[cost to pharmacists = the manufacturer's price + a mark-up for the wholesaler]
- a mark-up by the pharmacist
- dispensing fees and any other fees the pharmacist is entitled to.

The Pharmaceutical Benefits Remuneration Tribunal (the Tribunal) implements any agreement between the Minister for Health and Ageing (the Minister) and the Pharmacy Guild of Australia, as to how the Australian Government dispensed price is to be established (Section 98BAA of the Act). The pricing information in this document flows from the current agreement.

The Tribunal's method of calculating the Australian Government dispensed price applies only to PBS medicine supplied by pharmacists to patients.

The method for calculating the dispensed price for supplies made by approved medical practitioners, approved hospital authorities and for emergency drug (doctor's bag) items is determined by the Minister (s98C(1)(a) and 99(4) of the Act and Regulation 18 of the *National Health (Pharmaceutical Benefits) Regulations 1960*, respectively). Recent practice has been to keep these in line with pharmacists' pricing.

Pricing of RPBS benefits is governed by an instrument made by the Repatriation Commission (s91 of the *Veterans' Entitlements Act 1986*). Recent practice has been to keep pricing in line with PBS pricing, where possible.

The PBS Pricing structure does not apply to general medicine prices that are less than the patient contribution (\$34.20). However, there are some pricing rules for these prescriptions so they can be counted towards a patient's PBS Safety Net.

Highly Specialised Drugs (HSD)

The Australian Government provides funding for certain specialised medicines under the Highly Specialised Drugs (HSD) program. These medicines are listed in Section 2 of *the Schedule*—Section 100 items. HSD are subject to different mark-ups than other medicines as explained in Section 2—*Components of pricing*.

Public hospitals participating in pharmaceutical reforms

The public hospital pharmaceutical reforms allow participating public hospitals to prescribe and supply pharmaceutical medicines from the PBS to out patients and patients on discharge. Participating public hospital pharmacies are reimbursed at a different rate to approved community pharmacies for the supply of PBS medicines as explained in Section 2 - *Components of pricing*.

Section 94 private hospitals

Private hospitals are approved under s94 of the Act to supply pharmaceutical benefits to patients receiving treatment in or at the hospital.

From 1 October 2010, s94 private hospitals have been reimbursed at a different rate to approved community pharmacies for the supply of PBS medicines as explained in Section 2—*Components of pricing*.

Components of pricing

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Cost to the pharmacist

The cost to the pharmacist is made up of the manufacturer's price plus wholesale mark-up.

For approved community pharmacies, one of two levels of wholesale mark-up apply.

Type of payment	Cost of medicine from manufacturer	Value
Wholesale mark-up	Up to and including \$930.06	7.52% (Commonwealth price to pharmacists)
	Over \$930.06	\$69.94

The level of wholesale mark-up applied to a medicine is determined by the cost of the medicine from the manufacturer.

Wholesalers may charge a different amount to the cost to pharmacists. On single medicine orders, wholesalers often add a small surcharge, however, these charges can be minimised by using discount options including:

- outer or discount quantities
- settlement discounts when statements are paid by a certain date.

S94 private hospitals and public hospitals participating in pharmaceutical reforms will have a flat 11.1 per cent wholesale mark-up on medicines.

Pharmacist mark-up

See examples [1](#), [7](#), [8](#) and [10](#) for percentage and dollar value mark-up levels.

The pharmacy mark-up is included in the Australian Government payment to pharmacists for supplying PBS listed medicine to cover the costs of storage and handling. It is added to the cost to pharmacists of the product from the wholesaler and is a compulsory charge to the patient.

For approved community pharmacies there are six levels of pharmacy mark-ups:

Cost of medicine to pharmacist	Mark-up
Up to and including \$30.00	15 %
Between \$30.01 and \$45.00	\$4.50
Between \$45.01 and \$180.00	10 %
Between \$180.01 and \$450.00	\$18.00
Between \$450.01 and \$1750.00	4 %
Over \$1750.00	\$70.00

The level of pharmacy mark-up applied to a medicine is determined by the cost to the pharmacist of the medicine for the listed maximum quantity. Regardless of the quantity supplied, the level of mark-up remains the same.

For authority or Regulation 24 prescriptions, where increased quantities bring the cost price of the medicine to over its mark-up level (based on the listed maximum quantity), the mark-up will remain at the original mark-up level. For example, if a PBS medicine has a cost to pharmacists of \$20.00 for maximum quantity, the mark-up will be 15 per cent (\$3.00). If the quantity authorised for supply is three times the listed maximum quantity, the cost to pharmacists will be \$60.00 but the mark-up would remain at 15 per cent (\$9.00). (Refer to example 6)

Where the quantity supplied is less than the maximum, the mark-up will be reduced proportionately. For example, if a PBS medicine has a cost to pharmacists of \$1800.00 for a maximum quantity of two then the mark-up applicable is \$70.00. If half the listed maximum quantity (non-broken pack) is dispensed, the mark-up remains at \$70 but is proportional to the quantity supplied (\$35.00).

The pharmacy mark-up does not apply for approved public hospitals participating in pharmaceutical reforms.

S94 private hospitals will have a flat 11.1 per cent wholesale mark-up on medicines.

Highly Specialised Drugs (HSD)

The dispensed price for HSD supplied in community pharmacies and s94 private hospitals comprise the normal PBS dispensing fee plus a pharmacy mark-up as follows:

Cost of medicine	Mark-up
Up to and including \$40	10%
Between \$40.01 and \$100	\$4.00
Between \$100.01 and \$1000	4%
Over \$1000.01	\$40.00

The dispensed price for HSD supplied in participating public hospitals excludes a pharmacy mark-up.

The patient contribution, including premiums, is the same as other medicines.

Public hospitals participating in pharmaceutical reforms

Section 1 of the Schedule—Explanatory notes, 4. Patient charges and 5. The Safety Net Scheme

Refer to [example 11](#)

The calculation of the PBS dispensed price for hospitals:

- the cost to pharmacists
[cost to pharmacists = the manufacturer's price + a mark-up of 11.1 per cent for the wholesaler]
- no pharmacy mark-up
- no dispensing fees
- no dangerous drug fee
- no wastage
- no ready prepared container
- extemporaneously prepared containers are payable.

Other applicable pharmacy applied fees include:

- PBS Safety Net recording fee—additional fee for agreed price benefits
- allowable extra fee.

The standard PBS patient contributions apply to PBS medicines supplied in participating public hospitals, including brand price premiums, therapeutic group premiums and special patient contributions.

Department of Veterans' Affairs Beneficiaries are included in the pharmaceutical reforms and the same rules apply to RPBS benefits.

Section 94 private hospitals

Refer to [example 11](#)

From 1 October 2010, the remuneration rates for s94 private hospitals were restructured. The wholesale mark-up was replaced with a flat storage and handling mark-up of 11.1 per cent and the pharmacy mark-up was replaced with a flat 1.4 per cent private hospital mark-up.

These mark-up changes apply to PBS medicines supplied under section 85 of the Act by a s94 private hospital, that attract a government subsidy. This includes PBS items supplied to DVA entitled patients.

The PBS dispensed price for section 94 private hospitals includes:

- the cost to pharmacist [cost to pharmacist = the manufacturer's price + a flat wholesale mark-up of 11.1 per cent]
- a flat 1.4 per cent pharmacy mark-up
- the relevant dispensing fee
- when applicable, a dangerous drug fee, wastage and a container fee.

Other pharmacy applied fees are applicable:

PBS Safety Net recording fee—additional fee for agreed price benefits:

- allowable extra fee.

The standard PBS patient contributions apply to PBS medicines supplied in s94 private hospitals, including brand price premiums, therapeutic group premiums and special patient contributions.

For Department of Veterans' Affairs beneficiaries, brand price premiums and therapeutic group premiums are payable by the patient. Special patient contributions are not payable by the patient.

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Dispensing fees

The dispensing fees are determined by the Tribunal following an investigation of relevant information.

a) Ready prepared

As of 1/7/2009 \$6.42

Section 3 of the Schedule

The ready prepared dispensing fee is for a PBS medicine not requiring further preparation or compounding. This fee is a compulsory addition to the mark-up component and is a standard fee regardless of the cost of the medicine.

Only one fee is paid for each prescription regardless of quantity. The ready prepared fee does not change when multiple quantities are ordered (for example, Regulation 24, authority prescriptions for increased quantities) or when quantities less than the PBS maximum quantity are ordered.

b) Extemporaneously prepared

As of 1/7/2009 \$8.46

Section 4 of the Schedule—Container prices

The extemporaneously prepared fee is paid for supplying the following PBS medicines:

- reconstituted items (for example, Amoxicillin syrup)
- extemporaneously prepared PBS medicine (for example, mixtures, creams and ointments).

Important: an extemporaneously prepared medicine is only PBS medicine if prepared from ingredients listed in Section 4 of the *Schedule—Drug tariff*, or from formulae listed in Section 4 of the *Schedule—Standard formula preparations*.

The extemporaneously prepared fee does not change when quantities more or less than the PBS maximum quantities are ordered.

Dangerous drug fee

As of 1/7/2009 \$2.71

Section 3 of the Schedule

The dangerous drug fee is paid for supplying a Schedule 8 medicine and is in addition to the mark-up and dispensing fee. This fee is designed to cover additional costs such as:

- handling fees charged by wholesalers for dangerous medicines
- additional supplying and recording duties associated with dangerous medicines.

Only one fee is paid each prescription, even for multiple quantities (for example, Regulation 24 or authority prescriptions). A dangerous drug fee is not payable for extemporaneous prescriptions with a dangerous ingredient. This has already been factored into the recovery price of the ingredient.

Patient contributions

Section 1 of the Schedule—Explanatory notes, 4. Patient charges

The patient contribution for general patients is a maximum of \$34.20. For concession patients the patient contribution is \$5.60. These amounts are indexed annually in accordance with the Consumer Price Index.

PBS Safety Net

The PBS Safety Net aims to reduce prescription costs for individuals and families who need a lot of PBS medicines.

Pensioner and concession families pay a maximum of \$336.00 (60 prescriptions x \$5.60) for the 2011 calendar year. This does not include brand price premium, therapeutic group premium charges or special patient contributions (*Section 1 of the Schedule—Explanatory notes, 4. Patient charges, What to charge*). After reaching this threshold, they are issued with a PBS Safety Net entitlement card that allows them to receive their medicines free of charge for the remainder of that calendar year. However, these patients are still required to pay any relevant brand price premium, therapeutic group premium or special patient contribution charges.

General patient families pay a maximum of \$1317.20 for the 2011 calendar year. This does not include brand price premium or therapeutic group premium charges, special patient contributions or allowable extra fees. After reaching this threshold, patients are issued with a PBS Safety Net concession card that entitles them to pay \$5.60 per prescription for the rest of that calendar year. However, these patients are still required to pay any relevant brand price premium, therapeutic group premium or special patient contribution charges.

Patients need to keep a record of their expenditure on PBS medicine on a Prescription Record Form (PRF).

Prescriptions for some pharmaceutical benefits are not eligible for benefits if resupplied within 20 days of a previous supply of the same pharmaceutical benefit for the same person under the PBS or RPBS. This is known as the 'Safety Net 20 day rule'.

Important: the patient's Medicare card number must be recorded on their PRF before a PBS Safety Net concession or entitlement card can be issued. The Centrelink and/or Department of Veterans' Affairs number must be recorded before a PBS Safety Net entitlement card can be issued.

PBS Safety Net recording fee—additional fee for agreed price benefits

As of 1/8/2010 ready prepared up to \$1.07—Section 3 of the Schedule

As of 1/8/2010 extemporaneously prepared up to \$1.41—Section 4 of the Schedule—Container prices

The PBS Safety Net recording fee is paid for recording prescriptions below the maximum general patient contribution on the PRF.

Any medicine in *the Schedule*—where the dispensed price is less than the general patient contribution—is regarded as a PBS medicine for a general patient only for the purpose of having its cost recorded on the PRF for the PBS Safety Net. In effect, the patient is paying the full cost of the medicine.

A pharmacist can charge a patient the PBS Safety Net recording fee for the extra work involved in making the PRF entry, however, it is not compulsory for the pharmacist to charge the patient an additional fee. Any fee charged should be added (up to the maximum PBS Safety Net recordable value for each item, as listed in *the Schedule*) to the PBS dispensed price for the PRF entry.

The Safety Net recording fee may be a part charge to take the cost up to \$34.20, where the full fee would have taken the cost of the item over \$34.20 (see example 4). Only one PBS Safety Net recording fee is paid for each prescription item, even if there are multiple quantities (for example, Regulation 24 or authority prescriptions).

This fee does not apply to:

- concession cardholders
- DVA patients
- general patients where the dispensed price is greater than \$34.20 when the Australian Government contributes to the cost.

Allowable extra fee

As of 1/1/2011 up to \$3.92

See [example 5](#)

This fee applies where the PBS dispensed price (including the PBS Safety Net recording fee if applicable) is below the general patient contribution. It is added to the PBS dispensed price and is paid by the patient. The fee was agreed between the Pharmacy Guild of Australia and the Australian Government and introduced to:

- contain the cost to the patient
- compensate the pharmacist
- make sure prescriptions for medicine priced less than the patient contribution are still recordable on the PBS Safety Net PRF.

The allowable extra fee is optional and must not exceed \$3.92. It may only be added to general patients' prescriptions and cannot be entered on the PBS Safety Net PRF as part of the cost of the medicine.

The maximum amount that may be charged to a general patient is \$34.20. The allowable extra fee may not be charged if the total cost of the medicine (including the PBS Safety Net recording fee and this allowable extra fee) is over \$34.20. However, this fee may take the form of a part charge to take the cost up to \$34.20.

If the cost of a medicine to a general patient is less than \$34.20, the PBS Safety Net recording fee is added first to bring the charge up to \$34.20. If the cost is still less than \$34.20, the allowable extra fee is then added to bring the charge up to a maximum of \$34.20.

Brand price premium

Section 1 of the Schedule—Explanatory notes, 4. Patient charges, and 5. The Safety Net Scheme

Section 2 of the Schedule—Symbols used in the Schedule and Brand Premium Policy

See [examples 2](#) and [5](#)

The brand price premium is a compulsory charge.

Substitution of a less expensive brand for a brand name medicine may occur if:

- the less expensive brand is marked as bioequivalent in *the Schedule*
- the patient requests or agrees to the substitution and it has not been vetoed by the practitioner (*Section 1 of the Schedule—Explanatory notes, 3. Supplying medicines—What pharmacists need to know*).

The price difference on a more expensive brand is payable by the patient. Most of this premium goes to the manufacturer. Pharmacists receive only the applicable pharmacy mark-up component of the brand price premium.

If a prescription is written generically or for the lowest priced brand, and the lowest priced brand is supplied, the brand price premium should not be charged. However, if a higher priced brand is supplied by substitution, the applicable brand price premium must be charged.

The brand price premium amount does not count towards the patient's PBS Safety Net threshold and cannot be entered on the PBS Safety Net PRF.

If a prescription with a brand price premium has increased quantities (for example, authority prescription or Regulation 24) the charge is multiplied by the number of PBS maximum quantities supplied.

If a prescription is for a broken quantity, the wastage factor table is used to determine the relevant brand price premium (*Section 1 of the Schedule—Explanatory notes, 9. Pricing PBS prescriptions*). If the quantity is less than the PBS maximum quantity but is not a broken pack, the brand price premium is reduced by the multiple (for example, when half the PBS maximum quantity is prescribed the

brand price premium is halved).

Brand price premiums are listed in Section 2 of *the Schedule* under the heading 'Premium' and are identified with a leading 'B'.

This charge does not apply to:

- emergency drug supplies
- RPBS benefits listed only in the RPBS Schedule
- unlisted RPBS benefits (prior approval medicine not listed in either the PBS or RPBS Schedules).

Therapeutic group premium

Section 1 of the Schedule—Explanatory notes, 4. Patient charges

Section 2 of the Schedule—Symbols used in the Schedule and Therapeutic group premium policy

See *example 10*

The therapeutic group premium is a compulsory charge.

The therapeutic grouping policy applies within narrowly defined therapeutic sub-groups where the identified medicine provides similar safety, efficacy and health outcomes. The Australian Government pays to the level of the price of the lowest priced medicine in each sub-group—less any patient contribution.

Substitution of a less expensive for a more expensive, but different medicine in the same therapeutic group is not permitted.

The price difference for more expensive therapeutic group medicine is payable by the patient. Most of this premium goes to the manufacturer. Pharmacists receive only the applicable pharmacy mark-up component of the therapeutic group premium or the brand price premium. The therapeutic group premium amount does not count towards the patient's PBS Safety Net threshold and cannot be entered on the PBS Safety Net PRF.

If a prescription with a therapeutic group premium has increased quantities (for example, authority prescription or Regulation 24), the charge is multiplied by the number of PBS maximum quantities supplied.

If a prescription is for a broken quantity, the wastage factor table is used to determine the relevant therapeutic group premium (*Section 1 of the Schedule—Explanatory notes, 9. Pricing PBS prescriptions, Pricing ready-prepared items*). If the quantity is less than the PBS maximum quantity but is not a broken pack, then the therapeutic group premium is reduced by the multiple (for example, when half the PBS maximum quantity is prescribed the therapeutic group premium is halved).

A medicine may attract both a therapeutic group premium and a brand price premium.

Medical practitioners may apply for an authority prescription from Medicare Australia to grant exemption from the therapeutic group premium on clinical grounds. The phone approval number issued by Medicare Australia starts with 'TPX' or a stamp with 'TPX approved' will be on the authority prescription.

Therapeutic group premiums are listed in Section 2 of *the Schedule* under the heading 'Premium' and are identified with a leading 'T'.

This charge does not apply to:

- emergency drug supplies
- unlisted RPBS benefits (prior approval medicine not listed in either the PBS or RPBS Schedules—see RPBS differences).

Special patient contribution

Section 1 of the Schedule—Explanatory notes, 4. Patient charges

Section 2 of the Schedule—Special pharmaceutical benefits, and RPBS section of the Schedule—RPBS explanatory notes



The special patient contribution is a compulsory charge.

For certain expensive medicines, where the Australian Government and the manufacturer cannot negotiate a mutually acceptable price, the Australian Government makes a part contribution towards the manufacturer's price. In these instances the patient pays their normal contribution plus the difference between the contribution and the actual cost of the supplied medicine. This difference is the 'special patient contribution'.

Medical practitioners may apply for an authority prescription from Medicare Australia that grants exemption from the special patient contribution on clinical grounds. The phone approval number issued by Medicare Australia starts with 'SPX' or a stamp with 'SPX approved' will be on the authority prescription.

The special patient contribution amount does not count towards the patient's PBS Safety Net threshold and cannot be entered on the PBS Safety Net PRF.

The calculation for pricing medicines that attract a special patient contribution and those granted exemption from the special patient contribution, are the same as therapeutic group premium medicines and exemptions.

The exception is RPBS patients. The special patient contribution does not apply to RPBS prescriptions, so these patients only pay their normal contribution (for example, \$5.60) and DVA pays the rest.

Authority prescriptions

Section 1 of the Schedule—Explanatory notes, 2. Prescribing medicines—Information for doctors and dentists

See [examples 1](#) and [6](#)

Prior approval is required for authority required items and all requests for increases to the listed maximum quantity and/or maximum repeats for all categories of PBS items. Prior approval is not required for Authority required (STREAMLINED) medicines, except if increases in the listed maximum quantity and/or maximum repeats are needed.

Where the quantity of a prescription medicine exceeds the PBS maximum quantity, the relevant mark-up still applies to the increased quantity. However, only one of each of the following fees may be applied:

- dispensing fee
- dangerous drug fee (if applicable)
- PBS Safety Net recording fee (if applicable)
- allowable extra fee (if applicable).

Only one entry is made on the PBS Safety Net PRF. General patients pay a maximum of \$34.20 and concession patients pay \$5.60 (plus brand price premium, therapeutic group premium and special patient contribution charges if applicable). Multiple quantities attract multiple brand price premium and therapeutic group premium charges where relevant.

Regulation 24

Section 1 of the Schedule—Explanatory notes, 2. Prescribing medicines—Information for doctors and dentists, 3. Supplying medicines— What pharmacists need to know, and 4. Patient charges.

See [example 1](#)

Regulation 24 applies when a medical practitioner, subject to certain conditions, requests all the repeats to be supplied at the same time as the original prescription. Since the total prescription is supplied as a single medicine, only one of each of the following fees may be applied:

- dispensing fee
- dangerous drug fee (if applicable)
- PBS Safety Net recording fee (if applicable)
- allowable extra fee (if applicable).

Although there is only one set of fees applicable, there is little financial saving to the patient since they pay multiple patient contributions—up to \$34.20 or \$5.60 multiplied by the number of supplies. Multiple quantities attract multiple brand price premium, therapeutic group premium and special patient contribution charges. The amount recorded on the PBS Safety Net PRF should reflect the total quantity supplied, including the original and repeats.

PBS & RPBS differences

RPBS section of the Schedule—RPBS explanatory notes

There are differences between the PBS and RPBS systems, including:

- the RPBS has additional medicines not listed on the PBS
- holders of the following cards do not pay the special patient contribution:
 - Repatriation Pharmaceutical Benefits card (orange card)
 - Repatriation health card for all conditions (gold card)
 - Repatriation health card for specific conditions with prescriptions marked as RPBS (white card).

Some medicine not listed in either the PBS or RPBS Schedules may be made available under RPBS prior approval arrangements. The medicine is priced using the cost to pharmacists plus the appropriate PBS mark-up and the PBS dispensing fee (refer to the mark-up table in the Components of pricing section of this document). Where the price to pharmacist is greater than \$100.00, a copy of the invoice relating to that supply is to be submitted with the original authority prescription for payment.

Emergency drug supplies

Section 1 of the Schedule—Explanatory notes, 3. Supplying medicines—What pharmacists need to know
Section 2 of the Schedule—Emergency drug supplies

The Australian Government contribution is the same as what applies to ready prepared prescriptions.



The emergency drug supply medicine is supplied at no charge to the medical practitioner and pharmacists are reimbursed the full PBS amount.

Dangerous drug fees are added where applicable.

There is no charge if the practitioner requests a more expensive medicine or brand. Pharmacists are paid for the medicine or brand supplied as no therapeutic group premiums or brand price premiums apply.

In some states and territories a medical practitioner cannot write a dangerous drug on a prescription with any other medicine. This ruling does not apply to the emergency drug supplies order form, as it is classified as an order form and not a prescription.

Examples—fees

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Example 1

Serenace tablet 500 mcg x 100 (Item 2761H)	
Cost	\$3.16 [#]
Mark-up (15 %)	\$0.47 [#]
Dispensing fee	\$6.42 [#]
PBS Safety Net recording fee	\$1.07
Allowable extra fee	\$3.92
Total	\$15.04

General	
Patient contribution	\$15.04
Australian Government contribution	\$0.00
Amount recordable on PBS Safety Net PRF	\$11.12 (does not include allowable extra fee)
Pension/concession	
Patient contribution	\$5.60
Australian Government contribution	\$4.45 (sum of # - \$5.60 = \$10.05 - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$0.00
Australian Government contribution	\$10.05 (sum of #)

Dangerous drugs

If this example was a dangerous medicine, a dangerous drug fee of \$2.71 would be added to the total prescription amount (included as a [#] amount) and would count toward the total entered on the PBS Safety Net PRF.

Multiple packs

If multiple packs are supplied, the mark-up is to be applied before other calculations. Cost + mark-up is worked out for one pack and the result is rounded and multiplied by the number of packs.

Authority prescription

If the prescription is for an approved authority for 400 tablets:

Serenace tablet 500 mcg x 400 (Item 2761H)	
Approved authority	
Cost of one pack + mark-up (15 %) (\$3.16 + \$0.47)	\$3.63
Cost + mark-up of four packs (4 x (\$3.16 + \$0.47))	\$14.52 [#]
Dispensing fee (one only)	\$6.42 [#]
PBS Safety Net recording fee (one only)	\$1.07
Allowable extra fee (one only)	\$3.92
Total	\$25.93

General	
Patient contribution	\$25.93
Australian Government contribution	\$0.00
Amount recordable on PBS Safety Net PRF	\$22.01 (does not include allowable extra fee)
Pension/concession	
Patient contribution	\$5.60
Australian Government contribution	\$15.34 (sum of # - \$5.60 = \$20.94 - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder (patient pays nothing)	
Patient contribution	\$0.00
Australian Government contribution	\$20.94 (sum of #)
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

Regulation 24

If the prescription is for 100 tablets with two repeats and is endorsed as Regulation 24 by the medical practitioner:

Serenace tablet 500 mcg x 100 (Item 2761H) repeat two Regulation 24	
Cost of one pack + mark-up (\$3.16 + \$0.47)	\$3.63
Cost + mark-up of three packs (3 x (\$3.16 + \$0.47))	\$10.89 [#]
Dispensing fee (one only)	\$6.42 [#]
PBS Safety Net recording fee (one only)	\$1.07
Allowable extra fee (one only)	\$3.92
Total	\$22.30

General	
Patient contribution	\$22.30
Australian Government contribution	\$0.00
Amount recordable on PBS Safety Net PRF	\$18.38 (does not include allowable extra fee)
Pension/concession	
Patient contribution	\$16.80 (3 x \$5.60)
Australian Government contribution	\$0.51 (sum of # - \$16.80 = \$17.31 - \$16.80)
Amount recordable on PBS Safety Net PRF	\$16.80 (or 3 x \$5.60)
PBS Safety Net entitlement cardholder	
Patient contribution	\$0.00
Australian Government contribution	\$17.31 (sum of #)
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

Example 2

Tablet 30 mg x 25	Serepax (Item 3133X)	Generic oxazepam
Cost	\$3.41 [#]	\$1.07 [#]
Mark-up (15 %)	\$0.51 [#]	\$0.16 [#]
Dispensing fee	\$6.42 [#]	\$6.42 [#]
PBS Safety Net recording fee	\$1.07	\$1.07
Allowable extra fee	\$3.92	\$3.92
Total	\$15.33	\$12.64
	Includes brand price premium	

The brand price premium is calculated by subtracting the sum of [#] for the generic oxazepam (\$7.65) from the sum of [#] for the more expensive Serepax (\$10.34). The brand price premium is \$10.34 - \$7.65 = \$2.69.



Important: this technique is used to calculate all brand price premiums and therapeutic group premiums.

Price calculations for Serepax

General	
Patient contribution	\$15.33
Australian Government contribution	\$0.00
Amount recordable on PBS Safety Net PRF	\$8.72 (sum of [#] for Serepax + PBS Safety Net recording fee - brand price premium) or (sum of [#] for the generic + PBS Safety Net recording fee)
Pension/concession	
Patient contribution	\$8.29 (\$5.60 + \$2.69 brand price premium)
Australian Government contribution	\$2.05 (sum of [#] for Serepax - \$5.60 - brand price premium) or (sum of [#] for the generic - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$2.69 (brand price premium)
Australian Government contribution	\$7.65 (sum of [#] for Serepax - brand price premium) or (sum of [#] for the generic)
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

Example 3

Maxamox suspension 500 mg/5 mL x 100 mL (Item 8705E)	
Cost	\$4.75 [#]
Mark-up (15 %)	\$0.71 [#]
Water (priced as 100mL, includes a mark-up, see Section 4 of <i>the Schedule</i>)	\$0.49 [#]
Dispensing fee (extemporaneously prepared)	\$8.46 [#]
PBS Safety Net recording fee (extemporaneously prepared)	\$1.41
Allowable extra fee	\$3.92
Total	\$19.74

General	
Patient contribution	\$19.74
Australian Government contribution	\$0.00
Amount recordable on PBS Safety Net PRF	\$15.82 (does not include allowable extra fee)
Pension/concession	
Patient contribution	\$5.60
Australian Government contribution	\$8.81 (sum of [#] - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$0.00
Australian Government contribution	\$14.41 (sum of [#])
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

Example 4

Parnate tablet 10mg (base) x 50 (Item 2444P)	
Cost	\$23.59 [#]
Mark-up (15 %)	\$3.54 [#]
Dispensing fee	\$6.42 [#]
PBS Safety Net recording fee	\$0.65
Total	\$34.20

The full additional PBS Safety Net recording fee would have taken the total cost over \$34.20. To prevent this, the fee is reduced to bring the maximum price for a general patient down to \$34.20. Also note that no allowable extra fee is charged.

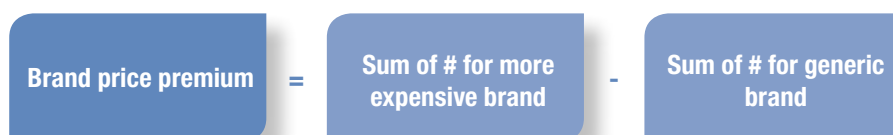
General	
Patient contribution	\$34.20
Australian Government contribution	\$0.00
Amount recordable on PBS Safety Net PRF	\$34.20
Pension/concession	
Patient contribution	\$5.60
Australian Government contribution	\$27.95 (sum of # - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$0.00
Australian Government contribution	\$33.55 (sum of #)
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

Example 5

Tablet 20 mg x 30	Lipex 20 (Item 9243L, 2012X)	Generic simvastatin
Cost	\$25.01 [#]	\$22.13 [#]
Mark-up (15 %)	\$3.75 [#]	\$3.32 [#]
Dispensing fee	\$6.42 [#]	\$6.42 [#]
PBS Safety Net recording fee	\$1.07	\$1.07
Allowable extra fee	\$1.26	\$1.26
Total	\$37.51	\$34.20
	includes brand price premium	

The brand price premium is calculated by subtracting the sum of [#] for the generic simvastatin (\$31.87) from the sum of [#] for the more expensive Lipex 20 (\$35.18). The brand price premium is \$35.18 - \$31.87 = \$3.31.



Important: this technique is used to calculate all brand price premiums and therapeutic group premiums.

The allowable extra fee has to be reduced to \$1.26 so the total amount charged to general patients is \$34.20 (not including the \$3.31 brand price premium).

Price calculations for Lipex 20

General	
Patient contribution	\$37.51 (\$34.20 + brand price premium)
Australian Government contribution	\$0.00
Amount recordable on PBS Safety Net PRF	\$32.94 (sum of [#] for Lipex 20 + PBS Safety Net recording fee - brand price premium) or (sum of [#] for generic + PBS Safety Net recording fee)
Pension/concession	
Patient contribution	\$8.91 (\$5.60 + brand price premium)
Australian Government contribution	\$26.27 (sum of [#] for Lipex 20 - \$5.60 - brand price premium) or (sum of [#] for the generic - \$5.46)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$3.31 (brand price premium)
Australian Government contribution	\$31.87 (sum of [#] for Lipex 20 - brand price premium) or (sum of [#] for the generic)
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

Example 6

Neosulf tablet 500 mg x 25 (Item 2325J)	
Cost of one pack	\$7.50 [#]
Mark-up (15 %)	\$1.13 [#]
Dispensing fee	\$6.42 [#]
PBS Safety Net recording fee	\$1.07
Allowable extra fee	\$3.92
Total	\$20.04

Authority

If the prescription is for an approved authority for 125 tablets:

Neosulf tablet 500 mg x 125 (Item 2325J)	
Cost of one pack + mark-up (\$7.50 + \$1.13)	\$8.63
Cost + mark-up of five packs (5 x (7.50 + \$1.13))	\$43.15 [#]
Dispensing fee (one only)	\$6.42 [#]
Total	\$49.57

For an increased quantity of 125, the mark-up remains at 15 per cent (based on the cost price for the listed quantity). As the total is greater than \$34.20, the additional PBS Safety Net fee and the allowable extra fee do not apply in this example.

General	
Patient contribution	\$34.20
Australian Government contribution	\$15.37 (sum of # - \$34.20)
Amount recordable on PBS Safety Net PRF	\$34.20
Pension/concession	
Patient contribution	\$5.60
Australian Government contribution	\$43.97 (sum of # - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$0.00
Australian Government contribution	\$49.57 (sum of #)
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

Example 7

Caprilon compound powder 420g x 8 (Item 8629E)	
Cost of one pack	\$55.38
Mark-up (\$18.00) (mark-up for listed maximum quantity of 8 apportioned per pack = \$2.25 (\$18 ÷ 8 (listed maximum quantity)))	2.25
Cost of one pack + mark-up (\$55.38 + \$2.25)	\$57.63
Cost + mark-up of eight packs (8 x (\$55.38 + \$2.25))	\$461.04 [#]
Dispensing fee	\$6.42 [#]
Total	\$467.46

Since the cost price for maximum quantity (regardless of quantity to be supplied) is between \$180 and \$450, the \$18 flat mark-up applies.

If the prescription is for a lesser quantity of four:

Caprilon compound powder 420g x 4 (Item 8629E)	
Cost of one pack + mark-up (\$55.38 + \$2.25)	\$57.63
Cost + mark-up of four packs (4 x (\$55.38 + \$2.25))	\$230.52 [#]
Dispensing fee (one only)	\$6.42 [#]
Total	\$236.94

As the quantity supplied is less than the listed maximum quantity the mark-up is reduced proportionately. In this example half the listed maximum quantity has been supplied and the mark-up remains at \$18 but proportional to the quantity supplied (4 x \$2.25 = \$9). As the total is greater than \$34.20, the additional PBS Safety Net fee and the allowable extra fee do not apply in this example.

General	
Patient contribution	\$34.20
Australian Government contribution	\$202.74 (sum of # - \$34.20)
Amount recordable on PBS Safety Net PRF	\$34.20
Pension/concession	
Patient contribution	\$5.60
Australian Government contribution	\$231.34 (sum of # - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$0.00
Australian Government contribution	\$236.94 (sum of #)
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

Example 8

Certican tablet 0.5 mg x 60 (Item 8841H)	
Cost	\$516.74 [#]
Mark-up (4 %)	\$20.67 [#]
Dispensing fee	\$6.42 [#]
Total	\$543.83

Since the cost price for maximum quantity (regardless of quantity to be supplied) is greater than \$450, the four per cent mark-up applies. No additional PBS Safety Net fee or allowable extra fee is applicable because the supplied medicine costs more than \$34.20.

General	
Patient contribution	\$34.20
Australian Government contribution	\$509.63 (sum of # - \$34.20)
Amount recordable on PBS Safety Net PRF	\$34.20
Pension/concession	
Patient contribution	\$5.60
Australian Government contribution	\$538.23 (sum of # - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$0.00
Australian Government contribution	\$543.83 (sum of #)
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

Example 9

Erbix solution 500 mg in 100 mL x 1 (Item 9137X and Item 9139B)	
Cost	\$1774.94 [#]
Mark-up (\$70)	\$70.00 [#]
Dispensing fee	\$6.42 [#]
Total	\$1851.36
Allowable extra fee	\$3.44
Total	\$37.96

As the cost price for maximum quantity (regardless of quantity to be supplied) is greater than \$1750, the \$70 mark-up applies. No additional PBS Safety Net fee or allowable extra fee is applicable because the supplied medicine costs more than \$34.20.

General	
Patient contribution	\$34.20
Australian Government contribution	\$1817.16 (sum of [#] - \$34.20)
Amount recordable on PBS Safety Net PRF	\$34.20
Pension/concession	
Patient contribution	\$5.60
Australian Government contribution	\$1845.76 (sum of [#] - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$0.00
Australian Government contribution	\$1851.36 (sum of [#])
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

Example 10

Ordinary prescription

Teveten tablet 400mg x 56 (28x2) (Item 8397Y)	
Cost of one pack (28)	\$10.72
Mark-up (15 %)	\$1.61
Cost of one pack + mark-up (\$10.72 + \$1.61)	\$12.33
Cost + mark-up for maximum quantity (56) (2 x \$12.33)	\$24.66 [#]
Dispensing fee	\$6.42 [#]
PBS Safety Net recording fee	\$1.07
Allowable extra fee	\$3.92
Total	\$36.07

In this case the maximum the Australian Government pays is \$29.08. The difference of \$2.00 is the therapeutic group premium.

The total amount charged to general patients is \$34.07 (not including the \$2.00 therapeutic group price premium).

General	
Patient contribution	\$36.07 (\$34.07 + \$2.00 therapeutic group premium)
Australian Government contribution	\$0.00
Amount recordable on PBS Safety Net PRF	\$30.15 (sum of [#] - therapeutic group premium + PBS Safety Net recording fee)
Pension/concession	
Patient contribution	\$7.60 (\$5.60 + \$2.00 therapeutic group premium)
Australian Government contribution	\$23.48 (sum of [#] - \$5.60 - \$2 therapeutic group premium)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$2.00 (therapeutic group premium)
Australian Government contribution	\$29.08 (sum of [#] - \$2.00 therapeutic group premium)
Amount recordable on PBS Safety Net PRF	\$0.00
RPBS benefits	
Patient contribution	\$5.40*
Australian Government contribution	\$159.77 (sum of [#] - \$5.40)
Amount recordable on PBS Safety Net PRF	\$5.40

[#] Components that make up the dispensed price.

Authority prescription granting exemption from the therapeutic group premium

Teveten tablet 400mg x56 (28x2) (Item 8951D)	
Prescription endorsed 'TPX'	
Cost of one pack (28)	\$10.72
Mark-up (15 %)	\$1.61
Cost of one pack + mark-up (\$10.72 + \$1.61)	\$12.33
Cost + mark-up for maximum quantity (56) (2 x \$12.33)	\$24.66 [#]
Dispensing fee	\$6.42 [#]
PBS Safety Net recording fee	\$1.07
Allowable extra fee	\$2.05
Total	\$34.20

The allowable extra fee has been reduced to bring the maximum price for a general patient down to \$34.20.

General	
Patient contribution	\$34.20
Australian Government contribution	\$0.00
Amount recordable on PBS Safety Net PRF	\$32.15 (does not include allowable extra fee)
Pension/concession	
Patient contribution	\$5.60
Australian Government contribution	\$25.48 (sum of # - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder (patient pays nothing)	
Patient contribution	\$0.00
Australian Government contribution	\$31.08 (sum of #)
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

Example 11

OxyContin tablet 40 mg x 28 (Item 8387KY & 5249G Dental) – community pharmacy	
Cost (the manufacturer's price + a mark-up of 7.52% for the wholesaler)	\$48.61 [#]
Mark-up (10%)	\$4.86 [#]
Dangerous drug fee	\$2.71 [#]
Dispensing fee	\$6.42 [#]
Total	\$62.60

General	
Patient contribution	\$34.20
Australian Government contribution	\$28.40
Amount recordable on PBS Safety Net PRF	\$34.20
Pension/concession	
Patient contribution	\$5.60
Australian Government contribution	\$57.00 (sum of [#] - \$5.60 = \$62.60 - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$0.00
Australian Government contribution	\$62.60 (sum of [#])
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

OxyContin tablet 40 mg x 28 (Item 8387K & 5249G Dental) – section 94 private hospital	
Cost (the manufacturer's price + a mark-up of 11.1% for the wholesaler)	\$50.23 [#]
Mark-up (1.4%)	\$0.70 [#]
Dangerous drug fee	\$2.71 [#]
Dispensing fee	\$6.42 [#]
Total	\$60.06

General	
Patient contribution	\$34.20
Australian Government contribution	\$25.86
Amount recordable on PBS Safety Net PRF	\$34.20
Pension/concession	
Patient contribution	\$5.60
Australian Government contribution	\$54.46 (sum of [#] - \$5.60 = \$60.06 - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$0.00
Australian Government contribution	\$60.06 (sum of [#])
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

OxyContin tablet 40 mg x 28 (item 8387K & 5249G Dental) – approved public hospital pharmacy	
Cost (the manufacturer's price + a mark-up of 11.1% for the wholesaler)	\$50.23 [#]
Mark-up (not applicable)	\$0.00 [#]
Dangerous drug fee (not applicable)	\$0.00 [#]
Dispensing fee (not applicable)	\$0.00 [#]
Total	\$50.23

General	
Patient contribution	\$34.20
Australian Government contribution	\$16.03
Amount recordable on PBS Safety Net PRF	\$34.20
Pension/concession	
Patient contribution	\$5.60
Australian Government contribution	\$44.63 (sum of [#] - \$5.60 = \$50.23 - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$0.00
Australian Government contribution	\$50.23 (sum of [#])
Amount recordable on PBS Safety Net PRF	\$0.00

[#] Components that make up the dispensed price.

In the approved public hospital and the s94 private hospital examples the cost to pharmacist includes a wholesale mark-up of 11.1 per cent. When supplied in a community pharmacy, a wholesale mark-up of 7.52 per cent is included.

More on pricing

PBS quantities—where a pack cannot be broken

Where a medicine's maximum quantity has been specially determined to correspond to the manufacturer's pack, the manufacturer's standard pack should be prescribed and supplied, even if the practitioner asks for a lesser quantity. An example of this would be a prescription for 50 Anginine tablets, where 100 tablets (one unopened bottle) should be supplied. This is identified under the heading 'Name, manner of administration and form and strength' (Section 2 of *the Schedule*).

The minimum quantity that can ever be supplied is one. Therefore, if a PBS medicine is listed under the column headed 'Name, manner of administration and form and strength' (Section 2 of *the Schedule*) with a specific quantity (for example, 500 mL), then the minimum quantity that can be dispensed is one pack—500 mL is a quantity of one. However, if a medical practitioner asks for less than this (for example, 150 mL), it is not a PBS medicine. An example of this would be 150 mL of Gastrogel mixture as the quantity is less than one and there is no 'supply standard pack' information icon under the 'Name, manner of administration and form and strength' in Section 2 of *the Schedule* to bring the quantity up to 500 mL.

Where the maximum quantity of a benefit does not coincide with the quantity contained in the manufacturer's pack, an information icon stating this is below the 'Manner of administration and form and strength' in Section 2 of *the Schedule* will be displayed. There is also a corresponding entry in Section 3 of *the Schedule* that shows the marked-up price of the manufacturer's pack.

Fractions are not allowed under the PBS. A prescription for Gastrogel suspension 750 mL would be a private prescription. This could be changed to a PBS prescription only with approval from the medical practitioner and after endorsing the prescription with the PBS quantity (in this case either 500 mL or 1000 mL).

PBS quantities—where a pack can be broken

If a prescription is for a quantity less than the manufacturer's pack, the wastage factor is worked out from the quantity in the manufacturer's pack (not from the maximum quantity allowed on the PBS).

The quantity may consist of a full manufacturer's pack plus a broken pack (for example, Rivotril 500 mcg x 150). In this example, 100 tablets are paid from the price in Section 3 of *the Schedule* and the wastage factor applies to the 50 tablets (see [example 12](#)).

Container prices on ready prepared items

The container price only applies to quantities less than the manufacturer's pack. For example, it would apply to Serepax 30 mg tablets x 10, but not to one month of Nordette 28, (the price is listed in Section 3 of *the Schedule*). It is not payable on quantities over the manufacturer's pack (for example, Rivotril 500 mcg x 150 tablets).

Wastage factor table

Use this table for calculating the price of a prescription for quantities that are less than the manufacturer's pack. It compensates for the balance of the broken pack that isn't used before expiry and hence wasted.

Row A gives the actual percentage of the manufacturer's pack prescribed. Row B gives the percentage of the price of the manufacturer's pack that is applicable.

Example

Prescription for 50 Tegretol tablets 200 mg.

This is 25 per cent of the manufacturer's pack (200 tablets).

Find '25' from Row A, and look below it at Row B.

From Row B, the price paid (the wastage factor) would be 38 per cent of the value of the manufacturer's pack of 200.

Wastage factor table

Row A	5	10	15	20	25	30	35	40	45	50
Row B %	10	18	26	32	38	44	50	54	58	62
Row A	55	60	65	70	75	80	85	90	95	100
Row B %	66	70	74	78	82	86	90	94	98	100

Brand price premium, therapeutic group premium and special patient contribution—broken packs

The wastage factor table is applied to all of these charges (brand price premium, therapeutic group premium and special patient contribution) if a broken pack is involved in working out the price. As stated in the paragraphs explaining these charges, they form part of the overall cost of the medicine so pharmacists are paid according to the wastage factor table.

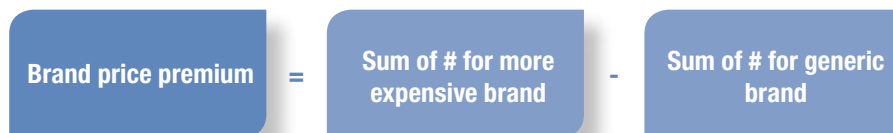
The brand price premium, therapeutic group premium and special patient contribution are all components of the patient contribution. As such, they are mandatory charges and failure to apply these charges is a breach of the Act.

Examples—more on pricing

Example 12

Tablet 500 mcg x 150	Rivotril (Item 1805B)	Generic clonazepam
Cost of 100 tablets (including 15% mark-up)	\$8.25 [#]	\$6.54 [#]
Cost of 50 tablets (100 x 62%)	\$5.12 [#]	\$4.05 [#]
Dispensing fee	\$6.42 [#]	\$6.42 [#]
PBS Safety Net recording fee	\$1.07	\$1.07
Allowable extra fee	\$3.92	\$3.92
Total	\$24.78	\$22.00
	Includes brand price premium	

The brand price premium is calculated by subtracting the sum of # for the generic clonazepam (\$17.01) from the sum of # for the more expensive Rivotril (\$19.79). The brand price premium is \$19.79 - \$17.01 = \$2.78. This compares with the brand price premium of \$3.42 for 200 x Rivotril 500mcg tablet.



Note: this technique is used to calculate all brand price premiums and therapeutic group premiums.

Price calculations for Rivotril

General	
Patient contribution	\$24.78
Australian Government contribution	\$0.00
Amount recordable on PBS Safety Net PRF	\$18.08 (sum of # for Rivotril + PBS Safety Net recording fee - brand price premium) or (sum of # for the generic + PBS Safety Net recording fee)
Pension/concession	
Patient contribution	\$8.38 (\$5.60 + brand price premium)
Australian Government contribution	\$11.41 (sum of # for Rivotril - \$5.60 - brand price premium) or (sum of # for the generic - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60
PBS Safety Net entitlement cardholder	
Patient contribution	\$2.78
Australian Government contribution	\$17.01 (sum of # for Rivotril - brand price premium) or (sum of # for generic)
Amount recordable on PBS Safety Net PRF	\$0.00

In this example, there is no container fee as the quantity supplied (150) is greater than the manufacturer's pack size, as shown in Section 3 of *the Schedule*.

[#] Components that make up the dispensed price.

Extemporaneous pricing

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• Allowable extra fee	

Extemporaneously prepared formulae

An extemporaneously prepared formula is PBS medicines compounded by pharmacists from basic ingredients. All the allowable ingredient prices are listed in Section 4 of *the Schedule—Drug tariff*. If a formula has an ingredient not listed, that formula is not a PBS medicine. Some ingredients on these pages have specific uses or additional directions (for example, 'use as additive only'). If these are not adhered to, the formula is not a PBS medicine.

Standard formulae

See [example 13](#)

Section 4 of *the Schedule* lists common formulae, their codes, prices and the references. Container rates are included in these prices and are also listed in Section 4 of *the Schedule—Container prices*. Container rates are the same for every state and territory.

Normally, if a standard formula is altered in any way then the code reverts to the three character code given in Section 4 of *the Schedule—Table of Codes, Maximum Quantities, and Number of Repeats for Extemporaneously Prepared Pharmaceutical Benefits*. However, if a single ingredient is added—or one of the standard ingredients is increased, reverting to the three character code may reduce the recovery price. In this case, the code can be left as the standard formula and be paid the same as the standard formula.

Pricing extemporaneous prepared ingredients

All the allowable ingredient prices are listed in Section 4 of *the Schedule—Drug tariff*, with various prices given for differing quantities. The method of pricing exact quantities is given in Section 1 of *the Schedule—Explanatory notes, 9. Pricing PBS prescriptions*.

Average pricing

Each type of preparation, such as a cream or mixture, has an average price programmed monthly into all pharmacy computers and represented by a three character code. Listed in Section 4 of *the Schedule—Table of Codes, Maximum Quantities, and Number of Repeats for Extemporaneously Prepared Pharmaceutical Benefits*, are the maximum quantities and repeats available for each.

For example, in June 2011, the standard price for a:

- 100 g cream, 13Q, was \$14.98
- 200 mL mixture (other than a mixture containing codeine phosphate), 40D, was \$18.71.

Therefore, if using these codes, every type of extemporaneous prescription (for example, creams and mixtures) supplied in a month will be the same price, regardless of the ingredients supplied.

Some preparations, such as solutions, 52R, have a zero price which denotes where an extemporaneous preparation type does not have any related standard formulae to calculate an average price. Prescriptions submitted for payment for these average rate codes must include a price.

Self pricing

An approved pharmacy can elect to price their extemporaneous prescriptions that would normally be given the three character code. However, notice must be given to Medicare Australia and it must be for a period of at least three months. Every type of extemporaneous prescription must be priced, not selected prescriptions. This would not apply to standard formulae that are already priced in Section 4 of *the Schedule*.

The quantities and costs of all the ingredients, plus the relevant dispensing fee and container price must be listed on the back of the prescription or the repeat form for verification by Medicare Australia.

Exceptional extemporaneous prescriptions

See [example 14](#)

If a pharmacy elects to be paid according to the average pricing principles, there may be times where the total cost of ingredients is well above average. In these cases, where the value of the ingredients alone is at least double the value of the ingredients of the average preparation, the pharmacist can elect to be paid for the extra cost. The prescription must be entered into the computer as a priced prescription showing the full cost so Medicare Australia knows to pay the extra cost. The ingredients, costs and all fees must be written on the back of the prescription or repeat form, in the same way as described in the self pricing section (above).

Individual extemporaneous preparation prices keyed into the computer for Medicare Australia claiming purposes must not include allowable extra fees.

Container prices for extemporaneously prepared prescriptions

The price quoted is the amount reimbursed. If a medical practitioner asks for a particular quantity then the container of that size (or the next larger in the case of a non-standard size) is used.

If quantities larger than the usual PBS maximum quantities are supplied (for example, Regulation 24 or authority prescriptions), payment is made for the minimum number of containers needed.

For example, 100 g cream repeat 1 Reg 24:

- only 1 x 200 g screw cap jar (instead of 2 x 100 g jars) would be reimbursed.

Dangerous drug fee

There is no dangerous drug fee applicable to extemporaneous prescriptions because it has already been factored into the recovery price of the relevant ingredients.

Brand price premium, therapeutic group premium and special patient contribution charges

None of these charges apply to extemporaneous prescriptions. As manufacturers do not supply this medicine in ready prepared form, the Australian Government does not control the price paid by pharmacists for these ingredients. It is the pharmacist's responsibility to check the price paid by them to the wholesaler for extemporaneous ingredients compares favourably with Australian Government reimbursements.

PBS Safety Net recording fee

The additional PBS Safety Net recording fee is paid for the extra work involved in recording medicine on the PBS Safety Net PRF and may only be added to general patients' prescriptions. It is not a compulsory charge.

This fee is paid by the patient and must not be included as part of any extemporaneously prepared priced prescription claimed from Medicare Australia. Refer also to the Additional fee for agreed price benefits section under 'Pricing'.

Allowable extra fee

The allowable extra fee is optional and must not exceed \$3.92. It may only be added to general patients' prescriptions and cannot be entered on the PBS Safety Net PRF as part of the cost of the prescription.

This fee is paid by the patient and must not be included as a part of any extemporaneously prepared priced prescription that is claimed from Medicare Australia. Refer to the allowable extra fee section under 'Pricing'.

Examples—extemporaneous pricing

- **Example 13** 37
- **Example 14** 38

Example 13

You have a prescription for Salicylic Acid and Sulphur Aqueous cream with five per cent Salicylic Acid (standard formula is two per cent). Should the prescription be coded:

- '13Q' and the average price accepted

or

- '7502W', as this is the standard formula, with an increased amount of one ingredient?

13Q cream recovery price (including container)	\$14.98
7502W Salicylic Acid and Sulphur Aqueous cream recovery price (including container)	\$15.17

In this example, the prescription should be coded 7502W as this will receive the higher payment.

Example 14

Prescription for:

- Menthol 10 g
- Eucalyptus oil 10 mL
- Lavender spike oil 1 mL in
- Sorbolene cream to 100 g (Cetomacrogol aqueous).

This would normally be coded as '13Q' (cream). However, on working out the value of the ingredients it may be an exceptionally priced prescription and claimable as such (Section 1 of *the Schedule—Explanatory notes*, 7. How pharmacists claim reimbursement: information required, and 9. Pricing PBS prescriptions). The value of the ingredients for an average cream would be:

Price paid for 13Q	\$14.98
Less extemporaneously priced dispensing fee	\$8.46
Less container price	\$0.84
Average cost of ingredients	\$5.68

Pricing out this prescription:

Menthol 10 g (price as 10 g)	\$14.60	= \$18.17 [#]
Eucalyptus oil 10 mL (S.G.0.916 = 9.16 g)	\$0.97	
Lavender spike oil 1 mL (S.G.0.905 = 0.90 g)	\$0.68	
Sorbolene cream 83.94 g (100 g - 6 g - 9.16 g - 0.90 g) (price as 10 g x 8)	\$1.92	
Container price	\$0.84 [#]	
Extemporaneously prepared dispensing fee	\$8.46 [#]	
PBS Safety Net recording fee	\$1.41 (general patient only)	
Allowable extra fee	\$3.92 (general patient only)	
Total	\$32.80	

In this case, the ingredients cost \$18.17, more than double the average cost of \$5.70—the prescription should be priced manually as an 'exceptional prescription'.

General	
Patient contribution	\$32.80
Australian Government contribution	\$0.00
Amount recordable on PBS Safety Net PRF	\$28.88 (\$32.80 - allowable extra fee)

As with ready prepared prescriptions, if the total value of the prescription—including the additional PBS Safety Net fee and allowable extra fee—is greater than \$34.20 then one or both of these fees are reduced or waived to lower the price to \$34.20.

Pension/concession	
Patient contribution	\$5.60
Australian Government contribution	\$21.87 (sum of # - \$5.60)
Amount recordable on PBS Safety Net PRF	\$5.60

PBS Safety Net entitlement cardholder	
Patient contribution	\$0.00
Australian Government contribution	\$27.47 (sum of #)
Amount recordable on PBS Safety Net PRF	\$0.00

Components that make up the dispensed price.

Content sourced from www.pbs.gov.au

For more information

Call **132 290***

Email **pbs@medicareaustralia.gov.au**

Online **www.medicareaustralia.gov.au/providers** then go to **Forms, publications and statistics > Information by program > Pharmaceutical Benefits Scheme (PBS)**

* Call charges apply.