

Case study - amiloride

On 15 March 2011, Alphapharm applied for a price increase for Kaluril, Alphapharm's brand of amiloride 5mg tablets.

In April 2011, the PBPA recommended a price increase for Kaluril. The total impact on the PBS would have been negligible.

Three days later, Alphapharm received notification that the Government had rejected PBPA recommended price adjustments for a number of medicines, including some supplied by Alphapharm. Media reports indicated there would be no price increases until the Budget was in surplus. Alphapharm was disappointed about this news, given that the negligible price increase they sought for the product would not have cost the public purse much, given the low volume sold each year.

Consequent to the media reports, Alphapharm had to try to justify to its parent company why it should continue to supply Kaluril through the PBS.

In the intervening months, Alphapharm had no response from the Government to its price increase application. Alphapharm's parent company directed it to remove the product from the PBS because the price being paid for it on the PBS failed to meet the internal threshold of commercial ability to supply. Alphapharm had to immediately set in train steps to de-list the product, to meet the Listing Unit's 15 June deadline for notification.

Regrettably, these internal company processes overtook Alphapharm's ability to react positively to the Government's surprising advice on 21 June 2011 that a price increase had been granted.

Alphapharm acknowledged that the Government's revised decision had been made in good faith, however as it had taken the company by surprise it was limited in how it could react to the offer. Alphapharm informed the Government on 22 June 2011 that it had already taken steps internally to meet its parent's directive and that to reverse those steps, and to meet the internal threshold, it now required a slightly higher price to ultimately be achieved, again a negligible amount for the PBS. This was made known to the Government, however the Government indicated it was unable to meet the required price and the company had no choice but to proceed with de-listing from 1 September 2011.

Senate F&PA Committee

Tabled Document

Inquiry: Government administration of the PBS

Date/Time: Thursday 21 July 2011

Witness Name: Ms Kate Lynch, Chief Executive Officer

Organisation: Generic Medicines Industry Association