

Appendix A: Price Disclosure and Expanded and Accelerated Price Disclosure (EAPD)

Price disclosure

The 2007 PBS reform process first introduced price disclosure and some statutory price reductions for certain Formulary 2 (F2) PBS medicines (which are subject to competition, generally where the patent has expired and two or more brands are listed on the PBS) from 1 August 2007. The *National Health Act 1953* provided for price disclosure and the *National Health (Pharmaceutical Benefits) Regulations 1960* set out the steps for calculating new prices.

The aim of price disclosure was to ensure that Australian taxpayers benefit from discounts and incentives provided by manufacturers for medicines where more than one brand was listed on the PBS. Once the patent on older medicines expires, the medicine can be sold under a number of different brand names. Manufacturers often sell these brands at prices much lower than the Government approved price in order to compete for market share (for some brands, there are discounts in the order of 70 per cent). Pharmacists purchasing a discounted brand still receive the full PBS reimbursement as the Government and consumers continue to pay the PBS-listed price.

Price disclosure brings the Government price in line with the market price, benefiting both taxpayers and consumers. Under price disclosure, manufacturers must disclose to the government the true sale prices for each brand of a medicine, net of any discounts or other incentives (e.g. bonus stock). A new price for each medicine is calculated, taking into account the volume of each brand sold, known as the “weighted average disclosed price”. If there is more than a 10% difference between the current ex-manufacturer price and the “weighted average disclosed price” for any particular pharmaceutical item, the ex-manufacturer price is adjusted to be equal to the weighted average disclosed price. All price disclosure calculations also undergo an independent third-party quality assurance checking process.

While the 2007 measure was successful in rationalising PBS prices for many medicines and delivering savings to government, it was identified that many costly, multi-brand medicines remained outside of the measure if a new brand had not been listed since 2007.

Additionally, the 24 to 28-month data collection cycles meant that a large number of scripts were reimbursed at the higher price long after discounting had commenced.

Expanded and Accelerated Price Disclosure

In December 2010, the Expanded and Accelerated Price Disclosure (EAPD) measure was introduced to resolve these issues. This measure extended the price disclosure arrangements

to capture all non-exempt F2 medicines, not just those triggered by the listing of a subsequent brand, and reduced the reduction cycle to 18 months.

The EAPD framework was agreed between the Government and Medicines Australia via a Memorandum of Understanding (MoU) signed in May 2010.

Simplified Price Disclosure

In 2013, the price disclosure cycles were further reduced from 18 to 12 months, bringing forward any price reductions by 6 months.

Patients and price disclosure/EAPD

Some medicines that are subject to price disclosure reductions become cheaper than the general co-payment contribution. For example, if the cost of a medicine drops from \$60 to \$25, the patient will pay the \$25 rather than the higher \$36.10 co-payment.

However not all formulations of medicines affected by price disclosure will result in direct savings for patients. For example, if a formulation of a medicine currently costs \$100 and as a result of price disclosure, the price of the medicine is reduced to \$50 (i.e. an amount above the co-payment paid by patients), the patient would continue to pay the co-payment amount. The most a patient will pay is the relevant co-payment of either \$36.10 or \$5.90, but the cost to the Government and taxpayers for this the medicine would be reduced.

Examples of EFC price disclosure reductions

EFC Drug	Price disclosure reduction(s)	Example form	Example price - Before change	Example price - After change
Bleomycin	No reduction to date			
Carboplatin	66.41% (1 Apr 2012)	Solution for I.V. injection 450 mg in 45 mL	\$112.03	\$37.63
	22.50% (1 Aug 2013)	Solution for I.V. injection 450 mg in 45 mL	\$37.63	\$29.16
Cisplatin	39.02% (1 Apr 2011)	I.V. injection 100 mg in 100 mL	\$44.25	\$26.98
	30.37% (1 Apr 2012)	I.V. injection 100 mg in 100 mL	\$26.98	\$18.79
	24.02% (1 Aug 2013)	I.V. injection 100 mg in 100 mL	\$18.79	\$14.28
Docetaxel	76.20% (1 Dec 2012)	Solution concentrate for I.V. infusion 160 mg in 16 mL	\$2,310.90	\$549.99
Doxorubicin	63.54% (1 Dec 2009)	Solution for I.V. injection or intravesical administration 200 mg in 100 mL	\$477.99	\$177.83
	34.62% (1 Aug 2010)	Solution for I.V. injection or intravesical administration 200 mg in 100 mL	\$177.83	\$116.27

EFC Drug	Price disclosure reduction(s)	Example form	Example price - Before	Example price - After
	32.97% (1 Aug 2012)	Solution for I.V. injection or intravesical administration 200 mg in 100 mL	\$116.27	\$77.94
Epirubicin	78.05% (1 Apr 2012)	Solution for injection 200 mg in 100 mL	\$666.26	\$146.24
	51.35% (1 Aug 2013)	Solution for injection 200 mg in 100 mL	\$146.24	\$71.15
Etoposide	34.23% (1 Aug 2013)	Powder for I.V. infusion 1 g (as phosphate)	\$265.54	\$174.65
Fludarabine	62.40% (1 Apr 2013)	Solution for I.V. injection 50 mg fludarabine phosphate in 2 mL	\$1,371.22	\$515.58
Fluorouracil	21.52% (1 Apr 2013)	Injection 5000 mg in 100 mL	\$34.69	\$27.22
Gemcitabine	37.00% (1 Apr 2011)	Powder for I.V. infusion 2 g (as hydrochloride)	\$417.45	\$262.99
	53.65% (1 Apr 2012)	Powder for I.V. infusion 2 g (as hydrochloride)	\$262.99	\$121.90
	38.58% (1 Aug 2013)	Powder for I.V. infusion 2 g (as hydrochloride)	\$121.90	\$74.87
Idarubicin	No reduction to date			
Irinotecan	61.40% (1 Apr 2011)	I.V. injection 500 mg in 25 mL	\$1,424.21	\$549.75
	64.63% (1 Apr 2012)	I.V. injection 500 mg in 25 mL	\$549.75	\$194.45
	27.26% (1 Aug 2013)	I.V. injection 500 mg in 25 mL	\$194.45	\$141.44
Methotrexate	20.20% (1 Apr 2012)	Solution concentrate for I.V. infusion 5000 mg in 50 mL	\$471.05	\$375.90
	21.14% (1 Apr 2013)	Solution concentrate for I.V. infusion 5000 mg in 50 mL	\$375.90	\$296.43
Mitozantrone	34.42% (1 Dec 2009)	Injection 25 mg (base) in 12.5 mL	\$314.48	\$210.45
	13.33% (1 Aug 2010)	Injection 25 mg (base) in 12.5 mL	\$210.45	\$182.40
	10.61% (1 Aug 2011)	Injection 25 mg (base) in 12.5 mL	\$182.40	\$163.05
	18.25% (1 Aug 2012)	Injection 25 mg (base) in 12.5 mL	\$163.05	\$133.29
Oxaliplatin	72.54% (1 Aug 2011)	Solution concentrate for I.V. infusion 200 mg in 40 mL	\$1,190.77	\$326.99
	51.76% (1 Aug 2012)	Solution concentrate for I.V. infusion 200 mg in 40 mL	\$326.99	\$157.74
Paclitaxel	52.58% (1 Apr 2011)	Solution concentrate for I.V. infusion 300 mg in 50 mL	\$1,667.83	\$790.88
	86.94% (1 Apr 2013)	Solution concentrate for I.V. infusion 300 mg in 50 mL	\$790.88	\$103.29
Topotecan	No reduction to date			
Vincristine	27.63% (1 Aug 2013)	I.V. injection containing vincristine sulfate 1 mg in 1 mL	\$61.64	\$44.61
Vinorelbine	63.87% (1 Apr 2012)	Solution for I.V. infusion 50 mg (as tartrate) in 5 mL	\$260.40	\$93.38
	21.52% (1 Apr 2013)	Solution for I.V. infusion 50 mg (as tartrate) in 5 mL	\$93.38	\$73.28