Submission to Senate Inquiry into the Government's administration of the Pharmaceutical Benefits Scheme (PBS)

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Honourable Senators,

The supply of pharmaceuticals through the PBS after review by the PBAC has served the Australian people well. We have achieved reasonable drug access after systematic review based on a known standard of safety and cost-effectiveness. Review based on cost thresholds at Ministerial and Cabinet level precluded the PBAC from committing expenditure that might be inconsistent with broader budget aims and circumstances.

I wish to make three points that I believe are relevant to the recent policy implementation.

1. Once decisions are routinely removed from the administrative domain to that of political government at Cabinet level, PR campaigns organised by sponsoring companies directly or through surrogate bodies will become the norm. There is an obvious recent example in relation to cetuximab (Erbitux).
(http://rouse-hill-times.whereilive.com.au/news/story/former-cop-pleads-for-erbitux-relief/.) Those clinical conditions that can generate a media-friendly face have a disproportionate chance of achieving influence. It would be very foolish to entertain any other outcome. The history of funding Herceptin for advanced breast cancer after a negative PBAC recommendation clearly demonstrates that potential for external influences to influence explicitly political drug availability issues.
2. The level of detailed briefing for a quality Cabinet decision is disproportionate for a reasonably foreseeable benefit. If Treasury or Finance wish to limit the expansion of PBS costs, they should specify a limit and let the experts determine how that quantum is best spent. To use denial of new listings as a budgetary strategy is clumsy.
3. If this level of fiscal scrutiny is to be applied to new PBAC-recommended treatments, it should equally be applied to existing PBS-listed products. Based on the Cabinet standard so defined, some products that are less effective or cost-effective would be delisted. The decision to withdraw a PBS treatment is the moral/ethical equivalent of withholding a PBS treatment but is probably regarded as more politically risky. Not providing such equivalent scrutiny denies natural justice to a potential beneficiary of the yet-to-be-listed treatment for a poor reason.

In summary, this decision is clumsy and unnecessarily politicises a reasonably effective system. If PBS funding is to be constrained, this is a poor mechanism.

What is then the alternative and what are the challenges.

- A necessary precondition for rational health care funding is an open public discussion to the effect that funding is finite.

- This must be matched with clear intent and delivery of open, accountable and consistent decision taking by administrative and political government.
- As with other funding decisions in government, this review must focus equally on existing (current PBS-listed) and potential future funding (new PBAC recommendations).
- There must secondly be a clear statement that the government of the day will resist the pretty-face/good story PR campaign – however dressed up it might be.

A person suffering from schizophrenia should have equivalent likelihood of having their new medication funded as someone fearing for their potential survival after initial cancer treatment. We had a reasonable version of that system and it may have been lost.

Respectfully yours

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because of the inevitable campaign – again based