

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Supplementary Budget Estimates 2010-11, 20 October 2010

Question: E10-077

OUTCOME 2: Access to Pharmaceutical Services

Topic: CLAUSE 20 OF THE MEMORANDUM OF UNDERSTANDING (MoU)

Written Question on Notice

Senator Fielding asked:

Given that Clause 20 of the MoU prohibits the Government from introducing any measure of favour prescribing or dispensing of generic medicines without the agreement of Medicines Australia, can the Department explain how this will not eventually give the on-patent sector a significant advantage?

Answer:

This is not correct. Clause 20 states ‘during the period of this MoU, the Commonwealth undertakes not to introduce any measure (noting paragraph 21), which favours the prescribing or dispensing of generic brands of a drug over originator brands of the same drug, for which the approved price to pharmacists (or where agreed as the approved ex-manufacturer price, the ex-manufacturer price) is the same’.

This means that where the price of the off patent drug is the same, the Government will not introduce any measure that advantages a brand supplied by a generic manufacturer over an originator brand.

Further the MoU acknowledges the Government’s measures to encourage the dispensing of premium-free brands and funding of a generic awareness campaign.

Clause 21 states ‘both parties agree that the Commonwealth can continue with its \$1.53 (or as indexed from time to time) incentive in relation to the dispensing of premium-free brands of drugs’.

Through the 2010-11 Budget, the Government has provided a further \$9.85 million to the National Prescribing Service to implement a second public awareness and education campaign, designed to build on the success of the 2008 campaign. This campaign is expected to commence in early 2011.