

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Supplementary Budget Estimates 2010-11, 20 October 2010

Question: E10-002

OUTCOME 13: Acute Care

Topic: NITRIC OXIDE

Written Question on Notice

Senator Kroger asked:

- a) Is the Department familiar with a treatment called Nitric Oxide that is provided (only) in public hospitals for treating 'blue babies' or those suffering Hypoxic Respiratory Failure - that account to around 500 newborns each year?
- b) Is the Department aware of concerns voiced by both Doctors and the company that markets the therapy - of rationalising use of this life-saving treatment owing to budgetary pressures?
- c) Has the Department been informed by Neonatologists that, despite assurances that the states are being funded to pay for this treatment - many hospitals are struggling to meet the increased cost of this treatment that was brought about by the introduction of TGA approved pharmaceutical grade inhaled nitric oxide and safety standards for the delivery system associated with the treatment?
- d) I understand that the Government has received correspondence from Doctors Groups on this matter, in particular I would like to reference Associate Professor Dr Kei Lui from the Australian New Zealand Neonatal Network when he says: "Unfortunately access to this schedule 4 pharmaceutical grade gas is not funded and we are under growing pressure to moderate the administration of this life saving treatment. Due to nitric oxide only being used in public hospitals - it is not eligible for Pharmaceutical Benefits Scheme (PBS) funding and because it is used in combination with a technological delivery system, it is unable to attract a Medicare Benefits Schedule (MBS) item number." What is the Government doing to fix this funding oversight?
- e) Why can't the Federal Government directly fund this life-saving?
- f) Why can't the process be changed so that funding can be provided directly for this treatment - to alleviate the concerns being generated by Doctors, hospitals and most importantly the families of newborns who should be receiving this treatment in an optimal fashion?

Answer:

- a) The Department is familiar with a treatment called Nitric Oxide provided in public hospitals for treatment of babies suffering Hypoxic Respiratory Failure (commonly known as 'blue babies').

- b) The Department is aware of concerns voiced by both doctors, through the Australian and New Zealand Neonatal Network (ANZNN), as well as Ikaria (the company marketing the treatment).

In May 2009, the Department met with representatives from Ikaria to discuss the availability of Nitric Oxide within Australia. Ikaria was advised that purchasing decisions for in-hospital use is a decision that rests with States and Territories.

As each State and Territory sets its own priorities to determine how to best allocate its funding, the Department has advised the ANZNN to raise their concerns about the availability of inhaled nitric oxide treatment in public hospitals with each jurisdiction's respective health minister.

- c) The Department is aware that the continued supply of Nitric Oxide places financial pressures on some hospitals.
- d) The purpose of the PBS is to subsidise medicines and medicinal preparations. From time-to-time it is suggested that the PBS be used to help meet the cost of medical aids and appliances. However the Scheme was not designed for this purpose. Further, under current arrangements the PBS does not fund medicines, or treatments provided to admitted patients in public hospitals, such as Nitric Oxide to treat 'blue babies'. Medicines are listed on the PBS which includes Highly Specialised Drugs (HSDs) on the advice of the Pharmaceutical Benefits Advisory Committee (PBAC), the independent, expert advisory body comprised of doctors, other health professionals and a consumer representative.
- e) The PBAC considers applications from companies for PBS or HSD listing having regard to the clinical effectiveness and cost-effectiveness of medicines in comparison to other available treatments.
- f) The Australian Government provides state and territory governments with funding for public hospital inpatient and outpatient services, including funding for pharmaceuticals provided to all admitted patients. However, the type of pharmaceuticals used in public hospitals for admitted patients is a matter for consideration between doctors and hospital administrators.