

## **Subsidised drug prices under threat: warns academic**

**Dr Tom Faunce**

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**Reporter: Simon Santow**

MARK COLVIN: Australians have long taken access to relatively cheap medication for granted but now there's a warning that subsidised drug prices could be under threat.

Dr Thomas Faunce from the Australian National University says the public should be concerned about proposed changes to the long established Pharmaceutical Benefits Scheme.

But the Health Minister Tony Abbott says there's no evidence to support Dr Faunce's arguments.

Simon Santow reports.

SIMON SANTOW: The Pharmaceutical Benefits Scheme or PBS arouses strong passions in people like Dr Thomas Faunce, a senior lecturer in both medicine and law at the Australian National University.

THOMAS FAUNCE: I think people have to be aware that this is their PBS. It arose because of a constitutional referendum in 1946. The majority of people, in the majority of States, voted for this PBS.

It's a unique institutional representation of equity and fairness. And if we strip this out of our system then we really are in danger of becoming a very individualistic and competitive society.

SIMON SANTOW: Dr Faunce is convinced changes to the system currently before Parliament will mark the beginning of the end.

The key, he argues, is any change that might be made to reference pricing.

Currently drug manufacturers are able to gain access to the scheme only if they are price-competitive. And that their product compares with existing patented, or brand name, as well as generic drugs.

Being listed on the PBS guarantees sales by volume, as the cost of the drug is subsidised by the Government, making it affordable for patients.

Dr Faunce from the Australian National University.

THOMAS FAUNCE: These changes will lead to higher prices for patented drugs.

Essentially what they're doing is replacing a scientific evidence-based process of assessing the value of those drugs, with a very loose, marketing standard based on the words interchangeable on an individual patient basis.

It's very hard to compare two drugs using that standard.

SIMON SANTOW: The Health Minister Tony Abbott says Dr Faunce's views are coloured by prejudice against any change.

TONY ABBOTT: What we're doing here with PBS reform is, we are trying to get much lower prices for generic drugs, so that we can achieve headroom to put onto the PBS the new and innovative drugs that will become available for people with very serious diseases.

I think it's really up to Dr Faunce to present evidence, rather than simply replay prejudice on this topic.

SIMON SANTOW: All right well what assurances can you give the Australian public about the price of patented drugs under your changes?

TONY ABBOTT: Well the price of patented drugs will be negotiated between the Government and the pharmaceutical companies that are wishing to bring them onto the market.

The price of generic drugs will drop very dramatically under this reform.

SIMON SANTOW: Tony Abbott says his priority is to bring down the price of generic medicines, but broadly speaking he doesn't want to see any drug price rises.

TONY ABBOTT: Well I have no reason whatsoever to think that the Government is suddenly going to pay more than we have to for patented drugs.

We will pay the lowest possible price for patented drugs consistent with actually getting them onto the market, provided they are cost effective and that's always been the rule and absolutely in these changes will alter that.

MARK COLVIN: The Health Minister Tony Abbott speaking to Simon Santow.

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