



**PB 25 of 2017**

## **National Health (Commonwealth Price— Pharmaceutical Benefits Supplied By Public Hospitals) Determination 2017**

---

I, LOUISE CLARKE, Acting First Assistant Secretary, Pharmaceutical Benefits Division, Department of Health, delegate of the Minister for Health, make the following determination under subsection 99(4) of the *National Health Act 1953*.

Dated 30<sup>th</sup> March 2017

**LOUISE CLARKE**  
A/g First Assistant Secretary  
Pharmaceutical Benefits Division  
Department of Health

---



---

# Contents

<b>Part 1—Preliminary</b>	1
1	Name..... 1
2	Commencement ..... 1
2A	Authority..... 1
2B	Purpose ..... 1
2C	Schedules..... 1
2D	Things done under the National Health Act 1953 - Determination under subsection 99(4) (27/10/2006) ..... 2
3	Definitions ..... 2
<b>Part 2—Rates and conditions of payment—general</b>	5
4	Amount of payment—amount by which dispensed price exceeds patient co-payment..... 5
6	No payment if supply not in accordance with relevant legislation..... 5
7	No payment for supply of non-listed brand of pharmaceutical item ..... 5
<b>Part 3—Dispensed price for supply of ready-prepared pharmaceutical benefits</b>	6
9	Dispensed price—general ..... 6
10	Dispensed price—rounding ..... 6
11	Dispensed price—broken quantities ..... 6
12	Dispensed price—price for lesser quantity not to exceed price for greater quantity ..... 6
13	Dispensed price—pharmaceutical benefits required to be supplied in complete packs ..... 7
<b>Part 4—Dispensed price for supply of extemporaneously-prepared pharmaceutical benefits</b>	8
<b>Division 1—Calculation method 1</b>	8
18A	Application of this Division..... 8
18B	Calculations for certain pharmaceutical benefits ..... 8
19	Dispensed price—extemporaneously-prepared pharmaceutical benefits to which this Division applies ..... 8
20	Amounts for ingredients—quantity equal to agreed purchase quantity..... 8
21	Amounts for ingredients—quantity less than agreed purchase quantity..... 9
22	Amounts for ingredients—quantity greater than agreed purchase quantity..... 11
23	Dispensed price—benefit comprising vehicle and additional ingredients ..... 11
24	Dispensed price—vehicle is a single liquid ingredient ..... 11
25	Dispensed price—vehicle is a liquid compounded from 2 or more ingredients ..... 11
26	Rounding—amounts for ingredients..... 11
28	Rounding—basic wholesale prices ..... 12
33	Dispensed price—price for lesser quantity not to exceed price for greater quantity—pharmaceutical benefits..... 12
34	Dispensed price—price for lesser quantity not to exceed price for greater quantity—ingredients of pharmaceutical benefits..... 12

---

<b>Division 2—Calculation method 2</b>	12
35A Application of this Division.....	12
35 Dispensed price—extemporaneously-prepared pharmaceutical benefits to which this Division applies .....	12
35B Rounding—dispensed price for Division 2.....	13
<b>Division 3—Elections by approved hospital authorities relating to calculation         methods</b>	14
36 Extemporaneously-prepared pharmaceutical benefits that are not standard formula preparations—general .....	14
38 Extemporaneously-prepared pharmaceutical benefits that comprise standard formula preparations plus additives .....	14
39 Exceptional benefits.....	14
<b>Schedule 1—Repeals</b>	15
<i>National Health Act 1953 - Determination under subsection 99(4) (27/10/2006)</i>	15

## Part 1—Preliminary

### 1 Name

- (1) This instrument is the *National Health (Commonwealth Price—Pharmaceutical Benefits Supplied By Public Hospitals) Determination 2017*.
- (2) This instrument may also be cited as PB 25 of 2017.

### 2 Commencement

- (1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

<b>Commencement information</b>		
<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions</b>	<b>Commencement</b>	<b>Date/Details</b>
1. The whole of this instrument	1 April 2017	1 April 2017

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

- (2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

### 2A Authority

This instrument is made under subsection 99(4) of the *National Health Act 1953*.

### 2B Purpose

The purpose of this determination is to determine the amount of the Commonwealth payment for pharmaceutical benefits supplied by an approved hospital authority to a patient receiving treatment in or at a public hospital for which the authority is approved.

### 2C Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Section 2D

---

**2D Things done under the National Health Act 1953 - Determination under subsection 99(4) (27/10/2006)**

- (1) If:
- (a) a thing was done for a particular purpose under the National Health Act 1953 - Determination under subsection 99(4) (27/10/2006) as in force immediately before that Determination was repealed; and
  - (b) the thing could be done for that purpose under this instrument;
- the thing has effect for the purposes of this instrument as if it had been done under this instrument.
- (2) Without limiting subsection (1), a reference in that subsection to a thing being done includes a reference to a notice, application or other instrument being given or made.

**3 Definitions**

In this instrument:

*Act* means the *National Health Act 1953*.

*agreed purchase quantity*, of an ingredient of an extemporaneously-prepared pharmaceutical benefit, means the agreed purchase quantity of the ingredient referred to in the determination in force under paragraph 98B(1)(a) of the Act.

*approved ex-manufacturer price* has the same meaning as in Part VII of the Act.

*approved hospital authority* has the same meaning as in Part VII of the Act.

*basic wholesale price*, in relation to an ingredient of an extemporaneously-prepared pharmaceutical benefit, is the basic wholesale price of the ingredient referred to in the determination in force under paragraph 98B(1)(a) of the Act.

*brand* has the same meaning as in Part VII of the Act.

*broken quantity*, in relation to a ready-prepared pharmaceutical benefit, means a quantity of the benefit, which is less than a pack quantity.

*calculation day* means the 16th day of a calendar month or, if the 16th day is not a business day, the next business day.

*calculation period*, for a calculation day, means the period commencing 4 weeks before the calculation day and ending on the calculation day.

*container price*, for an extemporaneously-prepared pharmaceutical benefit, means the price for a container for an extemporaneously-prepared pharmaceutical benefit calculated in accordance with the determination in force under paragraph 98B(1)(a) of the Act.

*dispensed price*:

- (a) for the supply of a ready-prepared pharmaceutical benefit: see Part 3; and

- (b) for the supply of an extemporaneously-prepared pharmaceutical benefit:  
see Part 4.

**exceptional benefit** means an extemporaneously-prepared pharmaceutical benefit that is not a standard formula preparation and for which the dispensed price calculated under Division 1 of Part 4 (excluding the container price) is at least twice the dispensed price calculated under Division 2 of Part 4 (excluding the container price).

**extemporaneously-prepared pharmaceutical benefit** means a pharmaceutical benefit that is not a ready-prepared pharmaceutical benefit.

**listed brand** has the same meaning as in Part VII of the Act.

**pack quantity** has the same meaning as in Part VII of the Act.

**patient co-payment**, for a pharmaceutical benefit, means the charge, if any, that may be made under subsection 87(2) of the Act, to the person to whom the benefit is supplied, by an approved pharmacist or an approved medical practitioner.

**pharmaceutical benefit** has the same meaning as in Part VII of the Act.

**pharmaceutical item** has the same meaning as in Part VII of the Act.

**proportional ex-manufacturer price** has the same meaning as in Part VII of the Act.

**ready-prepared pharmaceutical benefit** means a pharmaceutical benefit in respect of which a determination is in force under subsection 85(6) of the Act.

**Regulations** means the *National Health (Pharmaceutical Benefits) Regulations 2017*.

**standard formula preparation** means a pharmaceutical benefit that is a standard formula preparation under the determination in force under paragraph 98C(1)(b) of the Act.

Note: Under that determination, certain extemporaneously-prepared pharmaceutical benefits are listed as standard formula preparations.

**type**, of an extemporaneously-prepared pharmaceutical benefit that is not a standard formula preparation, means a type of benefit determined under paragraphs 85A(2)(a) and (b) of the Act.

Note: Paragraphs 85A(2)(a) and (b) of the Act provide for the determination of the maximum quantity or number of units of a pharmaceutical benefit that may, in one prescription, be directed to be supplied on any one occasion and the determination of the maximum number of occasions on which the supply of the pharmaceutical benefit may, in one prescription, be directed to be repeated.

**vehicle** means a substance that has little or no medicinal action and is used as a medium for an active ingredient.

Section 3

---

**wastage** means the combined loss that arises from:

- (a) transferring drugs and chemicals from the package in which they are delivered to an approved hospital authority to the dispensing package delivered to a patient; and
- (b) deterioration; and
- (c) obsolescence.



## **Part 2—Rates and conditions of payment—general**

### **4 Amount of payment—amount by which dispensed price exceeds patient co-payment**

Subject to sections 6 and 7, the amount payable to an approved hospital authority in respect of the supply of a pharmaceutical benefit to a patient receiving treatment in or at a public hospital in respect of which the approved hospital authority is approved is the amount by which the dispensed price for the supply of the benefit, worked out in accordance with this determination, exceeds the patient co-payment for the benefit.

### **6 No payment if supply not in accordance with relevant legislation**

A payment will not be made in respect of the supply of a pharmaceutical benefit unless the supply of the benefit was made in accordance with the Act, the Regulations and the relevant determinations made under the Act.

### **7 No payment for supply of non-listed brand**

Where in respect of a drug or medicinal preparation there is a determination in force under subsection 85(6) of the Act of a brand or brands under which that drug or medicinal preparation may be supplied as a pharmaceutical benefit under Part VII of the Act, no payment by the Commonwealth will be made in respect of the supply by an approved hospital authority of any other brand of that drug or medicinal preparation.

Section 9

---

## **Part 3—Dispensed price for supply of ready-prepared pharmaceutical benefits**

### **9 Dispensed price—general**

Subject to sections 10, 12 and 13, the dispensed price for the supply of a ready-prepared pharmaceutical benefit is:

- (a) if the quantity of the benefit supplied is equal to a multiple of a pack quantity of the benefit—the sum of the approved ex-manufacturer price or the proportional ex-manufacturer price for each pack quantity, increased by a mark-up of 11.1%; or
- (b) if the quantity of the benefit supplied is a broken quantity—the amount worked out under section 11; or
- (c) if the quantity of the benefit supplied is more than a multiple of a pack quantity of the benefit—the sum of the approved ex-manufacturer price or the proportional ex-manufacturer price for each pack quantity, increased by a mark-up of 11.1%, plus the amount worked out under section 11 in respect of the remainder of the quantity supplied that is a broken quantity.

### **10 Dispensed price—rounding**

The amount calculated as the dispensed price for the supply of a ready-prepared pharmaceutical benefit is rounded to the nearest cent, with one half cent being counted as one cent.

### **11 Dispensed price—broken quantities**

Where a broken quantity is supplied, the amount referred to in paragraph 9(b) or (c) will be worked out by:

- (a) ascertaining the percentage that the broken quantity bears to the pack quantity; and
- (b) taking that percentage of the approved ex-manufacturer price or the proportional ex-manufacturer price for the pack quantity, increased by a mark-up of 11.1%.

### **12 Dispensed price—price for lesser quantity not to exceed price for greater quantity**

Notwithstanding anything contained elsewhere in this instrument, if the dispensed price for the supply of a quantity (the *lesser quantity*) of a ready-prepared pharmaceutical benefit would otherwise exceed the dispensed price for a greater quantity of that benefit, the maximum dispensed price for the lesser quantity is reduced to the amount that would be the dispensed price for the greater quantity.

**13 Dispensed price—pharmaceutical benefits required to be supplied in complete packs**

If a prescription directs the supply of a quantity of a ready-prepared pharmaceutical benefit that, under the determination in force under paragraph 98C(1)(b) of the Act, is a benefit the complete pack of which will be supplied regardless of any lesser quantity ordered, the dispensed price for the supply of the benefit is the dispensed price of a complete pack.

## **Part 4—Dispensed price for supply of extemporaneously-prepared pharmaceutical benefits**

### **Division 1—Calculation method 1**

#### **18A Application of this Division**

This Division applies to the supply of an extemporaneously-prepared pharmaceutical benefit if:

- (a) the benefit is a standard formula preparation; or
- (b) the benefit is not a standard formula preparation and the approved hospital authority that supplied the benefit has made an election under section 36 in respect of the benefit; or
- (c) the pharmaceutical benefit is of a type of benefit included in the determination under paragraphs 85A(2)(a) and (b) of the Act, but for which there is no standard formula preparation listed under the determination in force under paragraph 98C(1)(b) of the Act; or
- (d) the benefit comprises a standard formula preparation plus an additive and the approved hospital authority that supplied the benefit has made an election under section 38 in respect of the benefit; or
- (e) the benefit is an exceptional benefit and the approved hospital authority that supplied the benefit has made an election under section 39 in respect of the benefit.

#### **18B Calculations for certain pharmaceutical benefits**

The dispensed price for a pharmaceutical benefit mentioned in paragraph 18A(d) must be calculated as if the benefit comprised only the standard formula preparation without the additive.

#### **19 Dispensed price—extemporaneously-prepared pharmaceutical benefits to which this Division applies**

The dispensed price for the supply of an extemporaneously-prepared pharmaceutical benefit to which this Division applies is the sum of:

- (a) the price for each quantity of ingredient supplied in the benefit, worked out under sections 20 to 22 (as applicable); and
- (b) the container price for the benefit.

#### **20 Amounts for ingredients—quantity equal to agreed purchase quantity**

For the purposes of section 19, the amount for a quantity of an ingredient of an extemporaneously-prepared pharmaceutical benefit, where the quantity of the ingredient is equal to the agreed purchase quantity of the ingredient, is the sum of:

- 
- (a) the basic wholesale price of the ingredient, increased by a mark-up of 10%; and
  - (b) the wastage factor (if any) referred to in the determination in force under paragraph 98B(1)(a) of the Act, for the agreed purchase quantity of the ingredient.

## **21 Amounts for ingredients—quantity less than agreed purchase quantity**

- (1) For the purposes of section 19, the price for a quantity of an ingredient of an extemporaneously-prepared pharmaceutical benefit, where the quantity of the ingredient is less than the agreed purchase quantity of the ingredient, is worked out using the following method:

### *Method*

- Step 1* Refer to the table in subsection (3) to identify the basic pricing unit that applies for the quantity of the ingredient.
  - Step 2* Find the basic pricing unit from *Step 1* in column 2 of the table in subsection (4), and then work out the basic wholesale price for the corresponding quantity specified in column 3. Where this quantity is not the agreed purchase quantity, the basic pricing unit will be proportional basic wholesale price.
  - Step 3* Calculate the cost of the basic pricing unit by applying the corresponding quantity factor calculation in column 4 of the table in subsection (4) to the basic wholesale price from *Step 2*.
  - Step 4* If, for the quantity of the ingredient to be supplied, there is a corresponding “price as” quantity specified in column 4 of the table in subsection (3), use the “price as” quantity as the quantity of the ingredient supplied in the benefit for *Step 5*.
  - Step 5* Calculate the price for the quantity of the ingredient supplied in the benefit by dividing the quantity of the ingredient, or the “price as” quantity if applicable, by the quantity of the basic pricing unit and multiplying that amount by the cost of the basic pricing unit.
- (2) For the purposes of subsection (1), the quantity of the ingredient will be calculated to the next higher 50 mg or 50 microlitres.
  - (3) For the purposes of subsection (1), the basic pricing units and “price as” quantities for quantities of ingredients referred to in Steps 1 and 4 of the Method are:

**Part 4** Dispensed price for supply of extemporaneously-prepared pharmaceutical benefits**Division 1** Calculation method 1

## Section

<b>Basic pricing units for quantities of ingredients</b>			
<b>Item</b>	<b>Quantity</b>	<b>Basic pricing unit</b>	<b>Price as</b>
1	Up to and including 700 mg	100 mg	
2	Up to and including 700 microlitres	100 microlitres	
3	More than 700 mg and up to and including 1 g	1 g	1 g
4	More than 700 microlitres and up to and including 1 ml	1 ml	1 ml
5	More than 1 g and up to and including 7 g	1 g	
6	More than 1 ml and up to and including 7 ml	1 ml	
7	More than 7 g and up to and including 10 g	10 g	10 g
8	More than 7 ml and up to and including 10 ml	10 ml	10 ml
9	More than 10 g and up to and including 80 g	10 g	
10	More than 10 ml and up to and including 80 ml	10 ml	
11	More than 80 g and up to and including 90 g	10 g	80 g
12	More than 80 ml and up to and including 90 ml	10 ml	80 ml
13	More than 90 g	100 g	
14	More than 90 ml	100 ml	

- (4) For the purposes of subsection (1), the quantities for basic wholesale prices and quantity factor calculations referred to in Steps 2 and 3 of the Method are:

<b>Quantity factors for basic pricing units</b>			
<b>Item</b>	<b>Basic pricing unit</b>	<b>Quantity for basic wholesale price</b>	<b>Quantity factor calculation:</b>
1	100 g	Either: (a) 500 g; or (b) 1 kilogram	Either: (a) divide by 5; or (b) divide by 10
2	100 ml	Either: (a) 500 ml; or (b) 1 L	Either: (a) divide by 5; or (b) divide by 10
3	10 g	100 g	Multiply by 1.125, then divide that amount by 10
4	10 ml	100 ml	Multiply by 1.125, then divide that amount by 10
5	1 g	10 g	Multiply by 1.25, then divide that amount by 10
6	1 ml	10 ml	Multiply by 1.25, then divide that amount by 10
7	100 mg	1 g	Multiply by 1.25, then divide that amount by 10
8	100 microlitres	1 ml	Multiply by 1.25, then divide that amount by 10

---

## **22 Amounts for ingredients—quantity greater than agreed purchase quantity**

For the purposes of section 19, the amount for a quantity of an ingredient of an extemporaneously-prepared pharmaceutical benefit, where the quantity of the ingredient is greater than the agreed purchase quantity of the ingredient, is worked out by:

- (a) if the ingredient is a drug that is unstable or packed sterile under the determination in force under paragraph 98C(1)(b) of the Act—multiplying the price of the agreed purchase quantity of the ingredient by the number of whole packs of the agreed purchase quantity of the ingredient that are required to dispense the quantity of the ingredient; or
- (b) in any other case—dividing the quantity of the ingredient to be dispensed by the agreed purchase quantity of the ingredient and multiplying the resultant amount by the basic wholesale price of the agreed purchase quantity of the ingredient.

## **23 Dispensed price—benefit comprising vehicle and additional ingredients**

The dispensed price for the supply of an extemporaneously-prepared pharmaceutical benefit which comprises:

- (a) a vehicle which is specified in the prescription under a particular name; and
  - (b) an additional specified ingredient or ingredients;
- must be calculated under section 24 or 25 (as applicable).

## **24 Dispensed price—vehicle is a single liquid ingredient**

If the vehicle is a single liquid ingredient and one or more other ingredients are added, any displacement of the vehicle by solids must be disregarded for pricing purposes and the dispensed price for the supply of the benefit as a whole must be calculated under section 19.

## **25 Dispensed price—vehicle is a liquid compounded from 2 or more ingredients**

In calculating the dispensed price for a benefit where the vehicle is a liquid compounded from 2 or more ingredients and one or more other ingredients are added:

- (a) any displacement of the vehicle by solids is disregarded; and
- (b) the price for the ingredients is the sum of:
  - (i) the price of each ingredient of the vehicle; and
  - (ii) the price of each ingredient which is added to the vehicle;calculated in each case under section 19.

## **26 Rounding—amounts for ingredients**

The amount worked out for an ingredient under section 19 is rounded to the nearest cent, one half cent being counted as one cent, provided that the minimum amount in respect of an ingredient is one cent.

Section 28

---

**28 Rounding—basic wholesale prices**

The basic wholesale price for an approved purchase quantity of an ingredient is rounded to the nearest cent, one half cent being counted as one cent, provided that the minimum amount in respect of an ingredient is one cent.

**33 Dispensed price—price for lesser quantity not to exceed price for greater quantity—pharmaceutical benefits**

Notwithstanding anything contained elsewhere in this instrument, if the dispensed price for the supply of a quantity (the *lesser quantity*) of an extemporaneously-prepared pharmaceutical benefit would otherwise exceed the dispensed price for the supply of a greater quantity of that benefit, the maximum dispensed price for the lesser quantity is reduced to the amount that would be the dispensed price for the greater quantity.

**34 Dispensed price—price for lesser quantity not to exceed price for greater quantity—ingredients of pharmaceutical benefits**

Notwithstanding anything contained elsewhere in this instrument, if the dispensed price for the supply of a quantity (the *lesser quantity*) of an ingredient of an extemporaneously-prepared pharmaceutical benefit would otherwise exceed the dispensed price for a greater quantity of that ingredient, the maximum dispensed price for the lesser quantity is reduced to the amount that would be the dispensed price for the greater quantity.

**Division 2—Calculation method 2**

**35A Application of this Division**

This Division applies to the supply of an extemporaneously-prepared pharmaceutical benefit to which Division 1 does not apply.

**35 Dispensed price—extemporaneously-prepared pharmaceutical benefits to which this Division applies**

- (1) The dispensed price for the supply of an extemporaneously-prepared pharmaceutical benefit to which this Division applies is worked out using the following method:



*Method*

*Step 1* On the calculation day, ascertain:

- (a) the total quantity of the type of extemporaneously-prepared pharmaceutical benefit, in grams or millilitres as the case may be, which is the same type of benefit as the benefit to be supplied; and
  - (b) the total cost (excluding container price) of the total quantity of that type of benefit;
- that has been supplied during the calculation period.

*Step 2* Divide the total cost (excluding the container price) by one-tenth of the total number of grams or millilitres, to work out the average 10 grams or 10 millilitres unit cost for the type of benefit.

*Step 3* Multiply the average 10 grams or 10 millilitres unit cost calculated in *Step 2* by one-tenth of the quantity to be supplied in g or ml.

*Step 4* Add the container price to the amount calculated in *Step 3*.

- (2) If no standard formula preparation of a type of benefit has been supplied during the calculation period, and therefore a reliable average cost for the calculation period cannot be obtained using the method in subsection (1), the dispensed price is worked out using the following method:

*Method*

*Step 1* On the calculation day:

Add together the price (excluding container price) of each standard formula preparation available for the type of benefit.

*Step 2* Calculate the average 10 g or 10 ml rate for the type of benefit by dividing the total price (excluding container price) by one-tenth of the total number of g or ml in the standard formula preparations used in *Step 1*.

*Step 3* Multiply the average 10 g or 10 ml rate by one-tenth of the quantity to be supplied in g or ml.

*Step 4* Add the container price to the amount calculated in *Step 3*.

### **35B Rounding—dispensed price for Division 2**

The dispensed price worked out under section 35 is rounded to the nearest cent, one half cent being counted as one cent.

Section 36

---

**Division 3—Elections by approved hospital authorities relating to calculation methods**

**36 Extemporaneously-prepared pharmaceutical benefits that are not standard formula preparations—general**

An approved hospital authority may elect that the dispensed prices for the supply of extemporaneously-prepared pharmaceutical benefits that are not standard formula preparations are to be calculated under Division 1, instead of under section 35.

**38 Extemporaneously-prepared pharmaceutical benefits that comprise standard formula preparations plus additives**

If an extemporaneously-prepared pharmaceutical benefit comprises a standard formula preparation plus an additive, and the approved hospital authority has not elected under section 36 to calculate the dispensed price of the benefit under Division 1, the dispensed price is calculated under Division 2, unless the approved hospital authority indicates that the benefit is to be priced under Division 1, as if it were a standard formula preparation without the additive.

**39 Exceptional benefits**

An approved hospital authority may elect that the dispensed price for an exceptional benefit is to be calculated under Division 1.

## **Schedule 1—Repeals**

### *National Health Act 1953 - Determination under subsection 99(4) (27/10/2006)*

#### **1 The whole of the determination**

Repeal the determination.