The State of the Nation: Medicines Access in Australia

Key Findings Summary

Australian patients are missing out on standard of care medicines

Medicines deliver value for money by preventing expenditure elsewhere in the health system and helping people return to work and participate in their communities

39%
less spending

Government medicines expenditure as a share of GDP has fallen by 39% since 2006, with spend per innovative medicine script down 28% in five years

~50%
less spent per person

Australia underinvests in medicines relative to its peers, and investment in innovative medicines is falling while household spending rises

~200
missing medicines

Standard of care medicines for common conditions are missing from Australia today, with significant impacts for patients, families and the community

International policies and slow reform mean Australians will miss out on more medicines

Access has been undermined by a focus on cost control - price linkages across F1 and F2, Lowest Cost Comparator and expansive Risk Sharing Arrangements

>80%
discount to international prices

Australia is an outlier in medicines prices. Policies such as Most Favored Nation will mean the number of missing medicines rises

>$20b
savings not reinvested

Substantial savings, in the order of $20 billion in today's dollars, have been realised but not reinvested in new medicines

5 yrs
since HTA Review promised

The need for reform has been recognised for some time, but progress has been too slow, with significant impacts for Australians

Australia needs action now for access to world-class medicines and health outcomes

Roadmap for a Modern, World-Class PBS

1. **Realise the vision for a modern PBS**

Value F1 medicines as intended, reinvest PBS savings and implement HTA Review reforms with urgency

2. **Develop a value framework for pricing**

Explicitly value impacts to patients and productivity outcomes, in line with best practice and wider Australian procurement processes

3. **Invest in enablers of health reform**

Invest in the data, diagnostics and research needed to accelerate to precision medicine for every Australian

A Roadmap for Change

Recommendation	Why now	Benefits of action
Realise the vision for a modern PBS		
1.1 Invest in innovation as intended • Restore the original intent for F1 and F2 pricing • Commit to invest, at a minimum, $20 billion in net medicines expenditure over the next five years • Refresh the approach to Risk Sharing Arrangements and Managed Entry Agreements	• International medicines policies mean Australians risk missing out on new medicines if pricing for innovation is not reformed	✓ Supportive environment for innovative medicines, per the original PBS formulary reforms
1.2 Improve HTA processes for world-class engagement and collaboration • Formalise stakeholder commitment to shared stewardship of the PBS • Update HTA governance to optimise committee structures • Enhance engagement with medicines stakeholders and the wider community • Commit to annual performance reporting against an agreed set of KPIs	• Ensures that the right experts inform each decision • Working relationships in need of refresh for the benefit of patients	✓ Improved working relationships for stewardship of the PBS, and transparency
1.3 Urgently implement HTA Review recommendations	• More than five years since the HTA Review was commissioned — implementation too slow	✓ Improved timeliness of access and engagement
Develop a best practice value framework		
2.1 Value patients, precision and productivity as primary evidence • Adopt a societal perspective • Fully value health, social, economic and financial impacts for all stakeholders	• Current processes focus on health and Federal budget impacts, with other impacts treated inconsistently as supplementary evidence • Risks underinvestment	✓ All costs and benefits, from a whole-of-government and community perspective, inform medicines prices
2.2 Develop a scorecard for innovation and unmet clinical need	• No framework for systematic valuation of innovation and unmet clinical need — risks underinvestment and undervaluing treatment options	✓ Innovations that matter to patients are valued, consistent with wider Australian procurement processes
2.3 Value security of supply, sustainability and knowledge spillovers	• Medicines shortages are a significant problem, increasing the risk of thin markets • Industry impacts and knowledge spillovers ignored	✓ Improved security of supply ✓ Innovation and knowledge spillovers
Invest in enablers of health system reform		
3.1 Invest in data to drive system productivity	• Data needed to support faster access and health system efficiency is still not collected and used — data is a public good and should be funded by government	✓ Health system productivity
3.2 Invest in diagnostics and guidelines for world-class outcomes	• Inconsistent Australian guidance on best practice	✓ Improved health outcomes
3.3 Invest in trials for precision medicine and faster access	• Patient access delayed due to prior therapy requirements	✓ National Medicines Policy vision fully realised

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