

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Budget Estimates 2014 - 2015, 2/3 June 2014

Ref No: SQ14-000497

OUTCOME: 2 - Access to Pharmaceutical Services

Topic: Pharmaceutical Industry Discussion Group

Type of Question: Written Question on Notice

Senator: Xenophon, Nick

Question:

I am interested in obtaining details of the impact of the 2010 Reforms to the Pharmaceutical Benefits Scheme.

I draw your attention to the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2010 that was moved by me and then Senator Fielding on the second reading of the Bill on 22 November 2010.

In particular, I would like to highlight the fact that the Government agreed to convene a discussion group every six months until 1 July 2014 to consider the impact of the 2010 PBS reforms and any unintended consequences or relevant issues and to table a report on this discussion every six months. This group is known as the Pharmaceutical Industry Discussion Group (PIDG).

The PIDG first met on 28 July 2011. According to the Report to Parliament from this meeting tabled on 13 March 2012, no unintended consequences of reforms implemented were reported by the PIDG members during this meeting. It was noted, however, that there were some generic manufacturers who had concerns around the possible impact on commercial viability of the largest of the measures, EAPD.

The second meeting was held 6 March 2012 and a Report to Parliament was tabled in September 2012. In this second report, the following statement was made:
"Members agreed the next meeting will be held in Canberra on 18 September 2012."

- a) I understand that the Pharmaceutical Industry Discussion Group convened on 18 September 2012.
- Why has there been no Report to Parliament on this meeting?
- b) Could you please explain then why a Report to Parliament has not been tabled from the September 2012 meeting? Why is this report not publicly available on the Department of Health website?
- c) It is now November 2013. I understand that the Pharmaceutical Industry Discussion Group has not convened since 18 September 2012. Could you please explain why you have not met your obligation to convene the PIDG every 6 months?
- d) Expanded and Accelerated Price Disclosure (EAPD) saw significant price cuts for generic medicines take effect on 1 April 2012. According to the Report to Parliament from the first

PIDG meeting:

“there were some generic manufacturers who had concerns around the possible impact on commercial viability of the largest of the (PBS reform) measures, EAPD.”

As there is no report covering the period post EAPD implementation, can you be sure that there have not been any unintended consequences of this reform?

Answer:

The Pharmaceutical Industry Discussion Group (PIDG) held meetings on 28 July 2011, 6 March 2012 and 18 September 2012. Reports to Parliament were tabled in February 2012 and September 2012. In all meetings and both Reports to Parliament PIDG members noted that no unintended consequences of pricing reforms had been reported.

In the Report tabled in September 2012, members also noted that the implementation of Expanded and Accelerated Price Disclosure had progressed very well but considered that ongoing monitoring of any impacts as well as effective communication and cooperation between the Department of Health and different industrial sectors was important.

In addition, the Report noted there was recognition from some PIDG members that assembling, providing secretariat support for, and tabling reports on the outcomes of PIDG meetings was very resource-intensive and was not funded. It was therefore decided that the Department would review the ongoing need for the consultation process after the September 2012 PIDG meeting.

Since late 2012 the price disclosure calculations have not only been monitored but the transparency and communication of the outcomes to stakeholders has vastly improved. The outcomes of every price disclosure cycle since the last PIDG meeting have been published on the Pharmaceutical Benefits Scheme website. This includes the results of price disclosure cycles for reductions on 1 December 2012, 1 April 2013, 1 August 2013, 1 December 2013, 1 April 2014 and 1 August 2014. The most recent publication of price disclosure outcomes, for the 1 October 2014 reduction day, occurred on 19 June 2014. All of these are made available at <http://www.pbs.gov.au/info/industry/pricing/eapd> - for all stakeholders to obtain.

This faster, more frequent and more comprehensive reporting by the Department allows affected parties to assess potential impacts and raise issues at the earliest opportunity. It also enables other stakeholders to monitor the developments and propose changes to the system as they did during the drafting of the Regulations relating Simplified Price Disclosure during the period December 2013 to March 2014.