

Pharmaceutical Benefits Scheme (PBS) Deferrals

Statement of principles of commitment between stakeholders

1. Following the Government's decision in February 2011 to defer the listing, extension to listing and price increases of some medicines recommended by the Pharmaceutical Benefits Advisory Committee (PBAC) and the Pharmaceutical Benefits Pricing Authority (PBPA), the Prime Minister committed to working with key stakeholders toward a resolution to this issue by 30 September 2011.
2. This document reflects the core components, principles and processes for resolution of the deferrals policy developed between the Government, Medicines Australia (MA), Consumers Health Forum (CHF) and the Generic Medicines Industry Association (GMIA).
3. The medicines and price increases recommended by the PBAC in November 2010 and the PBPA in December 2010 and which were subsequently deferred by Government in February 2011 will be listed immediately (1 December 2011).
4. While noting the Government's right and discretion to consider all drugs for listing, (including Cabinet's long-standing ability to consider any listings that cost more than \$10 million in any one year of the forward estimates), the Government will not defer the listing of any medicine [recommended by the Pharmaceutical Benefits Advisory Committee (PBAC)] or any price increase [recommended by the Pharmaceutical Benefits Pricing Authority (PBPA)] where the listing or price increase costs less than \$10 million per year in each forward estimates year, for a period of 12 months to 1 October 2012.
5. All parties will support technical amendments to the *National Health Act 1953* (the Act) and the *National Health (Pharmaceutical Benefits) Regulations 1960* (the Regulations) to correct anomalies (eg: capturing medicines that do not have a unique price for a brand, i.e. have non-proportional pricing for different pack sizes), noting that it is the intent to only generate those savings originally intended as arising from the Government-MA Memorandum of Understanding (MOU). A summary of the proposed changes is provided at Appendix 1.
6. MA, GMIA and CHF commit to entering a short term process to discuss with Government (i) ways to manage deferrals into the future and (ii) savings that could be considered in the 2012-13 Budget. Meetings will occur throughout October and November 2011 with a paper to be provided to Government by 12 December 2011.
7. MA, GMIA and CHF commit to entering a long term process to discuss savings and any other measures which could be pursued when the MOU expires in 2014. Meetings will commence in June 2012 with a paper to be provided to Government by June 2013.
8. All parties acknowledge the need to consider PBS policy in light of the objectives of the National Medicines Policy, namely: timely access to the medicines that Australians need, at a cost individuals and the community can afford; medicines meeting appropriate standards of quality, safety and efficacy; the quality use of medicines; and maintaining a responsible and viable medicines industry.

9. Further, all parties acknowledge (i) the independence and integrity of the PBAC and (ii) the Government's long standing and continuing right to accept or not accept PBAC recommendations.

10. Notwithstanding the Cabinet's right to make decisions under clause 4 and clause 9(ii), this does not imply that MA, GMIA and CHF support Government decisions to defer or reject the listing of and price increases for medicines and reserve the right to comment on such decisions.

11. All parties support an announcement by the Government on or around 30 September 2011 reflecting the general content of the package of measures committed to in this document.

SIGNED

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