

14 July 2011

Senator Scott Ryan
Chair
Senate Finance and Public Administration References Committee
P O Box 6100
Parliament House
CANBERRA ACT 2600

Dear Senator Ryan

Arthritis Australia welcomes the opportunity to respond to the **Senate Finance and Public Administration References Committee - Inquiry into the Government's administration of the Pharmaceutical Benefits Scheme (PBS)**.

With affiliated offices in every state and territory, Arthritis Australia is the national, peak consumer body representing almost 4 million Australians living with arthritis – the major form of disability and pain in Australia. Arthritis Australia has no state or federal political affiliations.

Our particular concerns relate to the Federal Government's:

- (a) decision to replace the clinical and economic advice of the expert and highly respected Pharmaceutical Benefits Advisory Committee (PBAC) with a new political process linked to the financial priorities of achieving a Federal Budget surplus;
- (b) apparent lack of understanding of the impacts delaying these medicines have on assisting people in effectively manage their condition;
- (c) plans to diminish the authority of the minister responsible for the PBS, the Minister for Health & Ageing, by transferring decisions about the PBAC's recommendations to Cabinet.

For almost 60 years our world-renowned PBS has subsidised and delivered to all Australians safe, efficacious and cost-effective medicines. It makes no sense for the Government to now introduce extraneous barriers which make it more difficult for those in most need to obtain necessary and life-changing (even at times life-saving) medicines.

The National Health Act 1953 requires the PBAC to review the medical conditions for which a medicine is registered for use in Australia and its clinical effectiveness, safety and cost-effectiveness (i.e. value for money). This is a lengthy and exhaustive process and decisions to delay PBAC recommendations to list new medicines will have substantial implications of increased costs on other parts of the Australian health care system – e.g. in increased episodes of hospitalisation and increased medical consultations & treatments under Medicare. It will also impact the broader Australian economy through reduced participation in the workforce and increased reliance on disability and social services.

Political interference in the PBS listing process undermines the integrity of this highly valued system and creates many disadvantaged and disillusioned Australians. It is a national issue of major concern. It is difficult for many health consumers to understand why the Federal Government cuts access to medicines in Australia in order to bring the Budget back to surplus.

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How is the Government going to deliver an unbiased process for assessing PBAC recommendations in the future? To date, there has been no indication of timeframes or criteria being set for Cabinet analysis of PBAC recommendations.

Will a Labor government introduce a system in Australia where those consumer groups which have big dollars to spend on campaigns and therefore have the loudest voice will be favoured over those consumer groups who may not have the financial clout but are equally, if not more, deserving? When medicines are not listed on the PBS it is only the wealthy who can afford the new and effective medicines.

Already Australians struggling with severe arthritis have been disadvantaged by other recent financial cutbacks. In the May 2009 Budget, the Federal Government removed joint injections from the Medicare Benefits Schedule (MBS). According to Senate Committee Hansard this decision was a financial one, made arbitrarily and without consultation with medical experts or consumers. The removal immediately denied a subsidy for patients struggling with severe and complex arthritis to visit their preferred and most expert provider, a rheumatologist. Rheumatologists are specialists in managing patients with severe and complex arthritis and are highly trained and skilled at administering inter-articular joint injections. Despite continual advocacy since then, joint injections administered by rheumatologists are not covered by the MBS. This has resulted in a situation where many consumers are either becoming more socially and economically disadvantaged or are foregoing treatment and declining clinically. Again, this has significant implications for both the Australian health care system and the broader Australian economy.

In the past 20 years we have seen extraordinary improvements in arthritis treatment in Australia. Not only do we know more about early and proper diagnosis, but the development and PBS listing of new medicines have created unprecedented opportunities for people with severe arthritis. These medicines do come at a cost but the investment far outweighs the economic and social burdens associated with non- or substandard-treatment. These benefits are well-documented and have been highly scrutinised as part of the PBAC process – not just for arthritis medicines but all PBS-listed medicines.

The PBS has been the lynchpin for enabling millions of Australians to live pain-free, active lives, therefore giving them opportunities to remain in the workforce and/or live independently. It is one of the fundamental components of Australia's universal health care system, Medicare. This national health insurance scheme was introduced by a previous Labor government and it works very well for most Australians. The PBS was intended to provide timely, reliable and affordable access to necessary medicines. It is incorporated into the Government's broader National Medicines Policy which aims to meet medication and related service needs, so that both optimal health outcomes and economic objectives are achieved.

Arthritis Australia and its State/Territory Affiliate offices oppose the fundamental shift in this philosophy in order to meet temporary shortfalls in the Federal Budget.

Yours sincerely

Ainslie Cahill
Chief Executive Officer