

## Coalition Senators' Additional comments

1.1 The Government's failure to properly fund the delivery of chemotherapy services to Australia's cancer sufferers and support to their families has been described as not simply a matter of arguing the removal of a subsidy for the cancer drug Docetaxel, but as a "failure to complete a government initiated reform" to chemotherapy funding agreed in 2009.<sup>1</sup>

1.2 The Government's failure to have satisfactorily resolved this issue earlier is a demonstration of its policy ineptitude and laziness. According to evidence of many witnesses, this lack of a timely resolution may put at risk affordable and quality of care and access to treatment for cancer patients

1.3 The evidence on these points was clear and near unanimous.

1.4 The Clinical Oncology Society of Australia said:

If there is no longer an income stream to maintain the clinical pharmacy services associated with the supply of chemotherapy, this is likely to affect the cost of care and patient access. Centres will close or pass on the additional costs to patients in order to remain viable.<sup>2</sup>

1.5 It added that cancer patients could find themselves "being forced onto potentially long waiting lists in the public health system".<sup>3</sup>

1.6 The Pharmacy Guild of Australia said:

Ongoing care for all Australian cancer patients, regardless of their type of cancer, is being put at risk by the current arrangements.<sup>4</sup>

1.7 The largest provider of private day oncology services on the North Shore and northwest Sydney, the Sydney Adventist Hospital, said the funding approach could lead to "cessation of all chemotherapy infusions, provision of a limited range of treatments and pharmacy staff reductions".<sup>5</sup>

1.8 The evidence from providers and specialists in chemotherapy all stressed the critical need for effective funding arrangements given the unique characteristics and high quality care needed to dispense treatment to cancer patients:

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1 Medical Oncology Group of Australia Inc. and Private Cancer Physicians of Australia, *Submission 17*, p. 2.

2 Clinical Oncological Society of Australia and Cancer Pharmacists Group, *Submission 16*, p. 3.

3 Clinical Oncological Society of Australia and Cancer Pharmacists Group, *Submission 16*, p. 3.

4 The Pharmacy Guild of Australia, *Submission 25*, p. 4.

5 Sydney Adventist Hospital, Adventist Healthcare, *Submission 15*, p. 2.

The service of preparing chemotherapy medication is highly complex, expensive and labour-intensive, and demands an environment and investment that does not compromise on quality.<sup>6</sup>

1.9 A clear conclusion from the evidence was that the current chemotherapy funding model does not provide adequate financial recognition of the actual costs incurred providing chemotherapy infusions in the oncology service, and is not a transparent or sustainable funding model.

1.10 The MOGA written submission reflected the comments of many other professionals to the inquiry when it said “the current remuneration model for chemotherapy does not reflect how contemporary cancer services are delivered”.<sup>7</sup>

### **A further delay on delivering funding certainty**

1.11 The Government’s announcement on 5 May 2013 that it would initiate a funding review into chemotherapy and provide \$29.7 million in the 2013/2014 Budget to provide an additional \$60 for each chemotherapy infusion for only six months is an admission that it has failed cancer sufferers and their families.<sup>8</sup>

1.12 The latest review follows a previous commitment given six months prior to this latest announcement to examine the “cost of delivering vital chemotherapy services”.

1.13 The latest announcement prolongs uncertainty and undermines the effective and efficient delivery of treatments for cancer patients and their families. It points to a lack of appreciation for the critical implications being felt by chemotherapy services as a result of the PBS price reductions applied on 1 December 2012 and again on 1 April 2013.

1.14 Despite the announcement, the Government is still unable to detail for providers of chemotherapy services and their patients any definitive long-term funding solution.

### **Appropriateness of price disclosure**

1.15 Contrary to the suggestion made by the Consumers Health Forum in its written submission, the appropriateness of price disclosure policy used by Government to fund access to medications is not in dispute.

1.16 The Committee heard from various witnesses about the appropriateness of price disclosure and its role in providing improved access to medications in Australia’s health system.

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6 Slade Pharmacy Services, *Submission 9*, p. 2.

7 Medical Oncology Group of Australia Inc. and Private Cancer Physicians of Australia, *Submission 17*, p. 4.

8 Hon Tanya Plibersek MP, Minister for Health, 'Review to Determine Correct Subsidy for Chemotherapy Infusions', Media Release, 5 May 2013.

1.17 The Pharmacy Guild of Australia said it “recognises that price disclosure is an appropriate mechanism for taxpayers to share in the price benefits of competition in the off-patent medicines market” and that it is “delivering significant savings”.<sup>9</sup>

1.18 Coalition Senators believe the critical issue is not price disclosure, but remuneration arrangements that reflect the particular and unique nature of dispensing chemotherapy treatments. This may have been poorly appreciated by the Consumer Health Forum.

### **Poor understanding of significance of cross subsidisation in delivery of private chemotherapy services**

1.19 More than 50% of all cancer care in Australia is provided in the private health sector and more than 13,000 life saving infusions are prepared and dispensed by community and private hospital pharmacies for cancer patients each week.

1.20 Coalition Senators believe the success of delivering quality chemotherapy services in Australia is the direct result of a health system that incorporates both private and public provision of chemotherapy services.

1.21 At the heart of the Government’s policy failure is their lack of proper appreciation and regard for the heavy reliance of private chemotherapy services on the PBS margin on Docetaxel to cross subsidise the costs of providing a clinical pharmacy service to cancer patients.

1.22 This view was expressed by the Clinical Oncology Society of Australia and the Cancer Pharmacists Group.

For many years pharmacies have been using the reimbursement price of medicines such as Docetaxel to fund other loss making chemotherapy medicines and the provision of vital clinical pharmacy services to ensure the safety of cancer patients.<sup>10</sup>

1.23 The existence of the cross subsidisation and its role in funding world class cancer treatment in Australia is a well-known practice with a long history.

Pharmacies and private hospitals have been reliant on the trading terms of medicines such as Docetaxel and revenue generated to fund other medicines and other pharmacy services including clinical pharmacy services for over two decades.<sup>11</sup>

1.24 While many witnesses agreed the cross subsidisation of services was “inappropriate”, the point was made that in the absence of any identifiable alternative income stream, this approach had “ensured the safe supply of chemotherapy services to patients with cancer”.

1.25 Coalition Senators believe the Government has failed in its primary responsibility to develop a more transparent and sustainable funding model that

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9 *Committee Hansard*, 28 March 2013, p. 6.

10 Clinical Oncological Society of Australia and Cancer Pharmacists Group, *Submission 16*, p. 7.

11 Cabrini, *Submission 3*, p. 3.

reduces the reliance on cross subsidisation by ensuring price disclosure is accompanied by a parallel remuneration structure reflecting the real costs of delivering cancer treatments.

### **Impact on access to cancer treatment for Australians living in regional areas**

1.26 The Government's approach is most alarming for its repercussions for regional and rural Australians.

1.27 Evidence provided to the Committee by the Clinical Oncology Society of Australia specifically addressed the adverse health outcome experience by cancer patients living outside Australia's capital cities.

Evidence shows that the further a cancer patient lives from a metropolitan centre, the more likely they are to die within five years of a diagnosis. For some cancers, remote patients are up to 300% more likely to die within five years of diagnosis. Cancer care is less accessible as geographic isolation increases, with survival rates correlating directly to quality and availability of services.<sup>12</sup>

1.28 The Committee heard from a variety of providers about the significant and early adverse impact that would be inflicted upon cancer patients living in regional and rural areas of Australia.

1.29 The MOGA made the point strongly in its evidence.

It is the belief of our Association that rural services will be the first to feel the adverse impacts of the inadequate reimbursement of chemotherapy services. This is particularly disturbing given that this was previously identified as an area of need with inferior survival and quality of life outcomes.<sup>13</sup>

1.30 The Clinical Oncological Society of Australia and the Cancer Pharmacists Group echoed these sentiments:

If centres in regional and rural locations were forced to close, patients would have to travel substantially further to access chemotherapy or have delayed access to treatment.<sup>14</sup>

and

The viability of chemotherapy services provided by the private sector including those at centrally funded rural chemotherapy treatment centres, is at risk following the reduction in the reimbursement price of Docetaxel.<sup>15</sup>

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12 Clinical Oncological Society of Australia and Cancer Pharmacists Group, *Submission 16*, p. 5.

13 Medical Oncology Group of Australia Inc. and Private Cancer Physicians of Australia, *Submission 17*, p. 5.

14 Clinical Oncological Society of Australia and Cancer Pharmacists Group, *Submission 16*, p. 5.

15 Clinical Oncological Society of Australia and Cancer Pharmacists Group, *Submission 16*, p. 7.

1.31 Concerns about the provision of chemotherapy services in regional Australia were reflected in the evidence from Cancer Voices.

The main problem is in rural areas where there may not be a public service and there may be a small medical oncology service which provides chemotherapy. That is an area of particular concern, yes.<sup>16</sup>

1.32 Dr Christopher Steer of Border Medical Oncology, a private practice operating in Wodonga, provided evidence on how the provision of chemotherapy services in regional Australia differed from treatments provided in the metropolitan area.

1.33 It identified a number of adverse consequences for regional Australians from the failure to properly fund chemotherapy services.

Regional and rural hospitals are more vulnerable to the problems in this program due to their relatively small patient base and inability to cover costs from other profitable areas

and

There does not seem to be a recognition that safe and appropriate delivery of chemotherapy requires more infrastructure, time and skill and thus costs more than a routine prescription. This is particularly evident in rural and regional areas where a community pharmacist often delivers this service in the absence of a public hospital pharmacist.<sup>17</sup>

1.34 Dr Steer's concluded his written evidence with the observation that "we are already told patients in rural areas fare poorly when compared with their city cousins; we don't need yet another set back".

### **Abuse of good faith**

1.35 It is unfortunate the Government's lack of resolve on this issue has tested the good faith and patience that chemotherapy providers have shown in seeking a satisfactory, longer-term funding solution.

1.36 The net effect of the Government's delay has been to force many private chemotherapy providers to absorb the high costs of delivering personally-tailored and safe chemotherapy treatments to cancer patients.

1.37 The costs that providers have had to absorb are significant. The Sydney Adventist Hospital Pharmacy estimated a \$1.6 million financial shortfall as a result of changes to the PBS since April 2010.

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16 *Committee Hansard*, 28 March 2013, p. 4.

17 Dr Christopher Steer, 'A regional perspective', tabled by APHS Pharmacy Group, 28 March 2013.

## **The appropriateness of advocacy by providers and other health professionals**

1.38 Coalition Senators believe providers of chemotherapy services have acted responsibly in finding an appropriate balance between raising their concerns and objections to the Government's approach to this matter with the need for cancer patients and their families to be spared unnecessary anxiety about the provision and affordability of their current and future treatments.

### **In Summary**

1.39 Coalition Senators believe the Government has been irresponsible in not addressing the concerns of providers of chemotherapy treatments especially given that their concerns are well known to the Government.

1.40 Coalition Senators also believe it is totally reasonable that because of the special and intensive nature of administering chemotherapy treatment, attention should be given to other remuneration streams to ensure these treatments are administered in a safe and highly effective way.

1.41 In addition, Coalition Senators also believe that the existence of both public and private providers of these treatments is particularly important in ensuring that Australians in rural and regional areas have proper access.

1.42 Coalition Senators believe the Government has taken too limited a view regarding consultations associated with the Fifth Community Pharmacy Agreement and in particular chemotherapy funding. While the difference of opinion has focused largely on community pharmacy, the issue of chemotherapy funding has significant implications for providers not directly involved in the pharmacy agreement. On this basis, the Government should ensure its future consultations are more inclusive of other interested parties.

**Senator Dean Smith**

**Senator Sue Boyce**