Parliamentary Budget Office

ECR-2025-3627

Free contraceptives	
Party:	Australian Greens

Summary of proposal:

The proposal would increase subsidies for a range of contraceptive options, consisting of the following components:

Component 1 – Remove the patient co-payment on Pharmaceutical Benefits Scheme (PBS) listed contraceptive items.

Component 2 – Cover the schedule fee for reproductive procedures.

Component 3 – Add a new Medicare Benefits Schedule (MBS) item for contraceptive counselling, including training for all prescribers.

Component 4 – Provide $250 million per year, ongoing, indexed by the Consumer Price Index (CPI), to make Therapeutic Goods Administration (TGA) approved non-PBS contraceptive items free.

The proposal would be ongoing and would start on 1 July 2025.

Additional information (based on further advice provided):

Component 1 – The patient co-payment would be removed on the following PBS items:

- 01392G – Levonorgestrel + ethinylestradiol
- 01394J – Levonorgestrel + ethinylestradiol
- 01456P – Levonorgestrel+ ethinylestradiol
- 01967M – Norethisterone
- 02416E – Levonorgestrel (100) + ethinylestradiol
- 02774B – Norethisterone + ethinylestradiol
- 02775C – Norethisterone + ethinylestradiol
- 02913H – Levonorgestrel
- 03118D – Medroxyprogesterone
- 03179H – Norethisterone + mestranol
- 08487Q – Etonogestrel
- 08633J – Levonorgestrel
- 11909T – Levonorgestrel
- 12211Q – Norethisterone + ethinylestradiol.

Component 2 – The benefits rate would be increased to 100% of the schedule fee for the following MBS items:

- 14206 - Hormone or living tissue implantation by cannula
- 30062 - Removal of etonogestrel
- 35503 - Introduction of an intra-uterine device for abnormal uterine bleeding or contraception
- 35506 - Removal of intra-uterine device under general anaesthesia
- 35637 - Operative laparoscopy, including sterilisation by application of clips, division, destruction or removal of tubes
- 35691 - Sterilisation by interruption of fallopian tubes performed in conjunction with Caesarean section
- 37623 - Unilateral or bilateral vasotomy or vasectomy.

Component 3 – Benefits for the new items would be equal to 100% of schedule fees for the following existing MBS items, based on who delivers the service:

- 4001 – When provided by a general practitioner
- 81000 – When provided by a psychologist
- 81005 – When provided by a social worker
- 81010 – When provided by a mental health nurse.

Component 4 – Departmental funding would be included from within the capped amount.

Costing overview

The proposal would decrease the fiscal balance and underlying cash balance by around $1.2 billion over the 2025-26 Budget forward estimates period (see Table 1). This primarily reflects increases in administered expenses associated with increasing subsidies for contraception options under the PBS, MBS and TGA approved non-PBS contraceptive items. The underlying cash balance impacts differ slightly from the fiscal balance impacts due to time lags between when services are delivered (or medicines prescribed) and when subsidies are paid to health care providers or pharmacists.

The proposal would have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

Table 1: Free contraceptives – Financial implications ($m)[(a)(b)]

	2025-26	2026-27	2027-28	2028-29	**Total to 2028-29**
Fiscal balance	-295.8	-303.9	-311.2	-320.3	**-1,231.3**
Underlying cash balance	-294.4	-304.0	-311.3	-320.4	**-1,230.2**

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.
(b) PDI impacts are not included in the totals.

Uncertainties

The financial implications of this proposal are highly uncertain and sensitive to a range of assumptions, including the projections of service volumes and scripts of the affected MBS and PBS items in the

baseline over the costing period. There are further inherent uncertainties around the behavioural responses to the proposed policy change from patients, pharmacies and medical practitioners.

The Parliamentary Budget Office (PBO) notes that while increasing the MBS subsidies to 100% of schedule fees would reduce patients' out-of-pocket costs, this alone will not guarantee free services for those MBS items as medical practitioners are able to set their own fees, which may reflect a broad range of factors. The proposal may also have further flow-on impacts on other public health expenditure. However, these broader flow-on impacts were unable to be quantified for this costing.

The PBO has not made any assessment as to whether the specified funding for Component 4 would be sufficient to meet the objectives of the proposal.

Key assumptions

The PBO has made the following assumptions in costing this proposal.

- The proposal would not have a significant impact on the overall uptake of the affected contraceptive items.
  - This is consistent with results from a UK time series study in the Journal of Family Planning and Reproductive Health Care.[1]

Component 1

- Items included in the specification that are no longer listed on the PBS through that item are excluded.
  - This includes: 03118D Medroxyprogesterone, 03179H Norethisterone + mestranol, and 12211Q Norethisterone + ethinylestradiol.
  - The PBO notes that similar medicines may be available through other brands or forms.
- Changes in affected prescription volume would be broadly consistent with population growth over the medium term.
- The prescription mix over the medium term would be similar to 2022-23.
- After the PBO co-payment freeze ends on 1 January 2026 for general patients and 1 January 2030 for concessional patients, the PBS co-payment would grow with CPI over the medium term.
- The cost of medicines below the co-payment threshold would grow with CPI over the medium term.

Component 2

- The mix of affected MBS services would be similar to 2022-23.
- Changes in affected service volume would be broadly consistent with population growth over the medium term.

[1] Reddy A, Watson M, Philip H et al. (2014), 'Provision of hormonal and long-acting reversible contraceptive services by general practices in Scotland, UK (2004-2009)', The Journal of Family Planning and Reproductive Health Care, 40(1):23.

Component 3

- Uptake would be equal to one new counselling service per existing MBS contraceptive service.
  - Approximately 15% of all 18 to 45-year-old females would be served by the MBS contraceptive counselling. This is informed by multiplying the 67% of women using contraception by 23% of those females who used MBS contraceptive items in 2015 (Family Planning NSW Contraception in Australia 2005-2018).
- The new counselling services would substitute existing services for MBS item 36, which captures GP consultation for at least 20 minutes. This is consistent with the example of pregnancy support counselling with MBS 4001.
- The contraceptive counselling service mix between practitioners would be similar to the mix of pregnancy support counselling items in 2023-24.

Methodology

Component 1

- PBS prescription volume by patient category (general or concessional patients) was estimated using uplifted 2024-25 year to date data, with the 2022-23 prescription mix, grown in line with population growth from 2024-25 onwards.
- The increase in administered expenditure was estimated by multiplying the average PBS co-payment (or the relevant price of the medicine for medicines below the co-payment threshold) by the projected prescription volume.
- The PBS liability factor was then applied to the administered expenses to determine the difference between the fiscal and underlying cash balances.

Component 2

- MBS service volume for affected items was increased with population growth from 2023-24 onwards.
- Administered expenses were calculated based on the difference between the current average benefits and the schedule fee for each item, based on the 2023-24 service mix and delivery mode (i.e. in hospital or in consulting rooms).
- The MBS liability factor was then applied to the administered expenses to determine the difference between the fiscal and underlying cash balances.

Component 3

- The benefits per service of the new MBS item for contraceptive counselling were estimated based on the 2022-23 service mix of pregnancy counselling services between practitioners eligible for the new item, indexed by Wage Cost Index 5.
- Administered expenses were estimated by multiplying the estimated MBS benefits per service of the new item by the projected volume of contraceptive counselling services.
- The administered expense offset due to substitution with existing GP consultations (MBS item 36) was estimated by multiplying the projected contraceptive counselling service volume by the forecast benefits for MBS item 36, reflecting 100% substitution from existing item 36 volume.

- The MBS liability factor was then applied to the administered expenses to determine the difference between the fiscal and underlying cash balances.
- There would be a departmental cost of 0.1 ASL each year over the forward estimates for the ongoing review of the new MBS item, informed by advice from the Department of Health and Aged Care. The cost of the 0.1 ASL over 4 years was calculated using the PBO's departmental cost calculator.

Component 4

- The component is capped at a fixed amount per year, indexed as specified. Departmental expenses were estimated based on the cost of administering similar programs and are within the capped funding amount. We assume that no funds allocated to a given year are left unspent.

Financial implications were rounded consistent with the PBO's rounding rules.[2]

Data sources

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025,* Commonwealth of Australia.

Departmental expenses were informed by similar measures in the Commonwealth budgets from 2015-16 to 2021-22.

Family Planning NSW (2018) *Contraception in Australia 2005-2018*, accessed 27 May 2025.

Item-specific information on schedule fees, benefits and historical service numbers were taken from MBS online.

Services Australia (2025) *PBS item reports*, accessed 27 May 2025.

The Department of Health and Aged Care provided data on historical patient contribution and prescriptions, prescription volume projections, and relevant MBS volumes and benefit payments.

The Department of Health and Aged Care provided the MBS liability factor as at 2025-26 Budget.

The Department of Health provided the model used for the 2025-26 Budget measure Even Cheaper Medicines.

[2] https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules

Attachment A – Free contraceptives – Financial implications

Table A1: Free contraceptives – Fiscal balance ($m)[(a)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	**Total to 2028-29**	**Total to 2035-36**
Expenses													
Administered													
Component 1 – Reduce PBS co-payment	*-34.4*	*-34.9*	*-36.1*	*-37.4*	*-38.8*	*-40.3*	*-41.8*	*-43.3*	*-45.0*	*-46.6*	*-48.3*	***-142.8***	***-446.9***
Component 2 – Increase fees for existing MBS items	*-7.6*	*-9.0*	*-9.3*	*-9.6*	*-10.0*	*-10.3*	*-10.7*	*-11.1*	*-11.4*	*-11.9*	*-12.3*	***-35.5***	***-113.2***
Component 3 – New MBS items	*-73.0*	*-76.0*	*-78.0*	*-81.0*	*-84.0*	*-87.0*	*-90.0*	*-93.0*	*-96.0*	*-100.0*	*-103.0*	***-308.0***	***-961.0***
Component 3 – Substitution from existing MBS items	*69.7*	*72.4*	*74.8*	*77.4*	*80.2*	*83.0*	*86.0*	*89.0*	*92.2*	*95.4*	*98.7*	***294.3***	***918.8***
Component 4 – TGA	*-238.0*	*-250.0*	*-256.0*	*-263.0*	*-269.0*	*-276.0*	*-283.0*	*-290.0*	*-297.0*	*-305.0*	*-312.0*	***-1,007.0***	***-3,039.0***
Total – administered	***-283.3***	***-297.5***	***-304.6***	***-313.6***	***-321.6***	***-330.6***	***-339.5***	***-348.4***	***-357.2***	***-368.1***	***-376.9***	***-1,199.0***	***-3,641.3***
Departmental													
Component 3 – New MBS items	*..*	*..*	*..*	*..*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	***-0.1***	***-0.1***
Component 4 – TGA	*-12.5*	*-6.4*	*-6.6*	*-6.7*	*-6.9*	*-7.1*	*-7.3*	*-7.4*	*-7.6*	*-7.8*	*-8.0*	***-32.2***	***-84.3***
Total – departmental	*-12.5*	*-6.4*	*-6.6*	*-6.7*	*-6.9*	*-7.1*	*-7.3*	*-7.4*	*-7.6*	*-7.8*	*-8.0*	***-32.3***	***-84.4***
Total (excluding PDI)	**-295.8**	**-303.9**	**-311.2**	**-320.3**	**-328.5**	**-337.7**	**-346.8**	**-355.8**	**-364.8**	**-375.9**	**-384.9**	**-1,231.3**	**-3,725.7**

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

.. Not zero but rounded to zero.

- Indicates nil.

Table A2: Free contraceptives – Underlying cash balance ($m)[(a)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	**Total to 2028-29**	**Total to 2035-36**
Payments													
Administered													
Component 1 – Reduce PBS co-payment	*-33.9*	*-34.9*	*-36.1*	*-37.4*	*-38.8*	*-40.2*	*-41.8*	*-43.3*	*-44.9*	*-46.6*	*-48.3*	***-142.3***	***-446.2***
Component 2 – Increase fees for existing MBS items	*-7.3*	*-9.0*	*-9.3*	*-9.6*	*-9.9*	*-10.3*	*-10.7*	*-11.0*	*-11.4*	*-11.8*	*-12.2*	***-35.2***	***-112.5***
Component 3 – New MBS items	*-70.0*	*-76.0*	*-78.0*	*-81.0*	*-84.0*	*-87.0*	*-90.0*	*-93.0*	*-96.0*	*-100.0*	*-103.0*	***-305.0***	***-958.0***
Component 3 – Substitution from existing MBS items	*67.3*	*72.3*	*74.7*	*77.3*	*80.1*	*82.9*	*85.9*	*88.9*	*92.1*	*95.3*	*98.6*	***291.6***	***915.4***
Component 4 – TGA	*-238.0*	*-250.0*	*-256.0*	*-263.0*	*-269.0*	*-276.0*	*-283.0*	*-290.0*	*-297.0*	*-305.0*	*-312.0*	***-1,007.0***	***-3,039.0***
Total – administered	***-281.9***	***-297.6***	***-304.7***	***-313.7***	***-321.6***	***-330.6***	***-339.6***	***-348.4***	***-357.2***	***-368.1***	***-376.9***	***-1,197.9***	***-3,640.3***
Departmental													
Component 3 – New MBS items	*..*	*..*	*..*	*..*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	***-0.1***	***-0.1***
Component 4 – TGA	*-12.5*	*-6.4*	*-6.6*	*-6.7*	*-6.9*	*-7.1*	*-7.3*	*-7.4*	*-7.6*	*-7.8*	*-8.0*	***-32.2***	***-84.3***
Total – departmental	*-12.5*	*-6.4*	*-6.6*	*-6.7*	*-6.9*	*-7.1*	*-7.3*	*-7.4*	*-7.6*	*-7.8*	*-8.0*	***-32.3***	***-84.4***
Total (excluding PDI)	**-294.4**	**-304.0**	**-311.3**	**-320.4**	**-328.5**	**-337.7**	**-346.9**	**-355.8**	**-364.8**	**-375.9**	**-384.9**	**-1,230.2**	**-3,724.7**

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

.. Not zero but rounded to zero.

- Indicates nil.

Table A3: Free contraceptives – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances ($m)[(a)(b)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	**Total to 2028-29**	**Total to 2035-36**
Fiscal balance	*-7.0*	*-20.0*	*-35.0*	*-50.0*	*-67.0*	*-85.0*	*-104.0*	*-124.0*	*-146.0*	*-169.0*	*-195.0*	***-112.0***	***-1,002.0***
Underlying cash balance	*-5.0*	*-17.0*	*-31.0*	*-46.0*	*-63.0*	*-80.0*	*-99.0*	*-119.0*	*-141.0*	*-164.0*	*-189.0*	***-99.0***	***-954.0***

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary[3].

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

[3] Online budget glossary – Parliamentary Budget Office (pbo.gov.au)