Pharmaceutical Benefits Scheme

Delivering safe, affordable and clinically effective medicines to all Australians, while assuring value for taxpayers' money, must be a key government objective. This is reflected in the National Medicines Policy.

The Pharmaceutical Benefits Scheme (PBS) provides affordable access to necessary medicines for Australians.

Government spending on the PBS in 2016–17 was approximately $12 billion. This has more than doubled in the past decade due to:

- advancements in medicines, including a shift from traditional 'small molecule' medicines for large patient populations, to targeted biologics for smaller patient sub-groups
- an increased rate of prescribing
- an ageing population.

The Pharmaceutical Benefits Advisory Committee (PBAC) has the primary role of recommending which medicines should be subsidised under the PBS based on consideration of the comparative effectiveness and cost of each medicine. Following a positive recommendation, price negotiation and budget impact estimates are undertaken by the Commonwealth Department of Health, to support the recommendation put to the Australian Government Minister for Health for listing. Decisions with a budget impact greater than $20 million in any forward years are referred to Cabinet.

Most of the listed medicines are dispensed by community pharmacists and used by patients at home. However, for those states/territories signed up to the Public Hospitals Pharmaceutical Reform Agreement (all except ACT and NSW), the PBS also covers the supply of medicines for people being discharged from hospital, accessing chemotherapy or attending outpatient clinics. The PBS also extends to private hospital patients.

The Closing the Gap (CTG) PBS Measures were introduced in 2010 to support medicines access for Aboriginal and Torres Strait Islander people. The measure is effective but gaps in access across different settings have been identified (e.g. on hospital discharge, those accessing care through Remote Area Aboriginal Health Services and those accessing care from providers unfamiliar with CTG PBS Measures).

AHHA POSITION:

- Governments should commit to timely approval of PBAC recommendations.
- The scope of the PBAC should be expanded to include formal ongoing review of currently listed items, aimed at iterative removal of items when they are superseded by higher-value options.
- The Commonwealth should negotiate better prices for medicines and should only pay for the best-value medicine when more economical ones work just as well as more costly ones.
- The therapeutic group premium policy applies to medicines with similar safety and health outcomes. Strengthening the policy will prevent inappropriately high prices for marginal innovations, e.g. by increasing the number of therapeutic groups to better reflect interchangeable medicines and ceasing the exclusion of medicines subject to price disclosure.
- The Commonwealth should pursue further efficiencies through the continuation of price disclosure mechanisms, including benchmarking prices to those paid by comparable countries, and increasing confidence in generic medicines.
- There should be greater transparency regarding PBAC monitoring of postmarketing surveillance and compliance with quality use of medicines (QUM) plans put forward by sponsors, to ensure desired outcomes are achieved.
- Pay-for-performance and other innovative business models for subsidising medicines should be explored between pharmaceutical companies and funders to reward actual contribution to achieving health outcomes and support timely uptake of advancements in medicines.
- High co-payments may discourage use of beneficial medications and potentially increase downstream costs. Individual out-of-pocket costs should be contained, with consideration for all out-of-pocket health care expenses.
- CTG PBS Measures should be changed to enable provision of key medicines to Aboriginal and Torres Strait Islander patients regardless of setting.
- International trade agreements should ensure Australia retains independent, sovereign control in the listing and pricing of medicines, including avoiding inclusion of intellectual property provisions.

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