

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.

Australian Government spending on the PBS in 2018–19 was approximately \$12 billion. This significant increase in the past decade is 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.

Once a medication is approved for use in Australia by the Therapeutic Goods Administration (TGA), an application can be made for it to be listed on the PBS.

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 Australian 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. Reforms scheduled for the second half of 2021 will remove restrictions to patient eligibility relating to place of residency and chronic disease status, introduce a central registration system, allow all PBS prescribers and Aboriginal Health Practitioners to register patients and expand eligible prescribers to include hospital prescribers. However, dispensing can still only occur through a community pharmacy.

For information: Alison Verhoeven, Chief Executive, 0403 282 501

© Australian Healthcare and Hospitals Association, 2020. All rights reserved.
Released August 2020

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 superseded by higher-value options.
- ✧ The Australian Government should negotiate better prices for medicines and only pay for the best-value medicines when outcomes are compared.
- ✧ The therapeutic group premium policy, applicable to medicines with similar safety and health outcomes, should be strengthened to 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 Australian Government 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 post-marketing surveillance and compliance with quality use of medicines (QUM) plans put forward by sponsors to ensure desired outcomes.
- ✧ Innovative, value-based 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.
- ✧ Pharmaceutical out-of-pocket costs should be contained as high co-payments may discourage use of beneficial medications and increase downstream health care cost.
- ✧ CTG PBS Measures should be changed to enable dispensing of medicines to Aboriginal and Torres Strait Islander patients from hospital pharmacies at discharge.
- ✧ International trade agreements should ensure Australia retains independent, sovereign control in the listing and pricing of medicines, including avoiding inclusion of intellectual property provisions.
- ✧ Pharmaceutical patent quality and regulation should be enhanced. The costly extension of pharmaceutical patents for PBS listed medications should be reformed in line with recommendations from the Productivity Commission.