

**Senate Community Affairs Committee**

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

**Additional Estimates 2014 - 2015, 25 February 2015**

**Ref No:** SQ15-000099

**OUTCOME:** 2 - Access to Pharmaceutical Services

**Topic:** PBS Pricing

**Type of Question:** Written Question on Notice

**Senator:** Di Natale, Richard

**Question:**

There are a number of promising and in demand therapies to be reviewed at the March PBAC meeting. Will the savings from price disclosure be reinvested in these medicines? And if not why not?

**Answer:**

Estimated savings from price disclosure have already been factored into the Pharmaceutical Benefits Scheme (PBS) forward estimates. When a new savings measure is introduced, its financial impact is considered as available to offset new spending proposals over the first four years of its effect. How these savings are spent is a matter for Government.

Thereafter, the measure is considered part of the standard operations of that programme or policy and is not available to offset further new expenditure.

New listings on the PBS are not factored into the forward estimates and represent new money the Government must commit. Consistent with savings proposals, the impact of the measure must be offset in the first four years of listing on the PBS, and thereafter the cost of that medicine is considered part of the standard operation of the PBS and is not required to be further offset to maintain the listing.