

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Budget Estimates 2014 - 2015, 2/3 June 2014

Ref No: SQ14-000582

OUTCOME: 2 - Access to Pharmaceutical Services

Topic: Access of Cancer Medicines

Type of Question: Written Question on Notice

Senator: McLucas, Jan

Question:

The Government has announced that from 1 January 2015, patients will be asked to pay an extra \$5 per script (or \$0.80 if they have a concession card) toward the cost of prescription medicines achieving savings of \$1.3 billion over four years with those savings being invested in the Medical Research Future Fund. The Government has already made significant cuts to and savings from the PBS – what mechanisms are being considered for improving funding for cancer medicines given 1 in 2 Australians will be diagnosed with cancer before the age of 85 and access is already considerably slower than in comparable countries?

Answer:

Savings made to the Pharmaceutical Benefits Scheme (PBS) are a result of the reforms to the PBS, including the price disclosure programme which have been supported and implemented by successive governments.

In addition, the current Australian Government has restored the independence of the Pharmaceutical Benefits Advisory Committee (PBAC), and the integrity of the PBS listing process by authorising the Minister for Health to approve listings for the PBS that are estimated to cost \$20 million or less in each of the forward estimates years.

Only proposals that will cost more than \$20 million in any one year will require approval by the Cabinet. This is providing faster listing times for some medicines and improving patient access to important new treatments. Since its election, under this new arrangement, the Australian Government has listed or approved the subsidy of a further eight medicines to treat cancer – including dabrafenib (Tafinlar[®]), sunitinib (Sutent[®]) and everolimus (Afinitor[®]) for melanoma, pancreatic cancer, and advanced breast cancer at a cost of \$94,000, \$57,000 and \$38,000 per patient.

There are approximately 100 cancer treating medicines available on the PBS, costing the Government close to \$1.2 billion a year in expenditure. This means that approximately one in every eight dollars of PBS expenditure is spent on a cancer treatment. That's up from approximately \$870 million spent on cancer treatments only four years ago.

The two most requested Cancer Drug Fund (CDF) drugs, abiraterone (Zytiga®) for metastatic prostate cancer and bevacizumab (Avastin®) for first line treatment of metastatic colorectal cancer are on the PBS with almost 37,000 scripts funded last financial year. In 2012-13 PBS expenditure on these two medicines for these indications was \$251 million, equivalent to approximately 70 per cent of the current annual CDF budget.

Australia already has one of the fastest reimbursement processes for Government subsidy of medicines in the world, with the PBAC cycle taking 17 weeks from application to assessment.

Further, Australia's pharmaceutical regulatory and reimbursement processes have evolved to keep pace with the changing needs in the community, to provide additional mechanisms to expedite access such as the managed entry scheme, parallel processing and risk share agreements. For example, the development of parallel processing arrangements now mean that a company can progress an application for regulatory approval through the Therapeutic Goods Administration (TGA) at the same time as an application being considered for Australian subsidy by the PBAC. Dabrafenib, a ground-breaking new treatment for advanced melanoma with an average cost of \$94,000 per patient per year, is a good example. The PBAC and TGA were able to consider both funding and registration at the same time. This meant it was listed on the PBS only 96 days after TGA registration. PBS listing through the Managed Entry Scheme allowed for expedited patient access.

The listing of new, innovative and high cost medicines does impact PBS expenditure. At the March 2014 meeting the committee considered \$1.9 billion and subsequently recommended Government invest approximately \$550 million in new listings, including nine cancer medicines. At the July PBAC meeting the committee considered \$3.6 billion in new listings, including eleven submissions relating to the treatment of a form of cancer at a potential cost of over \$800 million over the forward estimates. This represents new funding that is not included in the forward estimates.

All systems benefit from change and it is important that PBAC is able to adapt its processes to accommodate the rapid changes in medical treatments, and must continue to strengthen their cooperative work with medical community and drug companies to ensure the Australian system does evolve to meet new challenges. The Government is committed to working with the medicines industry to ensure that the PBS remains the best subsidy system in the world.