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AUSTRALIAN SELF-MEDICATION INDUSTRY

**Submission to the
Senate Finance and Public Administration Committee**

in relation to its

Enquiry into COAG Reforms Relating to Health and Hospitals

June 2010



BETTER HEALTH THROUGH RESPONSIBLE SELF CARE



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THIS SUBMISSION

The Australian Self-Medication Industry (ASMI) represents the interests of the Australian non-prescription medicines industry. Some brief information about ASMI can be found at Attachment 1. We will be happy to supply further information about our industry if desired.

THE NON-PRESCRIPTION MEDICINES INDUSTRY

The non-prescription medicines industry¹ makes a very significant contribution to the health of Australians. Whether our products are used for health maintenance (such as vitamins, minerals or herbal supplements) or for treatment of minor ailments, Australians benefit from having access to a wide range of quality and efficacious medicines.

ASMI strongly supports the principle of responsible self-medication. This must be practised by producers and consumers alike. Much of our industry's commercial activity is underpinned by self-regulatory codes, and the Therapeutic Goods Act provides a strong regulatory regime, as laid down by the Parliament.

Industry believes that a strong, yet flexible, regulatory framework is provided by the Therapeutic Goods Administration (TGA) in its administration of the legislation. In broad terms, and for the most part, we pursue a useful partnership with the regulator, to the benefit of consumers of our products.

THE HEALTH REFORMS

ASMI welcomes this Committee inquiry about the recently announced health reforms. We understand that the range and scope of the changes are significant, touching many areas of public health policy, practice and funding.

Important themes running through all these major reforms are of significant interest to the medicines industry. These include:

- the need to get value for money in public health outlays and therefore to combat waste and inefficiency;
- the need to switch emphasis from curative treatment to a more inclusive practice of preventative health;
- the rising necessity for people to take responsibility for their own health; and

¹ Non-prescription medicines are often referred to also as "OTC" – over-the-counter.

- the need for greater “health literacy” among the Australian population generally.

ASMI believes that, in respect of each of these reform principles, the non-prescription medicines industry can make important contributions. In particular, we submit that adoption of our Self-Care proposal – described below – will:

- encourage people to take greater responsibility for their own health;
- ease pressure on scarce health professionals and reduce the cost of the PBS and Medicare refunds;
- open the way for significant cost savings in public health outlays; and
- result in no diminution in public health standards.

WHAT IS SELF-CARE?

At Attachment 2 is ASMI’s Self-Care policy proposal. It is based on research commissioned by ASMI² about people’s visits to medical practitioners seeking treatment for a range of minor ailments³ and/or for repeat prescriptions for known chronic conditions.⁴

It stands to reason that, if people pay fewer visits to their doctor but rather consult their pharmacist and/or self-medicate for minor, transient, conditions, efficiencies in the delivery of health services will have these results:

- Costs of Medicare will be less;
- Out-of-pocket expenses to patients (gap payments; time off work; travel costs) will be lower;
- Costs to the PBS will be lower;

² At Attachment 3 is a report by David L. Gadiel, of Health Care Intelligence Pty Ltd (“the Gadiel Report”) showing how much medical practitioner time is devoted to treating a range of common minor ailments, and the range of treatments given or recommended.

³ The main most common ailments for which Australians visit the doctor were identified in the Gadiel Report as:

Acute upper respiratory tract infection
Dorsalgia
Diarrhoea and gastro
Back pain
Joint pain
Cough
Viral infection
Malaise and fatigue
Headache
Constipation.

⁴ Such conditions include prescribing on a repeat basis statins, blood pressure medications, proton pump medicines, and many others on which people rely to maintain their health, and on which, in many cases, they will rely for the rest of their lives.

- People will be taking greater responsibility for their health and learning to understand their own needs better.

It may be said that such a significant change in community health care could put people at risk. However:

- For one thing, we envisage greater opportunities for pharmacists to exercise their professional skills, as more people come to learn they can rely on their advice.
- For another, however, recent experience in the UK – where comparable reforms were adopted a couple of years ago – shows that there have been no adverse effects on community health. Indeed, the very improvements we outlined above are being observed in Britain now.⁵

PREVENTATIVE HEALTH

It is also the case that people are increasingly looking after themselves to maintain good health and/or to avoid illness. Many routinely take vitamins, minerals or herbal medicines appropriate to their lifestyle. Two common ailments – osteoporosis and arthritis - are amenable to treatment with calcium (plus vitamin D) and glucosamine respectively.

Another example of health-maintaining self-medication is micro dosages of aspirin for those at risk of cardiovascular events. Many other examples could be cited.

Health maintenance in these ways is directly relevant to the health reforms, especially those proposed in the Preventative Health Report. We take it to be the Government's intention to advance the objectives identified in that Report.

THE HEALTH REFORMS

While ASMI commends many of the Government's initiatives, which are the subjects of this Committee's examination, we also believe more should and can be done to promote a climate of self-care, with people encouraged to practice responsible self-medication.

⁵ Reproduced at Attachment 4 is a report by PAGB – ASMI's sister organisation in the UK - entitled *Making the case for self care of minor ailments*.

In a submission to the Treasurer prior to the Budget consideration, ASMI made a proposal for a pilot study to advance the ideas outlined in this paper. It is at Attachment 5. ASMI regrets that the Government did not take up our proposal. We continue to believe, however, that the ideas advanced then would, if adopted, produce significant savings in public outlays, as well as benefiting public health.

ASMI respectfully requests the Committee so to find.

ASMI's own consumer research gives us confidence to say that people take their medicine choice decisions very seriously. Fears that are sometimes expressed - that people will over-consume or use their medicines inappropriately - have little basis in objective social research of consumer behaviour. The whole Australian medicines regulatory regime – including controls to ensure advertising is truthful and appropriate – gives consumers every reason to trust and rely on the products ASMI's members offer for sale. Where appropriate, medicines deemed safe enough not to require a prescription may nevertheless be required to be sold through a pharmacy. Thus people have access to a pharmacist's professional advice at the place and time of purchase.⁶

THE GST – A PERVERSE INCENTIVE

Many, but not all, non prescription medicines are not GST-free.⁷ It follows that there is a perverse incentive actually to prescribe medicines under the PBS rather than to suggest recourse to more commonly available over-the-counter products.⁸

Ever since the GST was introduced, ASMI has consistently urged that all medicines which are listed or registered on the Australian Register of Therapeutic Goods should be GST-free. We take this position on grounds of equity but also because it would mitigate the perverse incentive to prefer PBS medicines as against over-the-counter products.

⁶ For example, about side effects, drug interactions and appropriate dosages.

⁷ Medicines for which a prescription is not required but **are** GST-free include

- all Pharmacist-only (S3) and Pharmacy-only (S2) medicines
- small packs of analgesics
- a small category of originally selected medicinal items – condoms, folate tablets, anti-smoking treatments and sun-screens.

⁸ Pharmaceutical Benefit medicines are GST-free. As well, they are commonly but erroneously regarded as “free” to the consumer, despite the co-payment arrangements; and despite the huge and ever-rising cost of the PBS to all taxpayers.

CONCLUSIONS

ASMI offers no objection to the COAG-mediated reforms which are under examination by the Committee.

Necessary as these reforms are, however, we feel they relate more to issues about Commonwealth-State financial arrangements than to the actual delivery of health services. Therefore, **we urge the Committee to look beyond what has been announced and to recommend favourable consideration of our Self-Care proposal.**