



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
 Referred Date: 9/12/2014

Proposal No: A015
 Released Date: 23/03/2015

Proposal Title: **REMOVE THE CHEMOTHERAPY CO-PAYMENT**

Cluster: Health

General Government Sector Impacts

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	4 Year Total \$'000
Expenses (ex. depreciation)		660	677	693	2,030
Depreciation					-
Less: Offsets					-
Revenue		(1,360)	(1,387)	(1,415)	(4,162)
Net Operating Result:	-	(2,020)	(2,064)	(2,108)	(6,192)

Capital Expenditure					-
Capital Offsets					-
Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	(2,020)	(2,064)	(2,108)	(6,192)
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Net Financial Liabilities:	-	2,020	4,084	6,192	
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Total State Sector Impacts

Net Financial Liabilities:	-	2,020	4,084	6,192	
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Notes and costing assumptions

Co-payments made by the NSW Government for chemotherapy drugs administered in public hospitals will reduce revenue. Foregone revenue is calculated using the average weighted co-payment cost per patient, the estimated number of chemotherapy occasions of service, average number of chemotherapy drugs per script and average cycles per patient.

The estimated number of chemotherapy occasions of service is based on data from the Australian Institute of Health and Welfare 2012-13 Report and an estimate of the number of private occasions of service in rural areas.

The average costs for initial scripts is \$36.90 per public patient and \$6.00 per concessional patient. 70% of patients are estimated to be concessional patients.

Foregone revenue amounts are escalated at 2 per cent across the forward estimates.

The policy would also have administrative costs associated with treatment of patients in rural NSW. While rural based patients may be treated at a rural NSW public hospital, their co-payment contribution would be paid to their local (community) or hospital based pharmacist. It is assumed that a voucher type system would need to be established to pay the local community pharmacy. Expenses associated with administering this system are included in the expenses line, based on the estimated number of occasions of service in rural areas and estimated administrative cost.

Administrative costs are escalated at 2.5 per cent across the forward estimates.