

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Additional Estimates 13 & 15 February 2013

Question: E13-124

OUTCOME 2: Access to Pharmaceutical Services

Topic: Pharmaceutical Benefits Scheme

Type of Question: Hansard Page 120, 13 February 2013

Senator: Senator Fierravanti-Wells

Question:

- a) What is the current figure for annual expenditure for F1 drugs that are expected to come off patent and trigger the 16 per cent statutory price reduction each year over the forward estimates?
- b) What is the expected saving to Government of the 16 per cent price reduction over the forward estimates?

Answer:

- a) The Department does not have a full patent profile for all drugs on Formulary 1 (F1) (single brand PBS medicines). Additionally, a 16% statutory price reduction is not triggered by patent expiry of a drug. It is triggered by the listing of the first additional brand (usually a new generic brand) of a PBS medicine containing that drug. Further generic entry is difficult to forecast, as not all markets attract generic competition.

However, Government expenditure in 2011-12 for PBS drugs for which the first additional brand could be expected to list in the next four years is around \$1.25 billion. This estimate is based on an analysis of the expected patent expiry dates for F1 drugs for which patent term extension has been granted.

- b) See answer to a) above.