

Fact sheet 2 - Strategic Agreements with the medicines industry – Medicines Supply Security Guarantee

The Australian Government and the medicines industry have agreed to a Medicines Supply Security Guarantee to bolster medicine supply to Australian patients. Under this ground-breaking initiative, the Australian Government and the medicines industry will work in partnership to secure medicines supply to Australia to address the impact of an increasing number of global medicines shortages on Australian patients, pharmacists, and prescribers.

In 2019 and 2020, brands of over 500 Pharmaceutical Benefits Scheme (PBS) listed medicines had medium to critical impact shortages that impacted patient access in Australia. These medicines were predominantly commonly prescribed low-cost, multi-brand medicines that represent over one third of the total number of prescriptions subsidised through the PBS. They include antibiotics, medicines for mental health conditions, diabetes, heart disease, epilepsy, high cholesterol and severe pain.

The Australian Government and the medicines industry have agreed to make the most significant joint investment to date to secure supply for off-patent, genericised medicines - which are the most prone to global shortages and represent the majority of prescriptions subsidised through the PBS. The Medicines Supply Security Guarantee is intended to strengthen medicine supply to Australia and to ensure it meets the community expectations for uninterrupted access.

In return for additional Government investment into medicines most at risk of shortages, Australian medicines manufacturers have agreed to hold 4 to 6 months of stock of those medicines in Australia. This will provide Australians with an additional buffer when global medicines shortages occur, and provide additional time for the Government and the supply chain to prepare and respond to global shortages including through identifying alternative sources of supply (where possible).

Maintenance of stockholdings and use of the additional investment provided by the Commonwealth to manage supply chain risk, will become conditions for having multi-brand and other older medicines listed on the PBS. The Australian Government and industry have agreed that, where possible, the PBS should only use brands supplied by medicines manufacturers that employ business models to support long-term reliable supply.

Why is this important?

Global medicines shortages have increased in recent years and have been exacerbated by the COVID-19 pandemic, despite the recognised additional investments of industry into sustainable supply. They often occur with little notice, requiring suppliers, patients, pharmacists, prescribers and Government to rush to find alternative treatments and alternative sources of supply. When shortages occur, they have a significant impact on continuity of care resulting in patients missing doses of important and at times lifesaving and life changing treatments, using less optimal treatment options, or going without treatment entirely. They also create work and costs for the health sector, through requirement for additional consultations with prescribers and inefficient work-arounds for pharmacists and other healthcare workers.

The Medicines Supply Security Guarantee targets medicines most at risk of global shortage to ensure that there is additional stock of key medicines in the country to buffer shortages, and that Australian medicines companies are well placed to secure supply for Australia in a competitive global medicine market.

Who will benefit?

Australian patients who will have greater continuity of care and reduced inconvenience when a medicine they have been prescribed is not available.

Pharmacists, prescribers and other healthcare workers will benefit from reduced workloads and inconvenience that are created by medicines shortages, which will have flow on benefits to all Australians.

The Australian Government will work with industry to implement these changes, and once in place will closely monitor that manufacturers meet these conditions. Where manufacturers that supply these at risk medicines to the PBS do not appropriately re-invest the additional Government funding into their supply chains, or do not employ business models that support long-term reliable supply, the Government, where appropriate, will limit the extent to which those manufacturers will be used for PBS supply, and use its discretion to no list, or not maintain PBS listings for some brands of medicines supplied by those manufacturers.