

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Supplementary Budget Estimates 2010-11, 20 October 2010

Question: E10-076

OUTCOME 2: Access to Pharmaceutical Services

Topic: CLAUSE 16 OF MEMORANDUM OF UNDERSTANDING (MOU)

Written Question on Notice

Senator Fielding asked:

Given that Clause 16 of the MoU prohibits the Government from introducing therapeutic groups - an important policy tool that allows Government to set the price of medicines delivering the same health outcome at the same price, can the Department explain how this will not eventually give the on-patent sector a significant advantage?

Answer:

Since they were first introduced in 1997, therapeutic groups have contributed to the long term sustainability of the Pharmaceutical Benefits Scheme (PBS) by ensuring the Government pays the same price for medicines that deliver similar health outcomes.

While the MoU precludes the formation of any new therapeutic groups for the duration of the agreement, it does not preclude new drugs to be included in existing therapeutic groups.

Further, the MoU provides for:

- a) reforming of the three therapeutic groups that were disallowed in March 2010;
and
- b) the Government to form further new therapeutic groups if it considers a manufacturer is seeking to list a minor variation of an already listed drug, and the PBAC says the new drug offers no meaningful clinical advantage over the existing drug.

Based on the medicines currently available on the PBS, there are no immediately identifiable therapeutic groups that could be formed during the period of this MoU that would generate substantial savings.