



**Australian Government**  
**Department of Health and Ageing**

**SECRETARY**

Naomi Bleeser  
Committee Secretary  
Community Affairs References Committee  
Parliament House  
CANBERRA ACT 2600

Dear Ms Bleeser

**Inquiry into consumer access to pharmaceutical benefits**

Thank you for your letter dated 2 June 2010 requesting that the Department provide further information to the committee's inquiry into consumer access to pharmaceutical benefits. I would like to take this opportunity to clarify the relationship between the Therapeutic Group policy and the Memorandum of Understanding (MoU) with Medicines Australia.

Through the MoU the Government is providing pricing certainty for the pharmaceutical industry. It has committed to refrain from introducing new policy to generate price-related savings from the PBS over the next four years. This will deliver stability in medicine pricing policy for all the suppliers to the PBS in Australia.

In this broader policy context, the government has undertaken through the MoU not to form any new therapeutic groups over the period of the agreement unless the Commonwealth believes that a sponsor is seeking to list a minor variation of one of its already listed drugs ("evergreening"). The Commonwealth will provide sponsors with reasonable notice of its intention to form any new group, and seek sponsor comment prior to determination of any new group.

The three therapeutic groups which the Commonwealth announced an intention to form in the 2009 Mid-Year Economic and Fiscal Outlook, comprising drugs for the treatment of depression, osteoporosis and Paget disease do not represent new therapeutic groups and are not covered by the MoU. The Government may seek to form these groups again following the Senate's Inquiry.

Therapeutic groups remain a valuable pricing policy to reduce costs to the PBS. The policy reflects a 13 year long view of successive governments that PBS patients and taxpayers should pay comparable prices for similar health outcomes.

I trust that this information has been of assistance.

Yours sincerely

  
Jane Halton PSM  
Secretary

6 June 2010