

PBS shake-up in free trade deal

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Australia will "make improvements to the transparency and timeliness" of the [Pharmaceutical Benefits Scheme](#) [1]

But despite government assurances that the price of prescription medicines will not rise under the deal, there are widespread fears among community activists that the proposed changes could lead to a watering-down of the scheme.

Under the deal, Australia will establish an independent process to review the decisions of the Pharmaceutical Benefits Advisory Committee (PBAC), the 12-person independent body which advises the government on PBS listings. Health and consumer advocates have expressed concern that the PBAC could have its decisions overturned by the review process.

During negotiations for the agreement, the powerful US pharmaceutical lobby is believed to have lobbied for changes to the PBS, under which Australians pay up to 75 percent less for prescription drugs than US consumers.

The industry argued that the scheme is 'anti-competitive'.

Health advocates have expressed concern that the proposed review process may provide a mechanism for drug companies to appeal against decisions of the PBAC not to list their products.

Martyn Goddard, Health Policy Officer of the Australian Consumers Association, argues that the review process could delay important anti-HIV drugs from reaching consumers.

The appeals process will take "months or years," Goddard told ABC Radio. "Now, that will also have the effect of increasing prices on the PBS because the company will have a second bite at the cherry, and it will know that if it puts into the PBAC for a price that the PBAC will reject, it may not really matter, because they've now got a second bite at the cherry," he said.

The deal also includes important provisions in relation to locally produced generic alternatives to existing medicines. Under the change, pharmaceutical manufacturers who are planning to produce generic drugs would have to notify the Therapeutic Goods Administration ([TGA](#) [2][Therapeutic Goods Administration] The federal government body that approves drugs and treatments before they can be prescribed.), who would then pass that information on to the patent holder for that drug.

Although the details of changes to the PBS process are still to be finalised, the health minister, Tony Abbott, insists the [effectiveness](#) [3](Of a drug or treatment). The maximum ability of a drug or treatment to produce a result regardless of dosage. A drug passes efficacy trials if it is effective at the dose tested and against the illness for which it is prescribed. In the standard procedure, Phase II clinical trials gauge efficacy, and Phase III trials confirm it. of the PBAC will be unaffected by a review process which he says is designed to inject greater transparency and accountability into the process.

"The PBAC remains the gatekeeper to the PBS and the PBAC will continue to make decisions based on cost effectiveness," he told ABC Radio.

"Now, if a company applies to have a drug listed on the PBS and the PBAC knocks them back, they will be able to appeal through a process which is yet to be determined, but which will be negotiated over the next few months," he said.

Established in 1948, the PBS subsidises close to 160 million prescriptions a year at a cost to taxpayers of about \$5 billion. Decisions to list drugs on the scheme are made by the health minister based on the recommendations of the PBAC — the minister can ignore the PBAC recommendation and refuse to list a drug, but can't list drugs which have not been recommended for listing by the PBAC.

[Pharmaceutical Benefits Scheme](#)

Links:

[1] <http://www.napwa.org.au/glossary/term/121>

[2] <http://www.napwa.org.au/glossary/term/113>

[3] <http://www.napwa.org.au/glossary/term/486>