



30th January 2017

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

Dear Committee Secretary,

Please find attached a joint response from the Australian Diabetes Society and the Endocrine Society of Australia regarding the Senate Inquiry Prosthesis Terms of Reference. The only aspect of this inquiry of relevance to our two societies relates to the availability of insulin pumps to patients with diabetes. Both societies fully support the more widespread availability of insulin pump technology for such patients and the provision for this to be publicly funded.

Kind Regards,

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Dear Secretary

Senate Inquiry Terms of Reference- ADS response

Price regulation associated with the Prosthesis List Framework, with particular reference to:

a. the operation of relevant legislative and regulatory instruments;

Legislation needs to be updated annually (or amended to enable future flexibility) in order to accommodate new technology as it becomes available nationally and internationally. This requires the government to have a specialized advisory body to inform it on newly available technologies for insulin delivery, their place in diabetes treatment and on how such prostheses can be included in the list. It is also highly desirable that multiple companies are able to compete in the insulin pump market. For example, there is currently no mechanism to approve insulin patch pumps as they are a disposable prosthesis. Patients with type 1 diabetes are aware of the availability of this technology overseas and its lifestyle advantages including ease of use. One of the current insulin pump providers will only market insulin patch pumps from 2018. This will mean there are only 2 companies in the Australian insulin pump market which potentially will result in less competitive pricing.

b. opportunities for creating a more competitive basis for the purchase and reimbursement of prostheses;

Increased access to technology, and therefore increased demand, will allow insulin pump pricing to remain lower. Currently this technology is only available to those with private health insurance or adequate personal financial resources, as well as children under the age of 20 years under the government subsidy scheme. Insulin pumps are now utilized by 60% of the paediatric population with type I diabetes in Australia but only 12% of the adult type I diabetes population despite evidence for improved diabetes control as measured by HbA1c, improved glycaemic stability and patient well being and reduction in development of diabetes complications and cardiovascular mortality in insulin pump users (1). Improved access for the adult population would keep pricing competitive but most importantly will also improve survival outcomes and quality of life for the adult type I diabetes population who currently have a 10 year survival deficit across both genders. (2).

1. *Steinbeck et al, 2015 BMJ 2015;350:h3234. Insulin pump therapy, multiple daily injections, and cardiovascular mortality in 18 168 people with type 1 diabetes: observational study*

2. *Diabetes Care <https://doi.org/10.2337/dc14-0096> Harding JL et al. Mortality Trends Among People With Type 1 and Type 2 Diabetes in Australia: 1997–2010*

c. the role and function of the Protheses List Advisory Committee and its subcommittees;

To review new technologies and their benefits compared with existing technology. This needs to be informed by professional and consumer groups as well as consumers themselves. The cheapest insulin pump on the market currently has <1% of market share because it is not easy for consumers to use and it is not comparable to available pumps in its features and what it is able to do. It is therefore important that professional and consumer groups can advise the government about device comparability and consumers regarding usability of the technologies. Available technologies for diabetes are advancing rapidly. Review of available literature as it becomes available should inform assessment and advice regarding prostheses including their roles, benefits and comparative advantages for consumers as they become available on the market. This not only includes insulin delivery systems but also newer technology for monitoring glucose levels such as flash glucose monitoring systems and continuous glucose monitoring systems, including those which may also have the capability to feedback to, and modify, insulin delivery systems. Advice from professionals and consumers should also take account of cost benefit to government of new technologies.

d. the cost of medical devices and prostheses for privately insured patients versus public hospital patients and patients in other countries;

For insulin pumps there is currently no difference in price whether purchased privately or via public sector provision. They are rarely purchased privately due to cost – currently \$9500.00.

In the United Kingdom most people who have a pump have it funded by the NHS – NICE criteria need to be met. Cost of pumps in the UK is around 3000 British Pounds.

In Canada, pumps cost around 7000 Canadian dollars.

In USA, pumps cost around 6000-7000 US dollars.

e. the impact the current Protheses List Framework has on the affordability of private health insurance in Australia;

Patients with type I diabetes requiring an insulin pump are now being refused reimbursement for insulin pumps by some funds, or are only able to have a proportion of the cost reimbursed, unless they have the highest level of hospital insurance cover which is making it more difficult for adults with type I diabetes to access insulin pump therapy. Many patients with type 1 diabetes cannot afford the high cost of private health insurance. In particular this includes young adults studying at university or just entering the workforce, at an age where it is imperative to optimize diabetes control. Also these young adults may have to discontinue pump therapy initiated in childhood under subsidy schemes, but for which they no longer qualify once they are over 20 years of age. It is not a simple process to achieve optimal control with change over to multiple daily injections from insulin pump therapy, and similar glycaemic control may not be achievable with multiple daily injections in some individuals. Another group with particular need for access to pump therapy is women with type 1 diabetes of childbearing age. They may be able to reduce their currently high rate of adverse pregnancy outcomes if they were able to access subsidized insulin pump therapy, but again women in this setting may not be able to afford the current cost of pump

therapy or private health insurance.

f. the benefits of reforming the reference pricing system with Australian and international benchmarks;

This is unlikely to make a difference to insulin pump costs. Insulin pump costs are more likely to be curtailed by

- i) improving access through affordability
- ii) increasing the number of pumps available on the market in Australia including opening the market to insulin patch pumps
- iii) **the benefits of any other pricing mechanism arrangements, including but not limited to those adopted by the Pharmaceutical Benefits Scheme, such as:**
- iv) **mandatory price disclosure-** this has not been an issue with insulin pumps
- v) **value-based pricing- not likely to be applicable to insulin pumps-** The three currently available are marketed at a similar price excepting one which is an inferior product and used by <1% of the insulin pump population
- vi) **reference pricing-** it is critical this is applied to comparable products in terms of patient acceptability and usability. In the past disparate prices have occurred for insulin pumps which are not comparable in the above features.
- vii)

g. price data and analytics to reveal the extent of, and where costs are being generated within, the supply chain, with a particular focus on the device categories of cardiac, Intra Ocular Lens Systems, hips, knees, spine and trauma;-

Not applicable to insulin pump prostheses

h. any interactions between Government decision-making and device manufacturers or stakeholders and their lobbyists;

This is particularly relevant to improving access to insulin pump therapy. Not all patients who would like to use, and who are assessed as being suitable for, insulin pump therapy are able to obtain access. The peak body for consumers is Diabetes Australia. Diabetes Australia has previously submitted applications aiming to improve access to insulin pump prostheses for consumers with type I diabetes. Also the government did not respond to insulin patch pump companies seeking to provide access to patch pumps in Australia stating the reason for not engaging in the process was the lack of suitable legislation by which to assess and permit the devices to be used in Australia. The government needs to develop a more fluid approach to prosthesis legislation given the rapidly changing technology environment.

i. any implications for prostheses recipients of the National Disability Insurance Scheme transition period;

Not applicable to insulin pump prostheses

j. other related matters.

Wider availability of insulin delivery pumps is a key step in making progress in the approval process of newer diabetes technologies. At a very advanced level of development now is the artificial pancreas or “closed loop system” which combines insulin pump delivery with continuous glucose monitoring using a computer based algorithm. Such systems have been shown to improve diabetes control, in particular reducing the risk of dangerously low glucose levels. Currently there is no subsidy for continuous glucose monitoring technology which will be essential for the use of the next generation of insulin pumps.