

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Budget Estimates 2014 - 2015, 2/3 June 2014

Ref No: SQ14-000509

OUTCOME: 2 - Access to Pharmaceutical Services

Topic: Biosimiliars

Type of Question: Written Question on Notice

Senator: Brown, Carol

Question:

At Senate Estimates the Department confirmed that Medicines Australia, AusBiotech and the Generic Medicines Industry Association had provided the Health Minister with a joint position on proposed reforms for the PBS listing process for biosimilars and that the submission was being given consideration. Can the Department outline what changes to the current Pharmaceutical Benefits Advisory Committee process and PBS listing process would be needed to implement the proposal?

Answer

The PIC proposal would not impact the Pharmaceutical Benefits Advisory Committee evaluation process of the medicine. However, the establishment of a new formulary with separate pricing policies for biologic and their biosimilar medicines, as is being proposed by the PIC, would require legislative change, create additional administrative arrangements for the initial PBS listing of these medicines, and increase administrative burden.

Further, the PIC proposal would impact on the implementation and fiscal outcomes of current PBS pricing policies. For example, the proposed reduction in the statutory price reduction applied on entry of the first new biosimilar brand from the current 16 per cent to 12.5 per cent would lead to ongoing higher costs for these products, with these higher costs growing in the future with the exclusion of price disclosure as is being proposed.