Pharmaceuticals

AUSTRALIAN DEMOCRATS ACTION PLAN
PHARMACEUTICALS
HEALTH AND AGEING

The Democrats are committed to making medicines available to all Australians at affordable prices. Pharmaceuticals - whether prescription drugs, over-the-counter medication, complementary medicines or vaccines - play a major role in achieving and maintaining good health.

Our Action Plan

- Impose price-volume caps on all new drugs where any higher volumes than that agreed are paid for at a lower price;
- Establish a new, independent regulator for pharmaceutical marketing with responsibility for an improved and legislated code of conduct;
- Strengthen sanctions for breaches of the pharmaceutical marketing code of conduct;
- Increase funding for the National Prescriber Service for more independent drug detailers to replace drug reps to visit GPs to inform them about new drugs on the market;
- Replace the practice of pharmaceutical sampling with trial prescriptions at reduced prices;
- Ban pharmaceutical promotion in doctors' prescribing software;
- Regulate to ensure appropriate separation between funding to patient support groups and pharmaceutical companies;
- Tender PBS-listed pharmaceutical distribution rights;
- Tender government purchase of generics and remove subsidies for brand name product once out of patent;
- Conduct periodic reviews of the listing and price of drugs and tighten regulations on using expensive drugs for conditions where they are not warranted;
- Remove tax deductibility for PBS listed pharmaceutical promotion expenses;
- Extend the PBS into public hospitals;
- Fund research on complementary medicines;
- Extend the PBS safety net to same sex couples and families;
- Provide free of charge, nicotine replacement products and quit therapies;
- GST-free status for complementary health medicines, such as glucosamine sulphate, that are demonstrably effective;
- Software to advise GPs on the evidence for complementary medicines;
- Oppose the deregulation of pharmacies;
- Strengthen differential pricing mechanisms so that resource poor countries can access cheaper medicines in a transparent and predictable manner;

- Support international trade rules such as differential pricing medicines and public-good patents that protect peoples' access to essential goods such as life-saving medicines;
- Advocate for the development of a global framework on essential health research and development which overhauls the way medical research and development is prioritised and financed so that drugs are rewarded in proportion to their impact on the global burden of disease.

Issue one: Affordable medicines

In 2005-06 the Commonwealth paid $6 billion-plus in PBS subsidies.

Our PBS has delivered low cost medicines since 1948, saving lives, relieving pain and curing disease.

The Government says the PBS is growing too quickly and that costs are spiralling out of control but growth in spending on the PBS is at its lowest level in more than a decade.

Growth in spending on the PBS is now lower than all other major parts of the health budget – including public hospitals and the 30% Private Health Insurance Rebate.

That relative reduction in spending has come about because the Government has shifted more of the costs of medicines onto those who can least afford them.

The Government has

- increased co-payments (the amount that patients pay for one of the more than 2600 medicines on the PBS) by their **largest increase** amount ever - $5 per script in 2005
- made it **more difficult** to qualify for the PBS safety-net – this is the amount which a general patient has to spend on medicines in a calendar year before they are eligible for the lower concessional co-payment for medicines
- refused to allow same sex couples the same access to the PBS safety net as heterosexual couples and
- stopped some payments from qualifying towards the safety net at all.

The Democrats voted against all these measures, arguing that they were inequitable, and would stop people from accessing medicines, particularly people with low incomes and/or with chronic conditions.

There is some evidence too that pharmaceuticals found to be cost effective are not making it to the PBS.

A 2002 study showed that a whopping 21% of Australians did not fill their scripts because of high costs. This was **before** the 30% increase in the co-payments in 2005.

Issue two: Complementary and Preventive Health

Listing of drugs on the PBS requires evidence that they are cost effective, however, there is no such evidence-based decision-making in reaching a proper balance between funding for high cost pharmaceuticals and preventive and commonsense remedies.

Australians spend over $1.67 billion a year on complementary health therapies and products which are low risk options for wellness and minor ailment management.

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Nutritional supplements that are demonstrably effective could replace far more expensive drugs, however they are not publicly subsidised and attract the GST. (See also Complementary Health Issue Sheet)

The Government spends just 2% of its health budget on public health and just $2m on anti smoking - the most preventable cause of ill health and death.

Issue three: Promotion of Drugs

Pharmaceutical companies have a vested interest in promoting expensive drugs and do this in many ways – from advertising on free mugs, pens and mouse pads through to free business class travel to international cities, stays in top hotels and fine dining in elite restaurants.

Studies have shown that exposure to drug company promotion is linked to lower quality prescribing and a clear relationship has been shown to exist between the use of drug samples and high prescription rates for conditions where they were not warranted, as happened in 2000-01 with Celebrex and Vioxx. The Government estimates that $1 billion a year could be saved by plugging PBS 'leakages'- drugs approved for one use commonly being used for another.

Direct-to-consumer advertising of prescription pharmaceuticals is not allowed in Australia but there are many, and increasing, instances of advertisements that skirt the boundaries of existing laws. 'Ask your doctor' ads and promotion of conditions and medicines through 'infotainment' media are clear examples of this.

There is a voluntary code of conduct to cover the promotion of prescription medicines in Australia but research published in the Medical Journal of Australia in 2005 suggests many ads do not comply with the code.

Issue four: Bring the PBS into Public Hospitals

Funding for medicines in public hospitals is capped, unlike the PBS. Public hospitals are forced, through cost cutting or cost-shifting, to limit medications on discharge to cover as little as two days. This means a further visit to the GP for a prescription and is clearly not cost-effective nor good for patients.

Issue five: Supermarkets and pharmacies

Despite much lobbying by the supermarket chains, pharmacists have managed to gain commitment from the federal Government to another 5 years monopoly on the sale of prescription drugs and continued restrictions on the location and ownership of pharmacies. This means that for the foreseeable future we will not be seeing pharmacies in supermarkets.

This won't stop the supermarket chains from continuing their push for deregulation. Coles has already found a back door into the pharmacy business with its 2006 purchase of an on-line, mail, fax and phone pharmacy business

We oppose supermarkets taking over the role of pharmacies on the grounds that it will deliver ever more market power to the big supermarkets and put community-based pharmacies out of business and with them the all-important pharmacist-patient relationship. However, this protection should come with an obligation to make available a full range of pharmacy products. Some pharmacies will not stock

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contraception, including emergency contraception and this is not acceptable, particularly in rural areas where there is often no local alternative.

It is also not appropriate that, as well as the additional fees that the government already allows pharmacists to charge on top of PBS prices for some essential medicines, some pharmacists are charging even more.

The PBS adds in generous compensation to pharmacists for dispensing medicines. There's no excuse for extra fees.

Issue six: Access to medicines in developing countries

One-third of the world's population lacks access to essential medicines; in the poorest parts of Africa and Asia this figure rises to one-half. This is because many drugs are too expensive or are no longer produced.

Little research is being carried out into the illnesses which are widespread in developing countries because drug companies gear their research towards wealthy markets.

Following recent global agreements and bilateral agreements with the US, product patents now give pharmaceutical companies near-global monopolies, allowing them to charge prices that often reach 15 times the cost of production. Developing countries do not have the means to develop new drugs independently, so are reliant on drugs provided at affordable prices.

Until 2004, Indian law allowed only patents on processes, not on products. As a result, India's thriving generic pharmaceuticals industry cheaply supplied medicines for poor patients throughout the world's poor regions. In 2004, however, pressure from the rich nations forced India to pass legislation that blocked the manufacture and export of generics. Pharmaceutical company Novartis is taking the Indian government to court in order to force changes in the new laws that would make them even more protective of the profits of the global pharmaceutical companies. Millions of poor patients are dying because pharmaceutical companies insist on vetoing the manufacture of generic drugs on the grounds that they, with their superior resources, managed to develop them first.

These problems should be addressed by international agreement on a public-good patent scheme funded by rich and poor countries in proportion to their means. This would give pharmaceutical innovators the option of taking out a public-good patent which would give them no veto powers over others' use of the invention, but would instead reward them, out of public funds contributed by cooperating governments, in proportion to the health impact of their invention.

The number of women in their child bearing years is expected to be 1.6 billion by 2015, with most of these in developing countries where access to contraceptives is limited. But funding for reproductive health programs which includes contraceptive supplies is going backwards.

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