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Cabrini

21st February 2013

Dr Ian Holland
Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir/Madam

Re: Senate Enquiry on Supply of Chemotherapy Drugs such as Docetaxel

On behalf of Cabrini Health ('Cabrini') we would like to share some information on the impact of the changes to the PBS funding for chemotherapy as it relates to our organisation. Some of the information provided is commercial in confidence and we request that the committee treats it as such. This material is contained in the appendices. We are happy for the commentary component (Pages 1-3) of this submission to be made public.

Cabrini is a Catholic, not for profit, healthcare group with acute and subacute facilities in the southeast of Melbourne. By several measures we have the largest cancer service in Victoria (public or private) in terms of new diagnosis of cancer and number of oncology treatments. We have two acute hospitals, Cabrini Malvern and Cabrini Brighton, which provide acute cancer services, including chemotherapy on a day case and inpatient basis. We also have a palliative care service with both a hospice and home based care. We provide a comprehensive range of cancer services with the exception of radiotherapy and bone marrow transplant. Moreover we do contribute to transplant services at Peter MacCallum Cancer Centre by providing collection of cells for this purpose.

Cabrini owns and operates a Section 94 Pharmacy which serves the two acute hospitals and our Palliative Care service. As a consequence, we are prevented by legislation from owning a retail (Section 90) pharmacy. In order to provide a service to our patients we have a section 94 pharmacy on the premises, which is owned by a third party who rents space from us. It is interesting to note that some private hospitals are allowed to own and run both types of pharmacies under a "grandfather clause", which we did not qualify for. This enables some degree of cross subsidisation of Section 94 services by the broader range of items and different PBS rebates that pertain in a Section 90 Pharmacy.

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We do not challenge the logic of reducing the PBS funding to better represent the true costs of these agents, which have reduced since their initial introduction when they were covered by patents. However, the margins that previously existed, enabled hospitals, such as ours, to at least partially absorb the costs of compounding chemotherapy and delivering it to our patients. The inadvertent outcome of the Price Disclosure process is that private hospitals, particularly those with a section 94 pharmacy, have been placed under extreme pressure. This challenges our ability to keep providing the service We urge the enquiry to consider these matters urgently and recommend measures to address the problem as suggested below.

Cabrini makes a net loss on provision of oncology services to our patients. The quantum of this is identified in Appendix 1. Cabrini provides the service as a consequence of its mission to serve the needs of our community. Nonetheless, these losses are increasingly difficult to sustain as they can only be offset by surpluses in other areas. The PBS funding cuts, particularly as they relate to chemotherapy are placing increasing strain on our ability to provide these services and we are looking critically at high cost drugs and treatments to determine if we can continue to provide our current range of services. If we are forced to limit our services to remain viable, this would further increase the burden on the already stressed public system. The extent of the impact of the changes is detailed in Appendix 2, which indicates that our net loss on the treatment of oncology patients will almost double as a consequence of these cuts.

We see two main opportunities to improve the situation. The first would be to raise the dispensing fee to something closer to the real cost of compounding chemotherapy. In appendix 3 we provide our methodology for calculating the costs, which clearly exceed the compensation currently offered.

The second opportunity is to assist us in reducing costs particularly in relation to the authority prescription process. This is a cumbersome and time consuming business that appears to achieve nothing – certainly in the context of oncology management. All of our patients are treated using protocols, derived in the main part from Peter MacCallum Cancer Centre. Oncologists spend hours on the phone to the authority prescribing call centre and are **never** refused authority. At our end, we are employing people to track whether we have an authority prescription on hand for the next chemotherapy cycle and then chasing up the doctors to remind them that one is due. So, we have a process that incurs costs for the Dept of Health and Aging, hospital pharmacies and doctors – and yet appears to serve no purpose. We are also required to provide paper prescriptions for all drugs prescribed, notwithstanding the fact that several other hospitals have no such requirement as the result of a trial which was conducted over a decade ago. Whilst nothing arising from the trial was ever implemented, those hospitals who participated in the trial were permitted to continue operating in a paperless way indefinitely whilst we continue to have this requirement – notwithstanding the fact that we are implementing electronic prescribing and dispensing. This requirement to provide signed paper prescriptions in addition to the signed orders on medication charts or the electronically verified orders in electronic prescribing adds to our costs, whilst delivering no apparent value to any party.

We therefore suggest that the enquiry recommends the following:

1) An increase of the dispensing fee to at least $125 per dose
2) Abolishing the requirement to obtain authority for chemotherapy drugs – at least for those hospitals who can demonstrate that they are prescribing in accordance with evidence based treatment protocols
3) Abolishing the requirement to provide signed paper PBS prescriptions for those hospitals who are implementing electronic prescribing
4) Abolishing the restriction on a hospital running both a Section 90 and Section 94 pharmacy.

Whilst it is unlikely that these changes would permit us to achieve a surplus from this important service, it would allow us to continue to provide care to cancer patients at the current level that we offer.

We thank you for the opportunity to contribute to this important review.

Yours Sincerely

Simon Woods
Executive Director Medical Services
Cabrini Health

Attach