

**Senate Community Affairs Committee**

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

**Supplementary Budget Estimates 17 & 19 October 2012**

**Question:** E12-208

**OUTCOME 2:** Access to Pharmaceutical Services

**Topic:** COST OF PHARMACEUTICALS

**Type of Question:** Written Question on Notice

**Number of pages:** 2

**Senator:** Senator Di Natale

**Question:**

Given the substantial savings on the cost of pharmaceuticals that have been realised through price disclosure measures, and the potential for major discounting in the first month after a generic medicine has been introduced to the market because the first month of sales is not included in price disclosure figures, has consideration been given to changing the price disclosure mechanism to remove the exclusion on the first month of sales and provide a true picture of the discounts that are provided?

**Answer:**

The Government has not seen any evidence that discounting behavior during the first month exclusion period differs from behavior for subsequent months. In addition to providing space for market competition to be generated, the one month exclusion also ensures the initial period of market competition does not disproportionately affect any potential price reduction. As competition in the market is what generates price cuts, it is important to strike the balance between allowing new products to establish a market and ensuring taxpayers benefit from that discounting. The Government will however continue to monitor the sales and volume data provided by companies to ensure this does not become an issue.