

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Supplementary Budget Estimates 2011-2012, 19 October 2011

Question: E11-189

OUTCOME 2: Access to Pharmaceutical Services

Topic: PHARMACEUTICAL BENEFITS SCHEME SAVINGS

Written Question on Notice

Senator Adams asked:

The MOU between the Department of Health and Ageing and Medicines Australia is expected to generate savings of \$1.9 billion over five years.

Please provide the Committee with an update of the savings generated to date, including:

- a) The savings generated from the 2 per cent reduction applied on 1 February 2011 under clause 11.
- b) The savings generated from the 5 per cent reduction applied on 1 February 2011 under clause 12.
- c) Details of any products that were exempt from the reductions, including an explanation of why they were exempt.
- d) Please provide the Committee with the details of any products that have received a price cut of 16 per cent under clause 20.
- e) Please provide the price before the 16 per cent cut was applied.

Answer:

a) and b)

As announced on 16 December 2011, the new prices for drugs subject to the Expanded and Accelerated Price Disclosure (EAPD) program which will come into effect on 1 April 2012, will ensure the Government achieves the \$1.9 billion in savings anticipated under the Memorandum of Understanding signed with Medicines Australia. This \$1.9 billion saving includes the EAPD savings, the savings from the one-off 2 per cent and 5 per cent statutory price reductions on 1 February 2011, and the increase from 12.5 per cent to 16 per cent of the statutory price reduction applied to a drug when it first becomes subject to brand competition.

The 2 per cent and 5 per cent statutory price reductions applied to all Pharmaceutical Benefits Scheme (PBS) listed brands of non-exempt pharmaceutical items containing drugs which were listed on the F2A and F2T formularies as at 11 October 2010, respectively. These reductions were required under the *National Health Act 1953* (the Act). The Act provided for exemptions from these price reductions in the following circumstances:

- Section 99ACG of the Act exempted pharmaceutical items from these reductions if a 12.5 per cent statutory price reduction or a price disclosure reduction had been applied previously; and
 - Section 84AH of the Act empowers the Minister to determine, by legislative instrument, that a pharmaceutical item is an ‘exempt item’ if the pharmaceutical item satisfies the criteria in that section. The intention of this exemption is to encourage availability of presentations of drugs that are used by a demographic subgroup, for example, a liquid presentation for children.
- c) Information on the items which were exempted from these statutory price reductions can be accessed through the PBS website www.pbs.gov.au and the Australian Government ComLaw website www.comlaw.gov.au and is reproduced in the following tables.

Table 1 – Items exempt from 1 February 2011 statutory price reductions because of previous 12.5 percent reduction (<http://www.pbs.gov.au/info/industry/pricing>)

No.	Drug	Manner of Administration	Date of effect (12.5% reduction)
1	Cefepime	Injection	1-Dec-10
2	Cephazolin	Injection	1-Dec-10
3	Hydroxocobalamin	Injection	1-Dec-10
4	Macrogol 3350	Oral	1-Dec-10
5	Omeprazole and clarithromycin and amoxicillin	Oral	1-Dec-10
6	Tacrolimus	Oral	1-Dec-10

Table 2 – Items exempt from 1 February 2011 statutory price reductions because of a previous price disclosure price reduction (<http://www.pbs.gov.au/info/industry/pricing>)

No.	Drug	Manner of Administration	Date of effect (Price disclosure reduction)
1	Carvedilol	Oral	1-Apr-10
2	Fluconazole	Oral	1-Apr-10
3	Vancomycin	Injection	1-Apr-10
4	Cefalotin	Injection	1-Aug-10
5	Doxorubicin	Injection/intravesical	1-Aug-10
6	Meloxicam	Oral	1-Aug-10
7	Mitozantrone	Injection	1-Aug-10
8	Ondansetron	Injection	1-Aug-10

Table 3 – Items exempt from statutory price reductions under section 84AH of the Act (see also PB58 of 2007 – Exempt Item Determination, <http://www.comlaw.gov.au>)

No.	Drug	Form/Strength	Manner of administration
1	Amisulpride	Oral solution 100 mg per mL, 60 mL	Oral
2	Amoxycillin	Powder for paediatric oral drops 100 mg (as trihydrate) per mL, 20 mL	Oral
3	Artemether with Lumefantrine	Tablet (dispersible) 20 mg-120 mg	Oral
4	Baclofen	Intrathecal injection 10 mg in 5 mL	Injection
5	Captopril	Oral solution 5 mg per mL, 95 mL	Oral
6	Carbamazepine	Oral suspension 100 mg per 5 mL, 300 mL	Oral
7	Ciprofloxacin	Ear drops 3 mg (as hydrochloride) per mL, 5 mL	Application to the ear
8	Clonazepam	Oral liquid 2.5 mg per mL, 10 mL	Oral
9	Clonazepam	Injection 1 mg in 2 mL (set containing solution 1 mg in 1 mL and 1 mL diluent)	Injection
10	Clozapine	Oral liquid 50 mg per mL, 100 mL	Oral
11	Cyclosporin	Oral liquid 100 mg per mL, 50 mL	Oral

No.	Drug	Form/Strength	Manner of administration
12	Cyclosporin	Capsule 10 mg	Oral
13	Cyclosporin	Solution concentrate for I.V. infusion 50 mg in 1 mL	Injection
14	Diazepam	Injection 10 mg in 2mL	Injection
15	Diclofenac	Suppository containing diclofenac sodium 100 mg	Rectal
16	Digoxin	Paediatric oral solution 50 micrograms per mL, 60 mL	Oral
17	Erythromycin	Powder for I.V. infusion 1 g (as lactobionate)	Injection
18	Escitalopram	Oral solution 10 mg (as oxalate) per mL, 28 mL	Oral
19	Fluconazole	Powder for oral suspension 50 mg in 5 mL, 35 mL	Oral
20	Frusemide	Oral solution 10 mg per mL, 30 mL	Oral
21	Glyceryl trinitrate	Sublingual spray (pump pack) 400 micrograms per dose, 200 doses	Sublingual
22	Indomethacin	Suppository 100 mg	Rectal
23	Ketoprofen	Suppository 100 mg	Rectal
24	Lacosamide	Oral solution 15 mg per mL, 200 mL	Oral
25	Levetiracetam	Oral solution 100 mg per mL, 300 mL	Oral
26	Levodopa with Carbidopa	Tablet 200 mg-50 mg (anhydrous) (modified release)	Oral
27	Methadone	Oral liquid containing methadone hydrochloride 25 mg per 5 mL, 200 mL	Oral
28	Methadone	Injection containing methadone hydrochloride 10 mg in 1 mL	Injection
29	Metronidazole	Suppositories 500 mg, 10	Rectal
30	Metronidazole	Oral suspension containing metronidazole benzoate 320 mg per 5 mL, 100 mL	Oral
31	Naproxen	Oral suspension 125 mg per 5mL, 474 mL	Oral
32	Nevirapine	Oral suspension 50 mg (as hemihydrate) per 5 mL, 240 mL	Oral
33	Oestradiol	Vaginal tablets 25 micrograms, 15	Vaginal
34	Ondansetron	Syrup 4 mg (as hydrochloride dihydrate) per 5 mL, 50 mL	Oral
35	Paracetamol	Oral liquid 120 mg per 5 mL, 100 mL	Oral
36	Paracetamol	Oral liquid 240 mg per 5 mL, 200 mL	Oral
37	Paracetamol	Tablet 665 mg (modified release)	Oral
38	Paracetamol	Suppositories 500 mg, 24	Rectal
39	Prochlorperazine	Suppositories containing prochlorperazine equivalent to 25 mg prochlorperazine maleate, 5	Rectal
40	Prochlorperazine	Injection containing prochlorperazine mesylate 12.5 mg in 1 mL	Injection
41	Ranitidine	Syrup 150 mg (as hydrochloride) per 10 mL, 300 mL	Oral
42	Risperidone	Oral solution 1mg per mL, 100 mL	Oral
43	Roxithromycin	Tablet for oral suspension 50 mg	Oral
44	Salbutamol	Oral solution 2 mg (as sulfate) per 5 mL, 150 mL	Oral
45	Salbutamol	Pressurised inhalation in breath actuated device 100 micrograms (as sulfate) per dose, 200 doses (CFC-free formulation)	Inhalation by mouth
46	Terbinafine	Cream containing terbinafine hydrochloride 10mg per g, 15g	Application
47	Tipranavir	Oral liquid 100 mg per mL, 95mL	Oral
48	Tramadol	Oral drops containing tramadol hydrochloride 100 mg per mL, 10 mL	Oral
49	Valganciclovir	Powder for oral solution 50 mg (as hydrochloride) per mL, 100mL	Oral
50	Valproic acid	Tablet, crushable, containing sodium valproate 100 mg	Oral
51	Valproic acid	Oral liquid containing sodium valproate 200 mg per 5mL, 300 mL	Oral
52	Valproic acid	Oral solution containing sodium valproate 200 mg per 5mL, 300 mL	Oral

No.	Drug	Form/Strength	Manner of administration
53	Verapamil	Injection containing verapamil hydrochloride 5 mg in 2mL	Injection

d) and e)

Tables 1, 2 and 3 below provide details of the pharmaceutical items which took a 16 per cent statutory price reduction on 1 April 2011, 1 August 2011 or 1 December 2011, the three occasions on which these reductions have taken place since the increase to 16 per cent was introduced. The tables also provide the price (dispensed price maximum quantity) before and after the price reduction.

Table 1 – Pharmaceutical Items which took a 16 percent statutory price reduction on 1 April 2011

No.	Drug	Form/Strength	Pack Size	Ma x Qty	Feb 11 Dispensed Price Maximum Quantity [†]	Apr 11 Dispensed Price Maximum Quantity [†]
1	Atenolol	Tablet 50mg	30	30	\$10.08	\$9.49
2	Epirubicin Hydrochloride	Solution for injection 100mg in 50ml	1	2	\$906.84	\$762.78
3	Epirubicin Hydrochloride	Solution for injection 10mg in 5ml	1	4	\$208.26	\$176.30
4	Epirubicin Hydrochloride	Solution for injection 200mg in 100ml	1	1	\$893.34	\$751.43
5	Epirubicin Hydrochloride	Solution for injection 20mg in 10ml	1	4	\$379.30	\$322.50
6	Epirubicin Hydrochloride	Solution for injection 50mg in 25ml	1	4	\$919.10	\$773.06
7	Filgrastim	Injection 300mcg in 1ml or in 0.5ml single use pre-filled syringe	10	20	\$3,008.00*	\$2,515.54*
8	Filgrastim	Injection 480mcg in 1.6ml or in 0.5ml single use pre-filled syringe	10	20	\$4,814.00*	\$4,032.58*
9	Idarubicin Hydrochloride	Solution for IV injection 10mg in 10ml	6	6	\$2,104.80	\$1,778.41
10	Idarubicin Hydrochloride	Solution for IV injection 5mg in 5 ml	3	3	\$568.88	\$478.89
11	Isotretinoin	Capsule 10mg	60	60	\$89.37	\$76.09
12	Isotretinoin	Capsule 20mg	60	60	\$135.70	\$115.02
13	Isotretinoin	Capsule 40mg	30	30	\$123.11	\$104.44
14	Pioglitazone	Tablet 15mg (as hydrochloride)	28	28	\$61.52	\$53.00
15	Pioglitazone	Tablet 30mg (as hydrochloride)	28	28	\$91.19	\$77.62
16	Pioglitazone	Tablet 45mg (as hydrochloride)	28	28	\$116.64	\$99.01
17	Risedronate Sodium	Tablet 150mg	1	1	\$56.98	\$49.53
18	Risedronate Sodium	Tablet 30mg	28	28	\$304.62	\$259.79
19	Risedronate Sodium	Tablet 35mg	4	4	\$53.34	\$46.55
20	Risedronate Sodium	Tablet 5mg	28	28	\$53.34	\$46.55
21	Risedronate Sodium and	Pack containing 4 tablets risedronate sodium 30mg and	1	1	\$53.34	\$46.55

No.	Drug	Form/Strength	Pack Size	Max Qty	Feb 11 Dispensed Price Maximum Quantity [‡]	Apr 11 Dispensed Price Maximum Quantity [‡]
	Calcium Carbonate	24 tablets calcium carbonate 1.2g (equivalent to 500mg calcium)				
22	Risedronate Sodium and Calcium Carbonate with Colecalciferol	Pack containing 4 tablets risedronate sodium 35g and 24 sachets containing granules of calcium carbonate 2.5g (equivalent to 1g calcium) with colecalciferol 22mcg	1	1	\$53.34	\$46.55

[‡]General schedule prices, unless indicated otherwise. Dispensed price maximum quantity may not reflect exactly the 16% reduction as the reduction is calculated on the price exclusive of pharmacy mark ups and fees.

*Highly Specialised Drug (HSD) - public hospital price

Table 2 - Pharmaceutical Items which took a 16 percent statutory price reduction on 1 August 2011

No.	Drug	Form/Strength	Pack Size	Max Qty	Apr 11 Dispensed Price Maximum Quantity [‡]	Aug 11 Dispensed Price Maximum Quantity [‡]
1	Exemestane	Tablet 25 mg	30	30	\$180.18	\$152.38
2	Leflunomide	Tablet 10 mg	30	30	\$90.21	\$76.80
3	Leflunomide	Tablet 20 mg	30	30	\$133.99	\$113.57
4	Leflunomide	Pack containing 3 tablets leflunomide 100 mg and 30 tablets leflunomide 20 mg	1	1	\$207.57	\$175.64
5	Methylprednisolone	Powder for Injection 40 mg (as sodium succinate)	5	5	\$35.04	\$30.47
6	Methylprednisolone	Powder for Injection 1 g (as sodium succinate)	1	1	\$93.65	\$79.69
7	Methylprednisolone	Injection containing Methylprednisolone acetate 40 mg in 1 mL	5	5	\$24.23	\$21.38
8	Fentanyl	Transdermal patch 2.1 mg	5	5	\$47.16	\$41.53
9	Fentanyl	Transdermal patch 4.2 mg	5	5	\$56.28	\$49.46
10	Fentanyl	Transdermal patch 8.4 mg	5	5	\$95.38	\$81.58
11	Fentanyl	Transdermal patch 12.6 mg	5	5	\$127.28	\$108.37
12	Fentanyl	Transdermal patch 16.8 mg	5	5	\$155.76	\$132.30
13	Salbutamol	Pressurised inhalation 100 micrograms (as sulfate) per dose, 200 doses (CFC-free formulation)	1	2	\$15.22	\$13.82
14	Salbutamol	Pressurised inhalation 100 micrograms (as sulfate) per dose, 200 doses (CFC-free formulation)	1	1	\$10.82	\$10.12

No.	Drug	Form/Strength	Pack Size	Max Qty	Apr 11 Dispensed Price Maximum Quantity [‡]	Aug 11 Dispensed Price Maximum Quantity [‡]
15	Salbutamol	Capsule containing powder for oral inhalation 200 micrograms (as sulfate) (for use in Ventolin Rotahaler)	100	200	\$17.90	\$16.06

[‡]General schedule prices, unless indicated otherwise. Dispensed price maximum quantity may not reflect exactly the 16% reduction as the reduction is calculated on the price exclusive of pharmacy mark ups and fees.

Table 3 - Pharmaceutical Items which took a 16 percent statutory price reduction on 1 December 2011

No	Drug	Form/Strength	Pack Size	Max Qty	Aug 11 Dispensed Price Maximum Quantity [‡]	Dec 11 Dispensed Price Maximum Quantity [‡]
1	Dexamethasone	Injection containing dexamethasone sodium phosphate equivalent to 4 mg dexamethasone phosphate in 1 mL	5	5	\$18.08	\$16.22
2	Dexamethasone	Injection containing dexamethasone sodium phosphate equivalent to 8 mg dexamethasone phosphate in 2 mL	5	5	\$27.58	\$24.20
3	Temozolomide	Capsule 5 mg	5	5	\$73.75	\$62.98
4	Temozolomide	Capsule 20 mg	5	5	\$204.39	\$172.71
5	Temozolomide	Capsule 100 mg	5	5	\$808.22	\$679.93
6	Temozolomide	Capsule 140 mg	5	5	\$1,112.18	\$935.25
7	Temozolomide	Capsule 250 mg	5	5	\$1,863.31	\$1,567.45

[‡]General schedule prices, unless indicated otherwise. Dispensed price maximum quantity may not reflect exactly the 16% reduction as the reduction is calculated on price exclusive of pharmacy mark ups and fees.