

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Supplementary Budget Estimates 2011-2012, 19 October 2011

Question: E11-345

OUTCOME 2: Access to Pharmaceutical Services

Topic: PHARMACEUTICALS AND PHARMACEUTICAL SERVICES

Written Question on Notice

Senator Fierravanti-Wells asked:

Can the Department provide a list of all the individual medicines that have come off patent in the last two years and those anticipated to come off patent in the next two years; and can the Department provide details of the current and projected savings over the next two years as a result of the so called “patent cliff”. (Department should have this info, given it’s the basis for a substantial component of anticipated savings from PBS price disclosure).

- a) Does the Department provide this savings information to Cabinet when they are considering new medicines listings?
- b) Are these savings considered “offsets” or headroom for the listing of new medicines or are they disappearing into the Government’s budget black hole?

Answer:

a) – b)

The Pharmaceutical Benefits Scheme (PBS) is a significant program which will cost the Government around \$9.4 billion in 2011-12. The Government has added over 700 new or amended listings to the PBS since 2007-2008, at a cost of around \$4.5 billion. This includes over \$990 million for new or amended listings to the PBS in 2011.

The 2010 Budget announced further PBS reforms delivering savings of over \$1.9 billion over five years (2010-11 to 2014-15) and has been factored into the forward estimates. This includes the increase from 12.5 per cent to 16 per cent of the statutory price reduction applied to a medicine when it first becomes subject to brand competition. The remaining 12.5 per cent was already factored into the PBS Model for the Forward Estimates following the 2007 PBS Reforms.

In 2010 12 medicines became subject to brand competition on the PBS. They were:

- Clopidogrel;
- Memantine;
- Sorbitol with Sodium Citrate and Sodium Lauryl Sulfoacetate;
- Oxazepam;
- Galantamine;
- Prochlorperazine;

- Cefepime;
- Cephazolin;
- Hydroxocobalamin;
- Macrogol;
- Omeprazole and Clarithromycin and Amoxicillin; and
- Tacrolimus.

In 2011 14 medicines became subject to brand competition on the PBS. They were:

- Idarubicin hydrochloride;
- Pioglitazone;
- Atenolol;
- Risedronate sodium;
- Isotretinoin;
- Epirubicin hydrochloride;
- Filgrastim;
- Exemestane;
- Leflunomide;
- Methylprednisolone;
- Fentanyl;
- Salbutamol;
- Dexamethasone; and
- Temozolamide.

In the next two years around 12 drugs are due to come off patent. These drugs represent around \$1.15 billion of annual expenditure on the PBS. They include:

- Rosuvastatin;
- Atorvastatin;
- Esameprozole;
- Adrenaline;
- Candesartan Cilexetil with Hydrochlorothiazide;
- Dipyridamole with Aspirin;
- Doxorubicin Hydrochloride Pegylated Liposomal;
- Fluticasone Propionate;
- Mycophenolate Mofetil;
- Tacrolimus; and
- Valsartan.