



20 March 2013

Committee Secretary
Senate Community Affairs References Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Committee Secretary

Supply of chemotherapy drugs such as Docetaxel

The Consumers Health Forum of Australia (CHF) welcomes the opportunity to provide a submission to the Senate Community Affairs References Committee's (the Committee) Inquiry into the supply of chemotherapy drugs such as Docetaxel.

CHF is the national peak body representing the interests of Australian healthcare consumers. CHF works to achieve safe, quality, timely healthcare for all Australians, supported by accessible health information and systems.

In late 2012, several providers of chemotherapy services and other stakeholders raised concerns about the imminent price cut to the chemotherapy drug Docetaxel. This price cut, of more than 70 percent, was part of the Government's price disclosure policy, which brings Government expenditure on Pharmaceutical Benefits Scheme (PBS) medications in line with the market prices for these medications being paid by pharmacies.

Concerns about the price cut were based on the argument that there are elements of the delivery of chemotherapy drugs that were, until 1 December 2012, cross-subsidised by the substantial difference between the price paid by Government for chemotherapy drugs and the market price of these medications.

CHF rejects the argument that it is appropriate for the Government to continue to pay inflated costs for chemotherapy drugs in order to cross-subsidise other elements of the delivery of these drugs. It was never the intention of pharmaceutical pricing that the price paid by Government should be used to fund anything other than the cost of the drug.

Critics of the price cut argued the reduction in price would make the delivery of chemotherapy services unviable, as the excess paid by Government for the drug was used to cross-subsidise the preparation of chemotherapy drug infusions and other aspects of chemotherapy treatment. They threatened that the price reduction would eventually result in a collapse in the current system for the preparation and supply of chemotherapy drugs through private hospitals and clinics, leading to:

- An influx of cancer patients to the public hospital system, particularly in regional and rural areas
- The introduction of additional charges to enable the private system to remain viable
- Severe disruption for patients.

CHF has significant concerns about the way in which some stakeholders have effectively sought to hold the Government to ransom by threatening the withdrawal of services and the imposition of high out of pocket costs for consumers just a few weeks before price reductions were due to take effect. The safety of consumers and their access to essential treatments must be paramount.

It is unacceptable that some groups have sought to conduct emotive campaigns threatening vulnerable health consumers with substantial out of pocket costs or even withdrawal of services for what are essential, life-saving treatments.

Concerns have also been raised that consumers will pay more for Docetaxel as a result of the price reduction. This is incorrect; the amount that consumers will pay will continue to be limited to the PBS co-payment (currently \$36.10, or \$5.90 for concession card holders). The real issue behind these concerns has never been about what consumers will pay – it is about reimbursement for pharmacies.

CHF strongly supports the Government's price disclosure policy, which ensures that the Government is paying only the market price for medications, and enables savings to be redistributed to other areas of health need. This represents a saving to Government, taxpayers and, in some cases, individual consumers. In the case of Docetaxel, the Government was paying up to \$2,800 above the market price prior to the price reduction, which saw the price drop by more than 70 percent.

CHF understands that the Government has held discussions with pharmacists, private hospitals, private health insurers and other stakeholders to determine whether the ongoing viability of the delivery of chemotherapy drugs will be affected, and how this can be addressed. In the meantime, we are reassured that the cost to individual consumers will be limited to the PBS co-payment.

CHF recognises the complexity and cost involved in dispensing chemotherapy drugs, but argues that any Government funding of the delivery of chemotherapy drugs should accurately reflect the cost of delivering each component. Pharmaceutical pricing arrangements are not, and were never, intended to cross-subsidise other elements of the delivery of drugs. The cross-subsidy arrangements that have been in place to date are impractical and very far from transparent.

The delivery of a service, if considered necessary, should be transparently and specifically funded, not cross-subsidised through the price that is reimbursed for the medicine itself.

CHF appreciates the opportunity to provide a submission to the Inquiry. Should you wish to discuss these comments in more detail, please do not hesitate to contact me.

Yours sincerely,

Carol Bennett
CHIEF EXECUTIVE OFFICER