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Increasing prescription part charges will increase health inequalities in New Zealand

Prescription charges will increase from $3 to $5 under the latest Budget announcement. The new charges will apply up to a maximum of 20 items and the Government argues that money saved would be reinvested in other health initiatives.

The changes to prescription charges will impact negatively on health and healthcare costs, and increase health inequalities. Our research based on 2004 data clearly showed that while 7% of respondents deferred picking up a prescription in the previous 12 months because they could not afford the cost of the prescription, a much higher proportion of Māori (14%) and Pacific people (15%) reported putting off paying for prescription medication.[1]

The most recent release of the Statistics New Zealand Survey of Family Income and Employment longitudinal dataset[2] showed that the number of people who could not pick up a prescription because of cost dropped to 4% in 2006 and 2009. A similar trend is seen for European (non-Māori-non-Pacific-non-Asian) people: 5% deferred picking up a prescription in 2004, decreasing to 3% in both 2006 and 2009. However, the numbers still remained much higher for Māori and Pacific people: 8% and 10%. Thus while deferring collection of prescription medication because of cost has decreased over time for everyone, the proportion has remained much higher among Māori and Pacific people.

There are two reasons for concern. Firstly, Māori and Pacific people are more likely to have fewer resources and high unmet health needs. Deferral of necessary drugs is only going to make their conditions worse, resulting in needless suffering and increased costs for themselves and the health system. Secondly, the encouraging trend toward lower deferral rates amongst all ethnic groups is threatened by the proposed increase in charges.

The importance of prescription medications for treating chronic conditions and preventing a deterioration of health status is well-known. There is strong research evidence that when people have to pay more for their prescriptions they sometimes stop not only ‘non-essential’ medicines, but also medicines for serious and potentially life-threatening illnesses such as hypertension, hyperlipidaemia, depression, osteoporosis, prevention of stroke, asthma and diabetes.[3]

In the US, people who can’t afford their medicines either go without and often end up needing hospital care, or they ration their tablets and take lower doses so the prescription lasts longer.[4–8] Cost barriers to drugs are associated with increased rates of non-elective hospitalisations, visits to the emergency departments, and death costs.[9–12] This in turn has substantial economic consequences for society, especially as health care cost containment becomes an increasingly important policy issue.

To many people in New Zealand, the difference between $3 and $5 seems inconsequential. It’s the sort of money you might pay for coffee or a parking meter. But to people on low incomes this can make the difference between getting the

medicines they need or going without. Because poorer people are more likely to have multiple health problems, they are likely to be prescribed many items in one doctor's visit. Increased prescription charges mean that 6 items, they have to find $30, rather than $18, on top of the cost of getting to, and seeing, the doctor. If other family members also need to see the doctor, this can lead to some tough decisions about which drugs to get, and which to go without.

New Zealand pharmacists frequently report that patients with limited budgets are forced to choose which of their medicines they will take and which they will leave. This can have disastrous and expensive consequences. For example, if someone with gout cannot afford to pick up their allopurinol, which is an effective and safe way to prevent gout attacks, they can end up later purchasing over the counter anti-inflammatories to deal with gout attacks. This is both more expensive for them in the long term, but can also cause serious stomach and kidney damage.

The increase in prescription co-payment from $3 to $5 per item is for up to 20 items per year. After that medicines become free again, until the start of the next year. But this initial $100 outlay can be prohibitive for people on low incomes with multiple health problems.

Before the introduction of the $3 prescription fee, New Zealand had a lower charge for low-income people. The increase to $5 is the first time prescription fees have been raised across the board, so everyone pays the same rate. This move to increase these charges without any concession for low income people will undermine other attempts to increase equity of access to healthcare or to improve health outcomes. Those who already have the most health problems will be the ones most affected by this policy.

Given the importance of prescription medication in maintaining health and treatment of both acute and chronic illness, the decision to increase the co-payment for a prescription should be reconsidered. While the policy issues regarding prescription drug coverage are complex, the public health message is simple: it is important to to reduce the cost barriers to drug access to improve population health and reduce ethnic health inequalities and subsequent increased costs for hospital care.

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