

**Pharmaceutical  
Benefits  
Pricing  
Authority**

ANNUAL REPORT

For the year ended  
30 June 2000

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ISBN 0 642 44728 4

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Publications approval number 2605

Produced by the Department of Health and Aged Care

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Senator The Hon. Grant Tackling MP  
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Dear Parliamentary Secretary

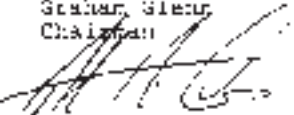
We present herewith the thirteenth annual report of the Pharmaceutical Benefits Pricing Authority on the operations of the Authority, and on the Authority's interpretation of its operating guidelines for the year ended 30 June 1990.

This report is made in accordance with the requirement of sub-section 24C(2) of the Acts Interpretation Act 1981, that in the absence of specific requirements to the contrary, an annual report shall be furnished to you as soon as practicable after the end of the reporting period.

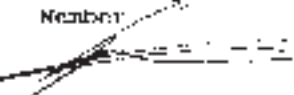
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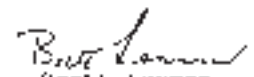
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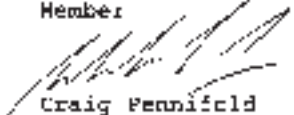
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20 Canberra Act

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# Preface

This is the thirteenth annual report of the Pharmaceutical Benefits Pricing Authority covering the operations of the Authority for the year ended 30 June 2000.

## Tabling requirements

It is a requirement of sub section 34C(3) of the Acts Interpretation Act 1901, that in the absence of specific requirements to the contrary, the annual report shall be laid before each House of the Parliament within 15 sitting days of that House after the day on which the Minister receives the report.

## Structure of report

The report is divided into four chapters:

- Chapter 1 provides basic information about the Authority's genesis, membership and financial arrangements;
- Chapter 2 addresses the factors considered by the Authority for pricing of pharmaceutical benefits made available under the Government's Pharmaceutical Benefits Scheme administered by the Department of Health and Aged Care;
- Chapter 3 deals with activities under the Government's Pharmaceutical Industry Development Program administered by the Department of Industry, Science and Resources; and
- Chapter 4 contains related tables and figures.



## Chapter 1

# Pharmaceutical Benefits Pricing Authority

The Pharmaceutical Benefits Pricing Authority is an independent non-statutory body established in 1988 which is required to:

- review the prices of products supplied under the Pharmaceutical Benefits Scheme; and
- recommend prices for new items that are recommended for listing on the Pharmaceutical Benefits Scheme.

## Membership

The Authority's membership for the 1999–2000 financial year was:

Chairman	Mr Graham Glenn – appointed with effect from 1 June 1992.
Industry nominee	Mr Pat Clear – appointed with effect from 27 September 1995 to 28 February 2000.  Mr Alan Evans – appointed with effect from 29 February 2000, as the nominee of the Australian Pharmaceutical Manufacturers' Association.
Consumer nominee	Mr Geoff Honnor – appointed with effect from 10 December 1998 as the nominee of the Consumers' Health Forum.
Department of Health and Aged Care representative	Mr Brett Lennon – appointed with effect from 23 November 1998.

Department of Industry,  
Science and Resources  
Representative

Ms Patricia Kelly – appointed with effect from  
22 April 1998 to 14 December 1999.

Mr Craig Pennifold – appointed with effect  
from 15 December 1999.

## Secretariat Support

The Authority is serviced by two secretariats, viz:

- PBS pricing matters
- Industry development matters

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The Authority supports best management practice in communicating with suppliers and other interested parties to make the Authority's decisions and decision making processes as transparent as possible, subject to the confidences in which certain commercially sensitive information must be held.

Consultation with respective secretariat staff on the interpretation of the Authority's guidelines, practices and procedures is encouraged to ensure that all interested parties gain a clear understanding of those matters and have the maximum opportunity to make their views known to the Authority.

## Technical support

Technical advice to assist the Authority in its deliberations is provided by the Pharmaceutical Benefits Advisory Committee (PBAC). This includes information on drug relativities and their cost effectiveness provided by the PBAC's Economics Sub-committee.

## Co-ordination to achieve timely outcomes

Pricing Authority meetings are carefully co-ordinated with meetings of the PBAC so that PBAC outcomes can be dealt with as soon as possible, consistent with the need to collect pricing information.

## Financial arrangements

The Department of Health and Aged Care budget, in addition to financing the Pharmaceutical Benefits Scheme, provides funds for:

- the fees and expenses incurred by the Chairman, industry and consumer nominees, in accordance with determinations made from time to time by the Remuneration Tribunal;
- the day to day operations of dealing with pricing matters under the Scheme; and
- the costs of associated meetings, seminars and other related expenses.

The Department of Industry, Science and Resources budget, in addition to financing the Pharmaceutical Industry Investment Program, provides funds for running costs associated with the Program, plus the Factor (f) Scheme.

For the year ended 30 June 2000 the Authority operating costs were:

<i>Authority operating costs 1999–2000</i>	<i>Health portfolio \$</i>	<i>Industry portfolio \$</i>	<i>Total costs \$</i>
Direct costs including Chairman's, industry and consumer nominees' expenses	14,557	800	15,357
Salaries	259,794	72,058 *	331,852
Members & secretariat travel and allowances	22,413	6,500	28,913
Administrative and property costs	239,841	119,568 **	359,409
Total costs	536,605	198,926	735,531

\* Includes finalisation of the Factor (f) Scheme, the negotiation of contracts for PIIP and the establishment of the Secretariat for PIIP.

\*\* Includes legal fees and PIIP database development costs.

## Chapter 2

# Pharmaceutical Benefits Scheme

The Authority's objective in reviewing prices of items listed under the Pharmaceutical Benefits Scheme is to secure a reliable supply of pharmaceutical products at the most reasonable cost to Australian taxpayers and consumers and consistent with maintaining a sustainable pharmaceutical industry in Australia.

Under its terms of reference the Authority is required to determine or recommend to the Minister for Health and Aged Care prices of items listed as pharmaceutical benefits or recommended by the Pharmaceutical Benefits Advisory Committee for listing. It also conducts negotiations with suppliers, where necessary, on proposed prices.

### Factors considered by the Authority

In reviewing the price of listed items and in considering the price of items recommended for listing, the Authority takes account of the following factors:

- (a) Pharmaceutical Benefits Advisory Committee comments on clinical and cost effectiveness aspects of items;
- (b) the prices of alternative brands of a drug;
- (c) comparative prices of drugs in the same therapeutic group;
- (d) costs information, when provided by the supplier or estimated by the Authority;
- (e) prescription volumes, economies of scale and other factors such as expiry dating, storage requirements, product stability and special manufacturing requirements;

- (f) the level of activity being undertaken by the company in Australia, including new investment, production, research and development; (for consideration under industry development program).
- (g) prices of the drug in reasonably comparable overseas countries;
- (h) other relevant factors which the applicant company may wish the Authority to consider; and
- (i) any directions of the Minister.

Price adjustments for items which have an annual cost exceeding \$200,000 require the approval of the Minister for Health and Aged Care.

## Establishing Prices for New Listings

For new listings recommended by the Pharmaceutical Benefits Advisory Committee and approved by the Minister, the Authority recommends prices to be negotiated by the Department of Health and Family Services.

New drugs, or new indications of an existing benefit, estimated to cost more than \$10 million per annum require Cabinet approval prior to listing.

The main mechanism to determine initial prices is the advice of the PBAC arising from the cost effectiveness information supplied by the sponsor and evaluated by the PBAC.

In recent years, the Authority has increasingly recommended the use of price/volume arrangements, particularly where unit prices are reasonably high and there is the potential for significant volumes or where there is uncertainty about future volumes. Such arrangements have also been negotiated where there is potential for volumes to increase due to easing of PBS restrictions and/or widening subsidised indications.

## Reviewing prices for existing items

The main mechanisms used by the Authority for reviewing prices of pharmaceutical products supplied through the Pharmaceutical Benefits Scheme are:

- comparative prices of products that are considered by the Pharmaceutical Benefits Advisory Committee to have a similar therapeutic effect or benefit; or where this is not available;
- on the basis of further cost effectiveness justification by the sponsor;
- gross margin on the cost of manufacture, or landed cost; and
- a weighted average monthly treatment cost basis.

The Authority may also request additional data from applicants, including drug utilisation data, so that relevant treatment costs can be independently calculated.

## Therapeutic Relativities

The Authority issues and distributes relativity sheets which identify the basis of pricing comparisons between therapeutically similar products. The industry is encouraged to comment on these relativities.

## Effects of price adjustments

Prices or price adjustments determined or recommended by the Authority have an impact on:

- suppliers through adjusted selling prices;
- wholesalers through the margin on the agreed price of products to pharmacists;
- pharmacists through the mark-up on wholesale prices;
- hospitals dispensing highly specialised drugs to community based patients through the joint Commonwealth/State funding arrangements provided for under Section 100 of the National Health Act 1953; and
- consumers and taxpayers who, either directly or indirectly, bear part or all of the cost of the drugs dispensed under the Pharmaceutical Benefits Scheme.

The prices set by the Authority cover not only subsidised products, but also products listed in the Schedule priced below the maximum co-payment for general patients. This co-payment is currently \$20.60.

## Brand Pricing Policy

The Brand Pricing Policy was introduced in December 1990 to reduce price control where possible by allowing pharmaceutical suppliers to set their own prices on multi-branded and therapeutically interchangeable brands listed on the Pharmaceutical Benefits Scheme, provided one brand was available at the subsidised price. This also encourages the development of the generic pharmaceutical industry in Australia.

The policy for alternative brands has the effect of making it possible for prescribers and patients to be more aware of the price of drugs. The policy also allows companies to establish prices taking into account competition and the heightened consumer awareness of price differentials.

The policy operates where there is more than one brand of a particular drug available through the Pharmaceutical Benefits Scheme and where the brands are therapeutically interchangeable. The policy mainly applies, therefore, to out of patent drugs.

Under the policy, suppliers of multi-branded items are able to set their own prices at a level they think the market will bear. At the same time, prescribers, pharmacists and patients can decide whether it is necessary to pay more for a particular brand when a cheaper equivalent and therapeutically interchangeable brand is available.

Basically, the policy operates by:

- the Commonwealth subsidising a drug to the level of the lowest priced brand;
- suppliers of other brands of that drug being able to set a price above the price charged by the supplier of the lowest priced brand, where the brands are bio-equivalent; and
- the patient paying the brand premium which is the price difference between the lowest priced brand and the brand prescribed.

As the brand premium is not a Government charge, it does not count toward a patient's safety net. The premium arises from the supplier's price setting and the majority of it goes to the supplier, with wholesalers and pharmacists receiving a percentage.

As at 30 June 2000 there were 253 benefit items with a brand premium where these brands could be therapeutically interchanged. The average brand premium was \$2.12 and premiums ranged from \$0.23 cents to \$43.28. The majority of brand premiums were in the range of \$1.00 to \$1.80.

## Brand Substitution

Brand substitution by pharmacists, which became effective from 1 December 1994 for certain items without reference back to the prescriber, gives patients a greater opportunity in deciding what they pay for their medication under the Minimum Pricing Policy.

Equivalent brands are shown in the Schedule of Pharmaceutical Benefits as having been demonstrated to be bio-equivalent or therapeutically equivalent, or that justification for not needing bio-equivalence or therapeutic equivalence data has been provided and accepted by the Therapeutic Goods Administration. If other brands are not shown in this way it does not imply that they are not equivalent, but simply that it is unknown whether or not they are equivalent.

The following table shows the effect of brand substitution.

	<i>Dec 1994</i>	<i>May 1999</i>	<i>May 2000</i>
Number of products with a premium	124	226	253
Average brand premium	\$1.54	\$1.80	\$2.12
Weighted average brand premium	\$1.07	\$1.44	\$1.45
Brand premium range	\$0.19 to \$11.26	\$0.23 to \$7.28	\$0.23 to \$43.28
Prescriptions dispensed with a brand premium in the previous 12 months	26.0m	27.5m	33.4m
Prescriptions dispensed at the benchmark level in the previous 12 month period	5.4m	23.3m	26.3m
Percentage at the benchmark level	17%	46%	44%
Brands at the Benchmark price		397	434

Weighted average brand premium is calculated by:

scripts x premium = total premium value,

$\frac{\text{total premium value}}{\text{total scripts}} = \text{weighted average brand premium}$

## Therapeutic Group Premium (TGP) Policy

In the 1997 Budget, the Government announced that it intended to extend the Brand Pricing Policy where price premiums apply to individual bio-equivalent brands of a drug to groups of drugs which have similar clinical activity (reference pricing).

Six drug groups were initially proposed as being under the TGP policy. These were: ACE Inhibitors, Calcium Channel Blockers and Beta Blockers, all used to treat cardiovascular disease; Selective Serotonin Re-uptake Inhibitors (SSRI's) used to treat depression; HMG CoA reductase inhibitors used for lowering blood cholesterol and the H2 receptor antagonists for the treatment of peptic ulcers. Based on expert technical advice, the Government decided to remove two groups, Beta Blockers and SSRI's, from the TGP policy.

The new arrangements were implemented with effect from 1 February 1998. The Government subsidy is based on the benchmark price (ie. the lowest priced drug/s in each group) and the price difference for a more expensive drug within the relevant group is paid by the patient over and above the relevant patient co-payment.

Under the TGP policy where a patient cannot for clinical or compliance reasons tolerate the benchmark priced drug, the prescriber can apply to the Health Insurance Commission for an exemption to supply the dearer alternative drug at no extra cost to the patient.

A public education campaign, incorporating a help-line service, has been put in place to raise awareness of the policy and generate an increased cost-consciousness among consumers and health professionals.

The prices of items in the four therapeutic groups under the TGP are reviewed by the Authority on a weighted average monthly treatment cost basis.

As at 30 June 2000 there were 98 items within the four groups under the TGP policy. These consisted of 142 brands at the benchmark price, 30 brands with a brand premium and 27 with a therapeutic premium. The TGP's ranged from 1.20 to \$6.78.

## Extra Pricing Procedure

A new pricing procedure came into effect from 1 May 1999 to allow variations to premiums and benchmark prices to occur with minimum delay.

The new procedure allows sponsors to vary premium prices or reduce benchmark prices without reference to the Authority. Applications for increases to the benchmark prices will continue to be considered by the Authority.

## Implementation of Goods and Services Tax

The GST process and effect on pharmaceuticals is currently being considered by Industry and Government. Six monthly data is to be sent in to the Australian Competition Consumers Commission (ACCC) by suppliers for review of the impact of the GST. The GST is separate from normal pricing procedures and pricing reviews will operate as usual.

## Highly specialised drugs

Section 100 of the National Health Act, provides for an alternative means of providing an adequate pharmaceutical service in circumstances where pharmaceutical benefits cannot be conveniently and efficiently supplied as normal under the Pharmaceutical Benefits Scheme.

There are certain drugs which need to be restricted for supply through hospitals to community patients because the hospitals can provide the facilities or staff necessary for the appropriate use of the drugs. These drugs called Highly Specialised Drugs (HSD's) are among those supplied via Section 100. For HSD's the Commonwealth pays the drug cost for out-patients and the States pay for in-patient costs in public hospitals.

A working party established by the Australian Health Ministers' Advisory Council advises the Government, amongst other things, on the selection and monitoring of the highly specialised drugs.

For a drug to be approved under these arrangements and be included in the Scheme, it must comply with specific criteria agreed between the Commonwealth and the State/Territory Governments and be so

recommended as a pharmaceutical benefit under Section 100 by the Pharmaceutical Benefits Advisory Committee.

If a drug is suitable for supply through the normal PBS arrangements, it is not eligible for funding through the HSD's arrangements. The funding to the States, additional to the Australian Health Care Agreement funding, is only available when the public hospitals are used as the necessary mode of supply to PBS patients.

## Health Care Agreement

Under the Health Care Agreement between the States and Commonwealth for the funding of public hospitals, the Commonwealth has offered the States access to the PBS.

The offer was available from 1 July 1998, and if accepted by the States, permits access to the PBS for discharged patients or outpatients of the public hospitals. The hospitals are expected to meet accepted standards of pharmaceutical care.

The arrangements mean that there is similar equity of access to necessary medicines for community patients whether they use public hospitals or other facilities.

The criteria for selection of HSD's is:

**(i) Ongoing specialised medical supervision required**

Ongoing specialist treatment should not preclude treatment in a community setting and should be interpreted to include specialist initiated treatment where ongoing treatment may be under the supervision of a community general practitioner but involve periodic reference to the specialist facility.

**(ii) Treatment of longer term medical conditions not episodes of in-patient treatment or treatment of acute conditions.**

The intent is to assist the ongoing maintenance of patients in the community setting. Treatment may include administration by other than the oral route and may occur in a day procedure setting including supervision by a community practitioner.

**(iii) Drug highly specialised and an identifiable patient group**

This criterion is defined as relating to high cost drugs in respect of which a treatment regimen is associated with ongoing specialist supervision which normally occurs in an institutional setting.

**(iv) Subject to marketing approval by the Therapeutic Goods Administration (TGA) and specific therapeutic indications covered by the terms of the marketing letter from TGA**

From the Commonwealth's perspective the only avenue for funding any drug under the agreed arrangement is through the Pharmaceutical Benefits Scheme via section 100 involving endorsement by the Pharmaceutical Benefits Advisory Committee and meeting TGA specified marketing conditions.

**(v) High unit cost**

In this context high unit cost is interpreted as a cost beyond the normal financial capacity of individuals and imposing significant financial burden on specialised institutions.

The Authority's role in respect of these drugs, is to review and negotiate national prices for their supply. Prices are negotiated at ex-manufacturer level. The prices and prescribing restrictions for these HSD's are separately listed in the Schedule of Pharmaceutical Benefits.

At 30 June 2000 there were 113 HSD's listed under Section 100.

## Special Patient Contribution

There are currently two products listed which have a special patient contribution. This occurs when a pricing agreement between the Government and supplier cannot be reached for unique products.

The special patient contribution is the difference between the dispensed price requested by the supplier and the Government's dispensed price. The special patient contribution is payable by all patients in addition to the relevant patient contribution for concessional and general patients.

## Therapeutic Group Reviews

The Authority reviews annually the price of each drug listed in the Pharmaceutical Benefits Scheme by therapeutic groupings. In special circumstances, the Authority will accept applications from suppliers for ad-hoc pricing reviews. Suppliers are asked to submit cost and other data that they wish the Authority to consider in reviewing product prices.

## Confidentiality of information

All information provided on a confidential basis to the Authority is strictly treated as such, and is not disclosed to any person apart from members of the Authority and relevant officers of the Department of Health and Aged Care and the Department of Industry, Science and Resources, without the express permission of the Chairman and the company concerned.

## Results of therapeutic group reviews 1999–2000

In the 1999–2000 financial year, the Authority held four therapeutic group reviews, the summary results of which are compared below with those for the previous year:

<i>Product review results</i>	<i>1998–99</i>	<i>1999–2000</i>
Number of products reviewed:	2,267	2,203
Number of products for which price applications were received:	654 28.8%	579 26.3%
Number of products for which price increases were granted:	229 10.1%	217 9.9%
Number of products for which price decreases were requested:	134 5.9%	80 3.6%

The number of new items recommended for listing and new items actually listed for the financial year 1999–2000 was:

Number of items recommended for listing by the Pharmaceutical Benefits Advisory Committee:	86
Section 100 (based on PBAC meetings held in 1999–2000 financial year, includes different strengths)	17
Number of items listed	62
Section 100 (based on new items listed in the PBS Schedules for 1999–2000)	21

## Estimated cost of price increases of existing items 1999–2000

The general price increases granted to suppliers in 1999–2000 are collectively estimated to add \$7.12 million to the cost of the Pharmaceutical Benefits Scheme in a full year based on the latest available twelve months prescription volume for each item at the time of review. A comparison with the estimated full year costs in the previous year is set out below:

<i>Approval of price increases</i>	<i>1998–99 \$ million</i>	<i>1999–2000 \$ million</i>
Approved by Authority	0.78	0.28
Recommended by Authority and subsequently approved by the Minister	18.23	6.84
Total	19.01	7.12

These cost estimates do not include any expenditure for increased Australian activities considered under the factor (f) Scheme.

## Cost of Pharmaceutical Benefits Scheme, 1999–2000

The total cost of pharmaceutical benefits for 1999–2000 was \$3,839 million and comprised Commonwealth Government payments of \$3,187 million and patient contributions of \$652 million.

<i>Category</i>	<i>Processed Script numbers</i>	<i>Cost to Govt (excludes patient contributions)</i>	<i>Total cost</i>
	<i># million</i>	<i>\$ million</i>	<i>\$ million</i>
General	16.3	521.0	854.0
General safety net	3.9	107.0	119.6
Concessional	94.3	2,000.6	2,306.8
Concessional safety net	23.1	547.8	547.8
Miscellaneous Dr's Bag	0.5	10.7	10.7
Total	138.1	3,187.2	3,839.0

Note: For the general public, where a pharmaceutical benefit is priced below the general patient contribution (that is, \$20.60), the consumer pays the full amount including an additional dispensing fee of 87 cents provided that the total cost does not exceed \$20.60. The above figures do not include these amounts.

## Chapter 3

# Pharmaceutical Industry Investment Program

The Pharmaceutical Industry Investment Program (PIIP), the new industry assistance program, commenced on 1 July 1999 and will run to 30 June 2004. Total funding of \$300 million has been allocated for the five years. The Program was designed to compensate the pharmaceutical industry, in part, for the impact on activity of the Government exercising its monopsony purchasing power under the Pharmaceutical Benefits Scheme. It also aims to increase the total level of activity undertaken in Australia that has a direct link to or is of direct relevance to the pharmaceutical industry.

Participating companies are entitled to partial compensation for the effects of price and volume constraints under the PBS by increasing either or both their Production Value Added and R&D activities.

### Participating companies

Nine companies were offered and signed contracts for entry into PIIP. The companies are:

- AMRAD Corporation Ltd
- Bristol-Myers Squibb Australia Pty Ltd
- CSL Ltd
- Eli Lilly Australia Pty Ltd
- F H Faulding and Co Ltd
- Glaxo Wellcome Australia Pty Ltd
- Janssen-Cilag Pty Ltd
- Pfizer Pty Ltd
- Pharmacia & Upjohn Pty Ltd

## 1999–2000 Activity

During 1999–2000, activity for the first three quarters of the year were monitored and entitlements earned. Activity entitlements for the first three quarters totalled \$33.5 million, consisting of Production Value Added entitlement of \$28.9 million and R&D entitlement of \$4.6 million. The cumulative total of Production Value Added for the first three quarters of the Program is just under \$145 million. The cumulative total of R&D for the first three quarters of the Program is nearly \$23 million.

Annual audited reports, which include final quarter activities, are not due from the companies until the end of September 2000.

## PIIP database

A database has been established both to allow the Secretariat to track performance and entitlement and to allow the companies to submit data electronically.

## Highlights

On 4 February 2000, the Minister for Industry Science and Resources, Senator Nick Minchin, opened Eli Lilly's Clinical Outcomes and Research Institute (CORI). Nancy Lilly, the Managing Director of Eli Lilly Australia congratulated the Minister for the Government's PIIP initiative and its contribution to the establishment of the CORI.

On 7 June 2000, CSL announced that it had signed a conditional agreement to acquire the plasma fractionation assets and business of Rotkreuzstiftung Zentrallaboratorium Blutspendedienst SRK Foundation, a non-profit organisation affiliated to the Swiss Red Cross. It principally manufactures IVIG (intravenous immunoglobulin), one of the fastest growing plasma products worldwide. Its plant is also fully licensed by the US Food and Drug Administration, offering CSL the opportunity to enter the lucrative US plasma market. The acquisition will cost between \$890 million and \$1 billion and is expected to be completed by July 2000.

## The Factor (f) Scheme

### 1999–2000 Payments

Phase II, the final phase, of the Factor (f) Scheme concluded on 30 June 1999. The Commonwealth, however, made payments of \$81 million during 1999–2000 for Factor (f) price increases, including final payments totalling over \$44 million paid in December 1999, following receipt of audited data.

### Total activity during Phase II of the Factor (f) Scheme

A total of \$820 million in Factor (f) payments was allocated for Phase II of the Scheme, with \$812 million committed in contracts with companies. In total, participating companies were paid entitlements totalling \$790 388 915.

While not all companies achieved their target performance levels and the final payments for the Scheme were less than the committed funding, cumulative total activity during Phase II of the Scheme exceeded the sum of the target performance levels set for all companies. Each company's entitlement was capped to prevent spending exceeding contractual amounts.

Total activity in the Scheme undertaken versus original targets included:

<i>Activity</i>	<i>Target</i>	<i>Actual Performance</i>
Export Value Added	\$1,632 million	\$1,881 million
Domestic Value Added	\$2,172 million	\$2,187 million
R&D	\$438 million	\$560 million
Capital Investment	\$725 million	\$840 million

In addition, employment in participating companies increased by over 350 employees.

## Comparison of the Factor (F) Scheme and the Pharmaceutical Industry Investment Program

Both the Factor (f) Scheme and the Pharmaceutical Industry Investment Program (PIIP) were designed to provide partial compensation to the pharmaceutical industry for the price suppression of medicines on the Pharmaceutical Benefits Scheme caused by the Governments monopsony purchasing power.

Major differences between the Factor (f) Scheme and the PIIP are:

	<i>Factor (f) Scheme</i>	<i>PIIP</i>
Program Length	Phase II ran for seven years from 1 July 1992 to 30 June 1999.	The PIIP will run for five years, from 1 July 1999 to 30 June 2004
Financial Reporting Period	Based on the companies' financial year.	The Commonwealth Government's financial year, from 1 July to 30 June.
Program Funding	\$820 million over seven years.	\$300 million over five years.
Program Participation	After meeting eligibility criteria, companies were allocated funding upon submission until all available funding was fully allocated.  New entrants in Phase II had to meet eligibility criteria.	Entry was competitive and merit-based.  After meeting basic eligibility criteria, applicants were assessed on the relative merit that their proposed activities would make to the development of a competitive and sustainable pharmaceutical industry in Australia.
R&D definition	Eligible activities tightly linked with eligibility for the R&D Tax Concession.	Definition of activities seeks to encompass all R&D undertaken that can be reasonably called pharmaceutical R&D.
PVA Activity Targets	The PVA target was a 50 per cent increase over a three-year period.	Targets must include all negotiated PVA activities forecast to occur over the course of the PIIP.

	<i>Factor (f) Scheme</i>	<i>PIIP</i>
Basis for Earning Entitlements	<p>Payments were linked directly to performance targets in R&amp;D and Production Value Added (PVA). Companies earned entitlements at agreed rates varying between 20 per cent and 25 per cent on activity undertaken over and above a base year figure fixed prior to entry to the Scheme.</p> <p>R&amp;D was calculated on 20.75 per cent of current year before tax less 13.25 per cent of the base year before tax.</p> <p>Broad activity defaults did not result in a loss of entitlement.</p>	<p>PVA entitlements are earned on activity undertaken over and above a rolling three year average; payments are made at a rate of 20 per cent on this activity.</p> <p>R&amp;D is based on an average of a three-year fixed base at a rate of 20 per cent on the increase in activity.</p> <p>While entitlements are calculated on the basis of this formula, payments are subject to alteration if companies fail to meet agreed broad activity commitments such as capital expenditure and employment targets.</p>
Basis for Calculating Maximum Price Increases	<p>Price increases may not raise the price to more than the average prices in the EC countries in which it is sold.</p> <p>Prescribed countries were: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and United Kingdom.</p>	<p>Price increases will be paid up to the average EU price for individual products nominated by the participants and approved by the Administering Body. The calculation used is based on ex-manufacturer prices on six of a group of ten prescribed countries. IMS data must be provided to prove availability of the product and price; IMS data creates greater consistency among the participants.</p> <p>Prescribed countries are: Austria, Belgium, Sweden, France, Germany, Ireland, Italy, Netherlands, Spain, United Kingdom.</p>
Carryover Rules	<p>Under- and over-performance carried over in full into future years.</p>	<p>Under-performance in activity targets carried over into the following years on a sliding scale depending on age:</p> <ul style="list-style-type: none"> <li>• 100 per cent in the first year,</li> <li>• 50 per cent in the second year, and</li> <li>• 25 per cent in the third year with no carryover beyond the third year.</li> </ul> <p>Over-performance can be carried over in full.</p>



# Chapter 4

## Tables and Figures

**Table 1 Summary of ATC minor group reviews for 1999–00**

ATC Code	Minor Group	No. of products reviewed	Script Volume	Govt Cost \$	Total Cost \$	Est. increase due to price inc.'s in a full year \$
A02	Antacids, drugs for treatment of peptic ulcer & flatulence	112	8,958,001	315,420,401	374,046,227	0
A03	Antispasmodic and anticholinergic agents and propulsives	10	1,230,905	22,225,637	27,662,239	75,814
A04	Antiemetics and antiemeseants	18	85,261	6,732,871	7,668,889	0
A06	Laxatives	16	536,684	8,289,499	9,717,828	50,304
A07	Antidiarrheals, intestinal antiinflammatory / antiinfectives	20	889,533	24,673,339	30,189,167	0
A10	Drugs used in Diabetes	61	3,453,602	113,664,232	125,275,063	3,122,767
B01	Antithrombotic Agents	52	2,033,093	32,077,966	37,968,571	0
C01	Cardiac Therapy	48	3,257,185	55,956,362	65,351,312	122,872
C02	Antihypertensives	24	829,957	12,294,818	15,536,975	8,187
C03	Diuretics	37	2,755,991	25,502,719	32,859,670	38,753
C07	Beta Blocking Agents	36	3,931,576	41,856,484	53,761,167	0
C08	Calcium Channel Blockers	57	7,611,059	148,836,244	190,882,762	0
C09	Agents acting on the Renin-Angiotensin System	83	12,368,588	271,928,039	363,628,818	0
C10	Serum Lipid reducing agents	35	9,672,941	473,677,001	545,144,066	0
D07	Corticosteroids, Dermatological Preparations	30	2,509,707	19,407,143	27,402,685	635,443
G03	Sex hormones and modulators of the genital system	129	5,596,130	85,740,903	106,676,346	1,391,927
G04	Urogicals	13	400,811	11,295,650	12,952,681	3,011
H02	Corticosteroids for systemic use	28	1,512,393	9,893,813	14,225,903	0
J01	Antibacterials for systemic use	257	11,373,598	131,186,004	168,575,413	18,721
J05	Antivirals for systemic use	21	261,731	57,534,413	61,125,884	0
L01	Antineoplastic Agents	98	273,673	64,825,808	66,940,771	7,975
L02	Endocrine Therapy	30	341,072	74,896,418	77,262,160	2,650
L03	Immunomodulating Agents	31	40,623	44,710,625	45,176,199	0
M01	Antiinflammatory and Antirheumatic Products	69	4,221,963	41,504,562	53,113,046	30,544
M04	Antigout Preparations	14	817,601	6,260,390	8,356,736	0
N02	Analgesics	62	9,438,185	86,297,237	110,328,629	686,274

**Table 1 Summary of ATC minor group reviews for 1999–00 (continued)**

ATC Code	Minor Group	No. of products reviewed	Script Volume	Govt Cost \$	Total Cost \$	Est. increase due to price inc.'s in a full year \$
N03	Antiepileptics	48	1,365,439	65,999,929	75,521,949	368,232
N04	Anti-parkinson drugs	40	535,924	21,162,902	23,558,625	36,829
N05	Psycholeptics	99	8,435,993	143,346,544	166,490,248	4,414
N06	Psychoanaleptics	62	8,409,110	210,342,270	272,189,514	104
R03	Anti-Asthmatics	84	9,922,337	246,460,575	300,336,867	87,392
S01	Ophthalmologicals	110	5,135,029	64,115,874	79,928,604	237,945
S02	Otologicals	10	813,660	3,013,510	5,252,839	1,251
V03	All other therapeutic products	11	41,688	4,554,700	4,796,331	0
V04	Diagnostic agents	22	464,431	20,912,246	23,001,469	0
V06	General nutrients	40	43,213	13,821,871	14,223,678	0
	Others	286	8,512,863	206,824,195	241,881,399	186,331
	Total	2,203	138,081,550	3,187,243,194	3,839,010,730	7,117,740

**Table 2 Pharmaceutical Benefits Scheme  
Highest Govt cost items–12 months to end June 2000**

Rank	Code	Drug	Form	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$
1	2012	Simvastatin	Tablet 20 mg	1,991,847	102,602,250	115,869,335	58.17
2	1327	Omeprazole	Capsule 20 mg	1,048,164	79,793,089	87,358,699	83.34
3	8214	Atorvastatin	Tablet 20 mg	1,328,496	70,987,150	82,608,701	62.18
4	8333	Omeprazole	Tablet 20 mg	1,050,865	66,577,721	74,952,453	71.32
5	8213	Atorvastatin	Tablet 10 mg	1,504,394	54,899,635	67,521,821	44.88
6	8187	Olanzapine	Tablet 10 mg	157,238	54,656,910	55,485,709	352.88
7	2011	Simvastatin	Tablet 10 mg	1,448,933	52,281,120	60,994,968	42.10
8	8215	Atorvastatin	Tablet 40 mg	609,736	50,980,114	56,188,051	92.15
9	1978	Ranitidine Hydrochloride	Tablet 150 mg (base)	2,521,485	44,230,022	58,675,468	23.27
10	8173	Simvastatin	Tablet 40 mg	556,985	41,457,281	45,408,454	81.53
11	2242	Paroxetine	Tablet 20 mg (base)	1,124,272	37,450,346	48,117,404	42.80
12	2241	Lansoprazole	Capsule 30 mg	477,068	34,895,762	38,989,492	81.73
13	8238	Ipratropium Bromide	Nebuliser solution single dose 500 ug 1 mL	562,367	33,168,598	34,974,061	62.19
14	8101	Interferon Beta-1B	Injection set 1 vial powder dose 8,000,000 i.u.	25,053	31,216,995	31,508,825	1,257.69
15	8288	Salbutamol	Oral pressurised inhal 100 ug (base) CFC-free	2,244,524	29,906,100	35,873,566	15.98
16	2236	Sertraline	Tablet 50 mg (base)	1,073,995	29,821,362	39,894,293	37.15
17	3051	Perindopril	Tablet 4 mg	1,329,956	29,763,717	40,434,823	30.40
18	2834	Pravastatin	Tablet 20 mg	611,996	29,108,065	33,538,726	54.80
19	2592	Isotretinoin	Capsule 20 mg	182,486	28,342,800	31,119,257	170.53
20	8197	Pravastatin	Tablet 40 mg	354,640	25,601,006	28,314,013	79.84
21	2072	Budesonide	oral inhal. 400mcg per dose (200 doses)	706,556	25,150,311	31,208,440	44.17
22	1369	Enalapril Maleate	Tablet 20 mg	991,305	25,096,165	32,803,479	33.09
23	8247	Irbesartan	Tablet 150 mg	1,181,931	23,885,889	33,642,374	28.46
24	8243	Latanoprost	Eye drops 50 ug per mL (0.005%), 2.5 mL	694,868	23,522,185	27,117,411	39.03
25	2237	Sertraline	Tablet 100 mg (base)	762,937	23,373,395	30,735,954	40.29
26	8093	Goserelin	Subcutaneous implant 10.8 mg (base)	19,999	23,080,071	23,188,851	1,159.50

**Table 2 Pharmaceutical Benefits Scheme  
Highest Govt cost items–12 months to end June 2000 (continued)**

Rank	Code	Drug	Form	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$
27	2502	Calcitriol	Capsule 0.25 ug	388,913	22,799,244	24,528,718	63.07
28	1434	Fluoxetine Hydrochloride	Capsule 20 mg (base)	670,614	21,346,920	27,677,399	41.27
29	8248	Irbesartan	Tablet 300 mg	809,119	20,711,839	27,641,583	34.16
30	8102	Alendronic Acid	Tablet equivalent to 10 mg alendronic acid	364,224	20,693,025	22,465,745	61.68
31	1746	Paracetamol	Tablet 500 mg	3,889,776	19,930,300	29,323,174	7.54
32	2367	Felodipine	Tablet 10 mg (extended release)	767,913	19,323,897	24,821,206	32.32
33	2752	Amlodipine Besylate	Tablet 10 mg (base)	751,473	19,234,801	25,814,230	34.35
34	8217	Famciclovir	Tablet 250 mg	37,129	19,203,974	19,750,365	531.94
35	8003	Moclobemide	Tablet 300 mg	363,181	18,884,342	22,175,143	61.06
36	1215	Codeine with Paracetamol	Tablet 30 mg-500 mg	2,840,093	17,914,947	25,189,286	8.87
37	2751	Amlodipine Besylate	Tablet 5 mg (base)	1,207,716	17,885,229	26,426,605	21.88
38	8220	Citalopram	Tablet 20 mg (base)	595,656	17,567,030	23,572,550	39.57
39	2430	Metformin Hydrochloride	Tablet 500 mg	1,378,317	17,368,395	21,129,950	15.33
40	1763	Insulin (human)	Injection 100 units (30 units–70 units)	80,274	17,326,131	17,796,121	221.69
41	2001	Salbutamol	Nebuliser solution single dose 5mg (base)	787,540	16,819,721	19,968,670	25.36
42	1081	Atenolol	Tablet 50 mg	2,319,294	16,775,808	23,144,320	9.98
43	1946	Ramipril	Capsule 5 mg	703,329	16,605,917	22,158,930	31.51
44	8185	Olanzapine	Tablet 5 mg	110,167	16,487,199	17,130,228	155.49
45	2458	Lisinopril	Tablet 20 mg	596,949	16,349,726	21,144,632	35.42
46	1149	Captopril	Tablet 50 mg	313,729	16,292,531	18,048,652	57.53
47	1453	Gemfibrozil	Tablet 600 mg	427,831	16,188,370	19,257,695	45.01
48	2716	Fluticasone	Oral pressurised inhalation 250 ug per dose	358,657	15,547,899	18,214,307	50.78
49	3027	Salmeterol	Oral pressurised inhalation 25 ug (base)	465,616	15,433,810	18,680,398	40.12
50	8008	Pantoprazole	Tablet (enteric coated) equivalent to 40mg	209,903	15,368,581	17,123,414	81.58

**Table 3 Pharmaceutical Benefits Scheme  
Most Prescribed Items—12 Months to end June 2000**

Rank Code	Drug	Form	Script Volume	Govt Cost	Total Cost \$	Ave Price \$
1	Paracetamol	Tablet 500 mg	3,889,776	19,930,300	29,323,174	7.54
2	Codeine with Paracetamol	Tablet 30 mg-500 mg	2,840,093	17,914,947	25,189,286	8.87
3	Ranitidine Hydrochloride	Tablet 150 mg (base)	2,521,485	44,230,022	58,675,468	23.27
4	Atenolol	Tablet 50 mg	2,319,294	16,775,808	23,144,320	9.98
5	Salbutamol	Oral pressurised inhal 100 ug (base) CFC-free	2,244,524	29,906,100	35,873,566	15.98
6	Temazepam	Capsule 10 mg	2,218,026	8,689,849	14,184,217	6.39
7	Simvastatin	Tablet 20 mg	1,991,847	102,602,250	115,869,335	58.17
8	Atorvastatin	Tablet 10 mg	1,504,394	54,899,635	67,521,821	44.88
9	Simvastatin	Tablet 10 mg	1,448,933	52,281,120	60,994,968	42.10
10	Metformin Hydrochloride	Tablet 500 mg	1,378,317	17,368,395	21,129,950	15.33
11	Diazepam	Tablet 5 mg	1,370,597	5,748,507	9,257,709	6.75
12	Perindopril	Tablet 4 mg	1,329,956	29,763,717	40,434,823	30.40
13	Atorvastatin	Tablet 20 mg	1,328,496	70,987,150	82,608,701	62.18
14	Oxazepam	Tablet 30 mg	1,225,215	4,280,821	7,266,047	5.93
15	Amlodipine Besylate	Tablet 5 mg (base)	1,207,716	17,885,229	26,426,605	21.88
16	Irbesartan	Tablet 150 mg	1,181,931	23,885,889	33,642,374	28.46
17	Cephalexin	Capsule 500 mg	1,143,023	9,794,686	13,096,607	11.46
18	Paroxetine	Tablet 20 mg (base)	1,124,272	37,450,346	48,117,404	42.80
19	Diclofenac	Tablet 50 mg (enteric coated)	1,108,946	8,913,283	11,922,745	10.75
20	Frusemide	Tablet 40 mg	1,074,044	5,709,781	8,225,029	7.66
21	Sertraline	Tablet 50 mg (base)	1,073,995	29,821,362	39,894,293	37.15
22	Omeprazole	Tablet 20 mg	1,050,865	66,577,721	74,952,453	71.32
23	Omeprazole	Capsule 20 mg	1,048,164	79,793,089	87,358,699	83.34
24	Amoxicillin	Capsule 500 mg	992,086	8,193,339	11,084,894	11.17
25	Enalapril Maleate	Tablet 20 mg	991,305	25,096,165	32,803,479	33.09
26	Isosorbide Mononitrate	Tablets sustained release 60mg	930,062	13,865,973	16,054,792	17.26

**Table 3 Pharmaceutical Benefits Scheme  
Most Prescribed items–12 Months to end June 2000 (continued)**

Rank	Code	Drug	Form	Script Volume	Govt Cost	Total Cost \$	Ave Price \$
27	8254	Amoxicillin with Clavulanic Acid	Tablet 875 mg–125 mg	881,663	12,648,905	15,198,341	17.24
28	8248	Irbesartan	Tablet 300 mg	809,119	20,711,839	27,641,583	34.16
29	2001	Salbutamol	Nebuliser solution single dose 5mg (base)	787,540	16,819,721	19,968,670	25.36
30	2367	Felodipine	Tablet 10 mg (extended release)	767,913	19,323,897	24,821,206	32.32
31	2449	Gliclazide	Tablet 80 mg	764,619	9,875,677	11,851,440	15.50
32	2237	Sertraline	Tablet 100 mg (base)	762,937	23,373,395	30,735,954	40.29
33	2752	Amlodipine Besylate	Tablet 10 mg (base)	751,473	19,234,801	25,814,230	34.35
34	2723	Nitrazepam	Tablet 5 mg	715,514	2,920,194	4,575,917	6.40
35	2072	Budesonide	oral inhal. 400mcg per dose (200 doses)	706,556	25,150,311	31,208,440	44.17
36	1946	Ramipril	Capsule 5 mg	703,329	16,605,917	22,158,930	31.51
37	8243	Latanoprost	Eye drops 50 ug per mL (0.005%), 2.5 mL	694,868	23,522,185	27,117,411	39.03
38	1434	Fluoxetine Hydrochloride	Capsule 20 mg (base)	670,614	21,346,920	27,677,399	41.27
39	1241	Verapamil Hydrochloride	Tablet 240 mg (sustained release)	663,022	9,938,933	11,870,385	17.90
40	1368	Enalapril Maleate	Tablet 10 mg	661,428	11,885,790	16,836,541	25.45
41	1169	Cefaclor	Tablet 375 mg (sustained release)	658,798	7,732,013	9,642,967	14.64
42	2893	Prochlorperazine	Tablet 5 mg	657,481	3,135,856	4,793,616	7.29
43	8016	Roxithromycin	Tablet 300 mg	655,868	6,403,809	8,305,818	12.66
44	1760	Roxithromycin	Tablet 150 mg	648,722	6,276,138	8,138,130	12.54
45	2366	Felodipine	Tablet 5 mg (extended release)	616,942	10,182,156	11,916,215	19.31
46	2075	Budesonide	Nasal spray aqueous 100 ug per dose	615,781	10,084,992	11,815,117	19.19
47	1734	Oestrogens Conjugated	Tablets 625 ug	613,681	5,324,745	7,021,105	11.44
48	1906	Nifedipine	Tablet 30 mg (controlled release)	613,305	11,300,643	15,033,963	24.51
49	2834	Pravastatin	Tablet 20 mg	611,996	29,108,065	33,538,726	54.80
50	1312	Diltiazem Hydrochloride	Capsule 180 mg controlled delivery	610,615	12,009,418	15,191,703	24.88

**Table 4 Top 20 suppliers by total cost 1999–00  
(from processed PBS prescriptions)**

<i>Rank</i>	<i>Supplier(s)</i>	<i>Script Volume</i>	<i>Govt Cost \$</i>	<i>Total Cost \$</i>	<i>Sales to Ex-supplier</i>
1	AstraZeneca	10,066,085	322,735,436	376,555,508	271,935,323
2	Merck Sharp & Dohme	7,467,665	227,811,264	270,815,301	194,753,661
3	GlaxoWellcome	9,203,718	217,916,375	268,729,827	186,811,777
4	Parke Davis	5,375,054	210,852,509	249,972,512	185,216,748
5	Alphapharm	14,391,689	188,937,417	236,536,281	141,837,354
6	Bristol Myers Squibb	4,901,296	149,902,841	183,352,741	132,411,315
7	Aventis	8,760,560	138,283,566	175,881,255	112,436,506
8	Pfizer	5,137,179	109,795,176	146,823,205	101,676,264
9	Roche	3,053,913	111,887,098	126,728,293	92,717,685
10	Eli Lilly	2,338,055	105,612,947	117,822,491	88,002,352
11	Wyeth	5,189,252	94,959,168	116,309,383	76,523,373
12	SmithKline Beecham	3,344,306	96,406,088	115,590,145	82,561,616
13	Amrad	2,694,008	98,775,103	115,273,816	84,638,554
14	Pharmacia & Upjohn	3,208,803	93,968,050	109,520,817	78,082,505
15	Sanofi-Synthelabo	7,386,408	61,318,676	84,452,012	42,566,466
16	Novartis	3,687,472	70,417,429	84,410,168	55,818,136
17	Servier	2,884,297	51,664,211	68,903,504	46,015,723
18	Novo Nordisk	775,386	64,026,391	67,800,997	52,688,498
19	Schering	1,223,477	57,590,221	64,201,437	48,133,942
20	Sigma	5,180,793	46,591,969	62,906,005	32,860,083
	Others	31,812,134	667,791,259	796,425,032	537,357,079
	Total	138,081,550	3,187,243,194	3,839,010,730	2,645,044,957

Note: Includes branded and unbranded scripts and Doctor's bag scripts written for EP items contained in 'Other' total.

**Table 5 Top 20 Suppliers by market share for 1999–00  
(from processed PBS prescriptions)**

<i>Rank</i>	<i>Suppliers</i>	<i>Script Volume</i>	<i>% of Total</i>	<i>Govt Cost \$</i>	<i>Total Cost \$</i>	<i>Sales to Ex-supplier</i>
1	Alphapharm	14,391,689	10.42%	188,937,417	236,536,281	141,837,354
2	AstraZeneca	10,066,085	7.29%	322,735,436	376,555,508	271,935,323
3	GlaxoWellcome	9,203,718	6.67%	217,916,375	268,729,827	186,811,777
4	Aventis	8,760,560	6.34%	138,283,566	175,881,255	112,436,506
5	Merck Sharp & Dohme	7,467,665	5.41%	227,811,264	270,815,301	194,753,661
6	Sanofi-Synthelabo	7,386,408	5.35%	61,318,676	84,452,012	42,566,466
7	Parke Davis	5,375,054	3.89%	210,852,509	249,972,512	185,216,748
8	Wyeth	5,189,252	3.76%	94,959,168	116,309,383	76,523,373
9	Sigma	5,180,793	3.75%	46,591,969	62,906,005	32,860,083
10	Pfizer	5,137,179	3.72%	109,795,176	146,823,205	101,676,264
11	Bristol Myers Squibb	4,901,296	3.55%	149,902,841	183,352,741	132,411,315
12	Novartis	3,687,472	2.67%	70,417,429	84,410,168	55,818,136
13	SmithKline Beecham	3,344,306	2.42%	96,406,088	115,590,145	82,561,616
14	Pharmacia & Upjohn	3,208,803	2.32%	93,968,050	109,520,817	78,082,505
15	Roche	3,053,913	2.21%	111,887,098	126,728,293	92,717,685
16	Servier	2,884,297	2.09%	51,664,211	68,903,504	46,015,723
17	Amrad	2,694,008	1.95%	98,775,103	115,273,816	84,638,554
18	Eli Lilly	2,338,055	1.69%	105,612,947	117,822,491	88,002,352
19	Knoll	2,208,742	1.60%	28,271,251	37,698,234	22,910,610
20	Schering-Plough	1,710,411	1.24%	20,635,120	27,502,832	16,358,832
	Others	29,891,844	21.65%	740,501,500	863,226,400	598,910,077
	Total	138,081,550	100.00%	3,187,243,194	3,839,010,730	2,645,044,957

Note: Includes branded and unbranded scripts and Doctor's bag scripts written for EP items in 'Other' total.

Unbranded scripts totalled 10.5 million (cost \$266.7 million) or 7.58 per cent of total processed scripts.

**Table 6(a) Significant Drug Groups – 12 months to end June, sorted by highest Government cost 1999–00**

ATC Code	Minor Groups	Financial year 1998–99			Financial year 1999–00				
		Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$
C10	Serumlipidreducing Agents	7,782,201	363,354,083	422,499,059	54.29	9,672,941	473,677,001	545,144,066	56.36
A02	Antacids, drugs for treatment of peptic ulcer and flatulence	8,489,989	340,318,092	396,847,224	46.74	8,958,001	315,420,401	374,046,227	41.76
C09	Agents acting on Renin-Angiotensin system	10,818,873	244,488,089	326,935,446	30.22	12,368,588	271,928,039	363,628,818	29.40
R03	Anti-Asthmatics	9,379,905	223,173,204	273,773,944	29.19	9,922,337	246,460,575	300,336,867	30.27
N06	Psychoanaleptics	7,416,154	177,555,372	229,429,230	30.94	8,409,110	210,342,270	272,189,514	32.37
C08	Calcium Channel Blockers	7,366,808	143,426,867	185,722,551	25.21	7,611,059	148,836,244	190,882,762	25.08
J01	Antibacterials for systemic use	8,209,741	105,532,145	127,373,054	15.51	8,435,993	143,346,544	166,490,248	19.74
N05	Psycholeptics	11,462,541	128,070,439	165,554,756	14.44	11,373,598	131,186,004	168,575,413	14.82
A10	Antidiabetic Therapy	3,025,216	99,211,563	109,543,303	36.21	3,453,602	113,664,232	125,275,063	36.27
N02	Analgesics	9,264,145	77,795,766	101,297,045	10.93	9,438,185	86,297,237	110,328,629	11.69
G03	Sex hormones and modulators of the genital system	5,234,322	77,222,872	97,118,801	18.55	5,596,130	85,740,903	106,676,346	19.06
L02	Endocrine Therapy	328,135	68,031,043	70,396,479	214.54	341,072	74,896,418	77,262,160	226.53
N03	Antiepileptics	1,290,837	58,966,446	68,026,281	52.70	1,365,439	65,999,929	75,521,949	55.31
L01	Antineoplastic agents	212,162	37,738,719	39,484,548	186.11	273,673	64,825,808	66,940,771	244.60
S01	Ophthalmologicals	4,708,129	51,993,742	66,083,567	14.04	5,135,029	64,115,874	79,928,604	15.57
J05	Antivirals for systemic use	241,573	48,360,859	51,616,733	213.67	261,731	57,534,413	61,125,884	233.54
C01	Cardiac Therapy	3,236,469	54,932,030	64,431,637	19.91	3,257,185	55,956,362	65,351,312	20.06

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 6(a) Significant Drug Groups – 12 months to end June, sorted by highest Government cost 1999–00 (continued)**

ATC Code	Minor Groups	Variation 1998/99 to 1999/00				Percentage Change			
		Script Volume	Govt Cost\$	Total Cost \$	Ave Price \$	Script Volume	Govt Cost\$	Total Cost \$	Ave Price \$
C10	Serumlipidreducing agents	1,890,740	110,322,918	122,645,007	2.07	24.30%	30.36%	29.03%	3.81%
A02	Antacids, drugs for treatment of peptic ulcer and flatulence	468,012	-24,897,691	-22,800,997	-4.99	5.51%	-7.32%	-5.75%	-10.67%
C09	Agents acting on renin-angiotensin system	1,549,715	27,439,950	36,693,372	-0.82	14.32%	11.22%	11.22%	-2.71%
R03	Anti-asthmatics	542,432	23,287,371	26,562,922	1.08	5.78%	10.43%	9.70%	3.71%
N06	Psychoanaleptics	992,956	32,786,898	42,760,284	1.43	13.39%	18.47%	18.64%	4.63%
C08	Calcium channel blockers	244,251	5,409,378	5,160,211	-0.13	3.32%	3.77%	2.78%	-0.52%
J01	Antibacterials for systemic use	226,252	37,814,400	39,117,194	4.22	2.76%	35.83%	30.71%	27.21%
N05	Psycholeptics	-88,943	3,115,565	3,020,657	0.38	-0.78%	2.43%	1.82%	2.62%
A10	Antidiabetic therapy	428,386	14,452,670	15,731,760	0.06	14.16%	14.57%	14.36%	0.18%
N02	Analgesics	174,040	8,501,471	9,031,584	0.76	1.88%	10.93%	8.92%	6.91%
G03	Sex hormones and modulators of the genital system	361,808	8,518,032	9,557,545	0.51	6.91%	11.03%	9.84%	2.74%
L02	Endocrine therapy	12,937	6,865,375	6,865,681	11.99	3.94%	10.09%	9.75%	5.59%
N03	Antiepileptics	74,602	7,033,482	7,495,668	2.61	5.78%	11.93%	11.02%	4.95%
L01	Antineoplastic agents	61,511	27,087,089	27,456,222	58.50	28.99%	71.78%	69.54%	31.43%
S01	Ophthalmologicals	426,900	12,122,132	13,845,038	1.53	9.07%	23.31%	20.95%	10.90%
J05	Antivirals for systemic use	20,158	9,173,554	9,509,152	19.88	8.34%	18.97%	18.42%	9.30%
C01	Cardiac Therapy	20,716	1,024,332	919,675	0.16	0.64%	1.86%	1.43%	0.78%

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 6(b) Significant Drug Groups – 12 months to end June, sorted by highest script volume 1999–00**

ATC Code/Minor Groups	Financial year 1998–99				Financial year 1999–00			
	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$
C09 Agents Acting on Renin-Angiotensin System	10,818,873	244,488,089	326,935,446	30.22	12,368,588	271,928,039	363,628,818	29.40
J01 Antibacterials For Systemic Use	11,462,541	128,070,439	165,554,756	14.44	11,373,598	131,186,004	168,575,413	14.82
R03 Anti-Asthmatics	9,379,905	223,173,204	273,773,944	29.19	9,922,337	246,460,575	300,336,867	30.27
C10 Serumlipidreducing Agents	7,782,201	363,354,083	422,499,059	54.29	9,672,941	473,677,001	545,144,066	56.36
N02 Analgesics	9,264,145	77,795,766	101,297,045	10.93	9,438,185	86,297,237	110,328,629	11.69
A02 Antacids, drugs for treatment of peptic ulcer and flatulence	8,489,989	340,318,092	396,847,224	46.74	8,958,001	315,420,401	374,046,227	41.76
N05 Psycholeptics	8,209,741	105,532,145	127,373,054	15.51	8,435,993	143,346,544	166,490,248	19.74
N06 Psychoanaleptics	7,416,154	177,555,372	229,429,230	30.94	8,409,110	210,342,270	272,189,514	32.37
C08 Calcium Channel Blockers	7,366,808	143,426,867	185,722,551	25.21	7,611,059	148,836,244	190,882,762	25.08
G03 Sex hormones and modulators of the genital system	5,234,322	77,222,872	97,118,801	18.55	5,596,130	85,740,903	106,676,346	19.06
S01 Ophthalmologicals	4,708,129	51,993,742	66,083,567	14.04	5,135,029	64,115,874	79,928,604	15.57
M01 Antiinflammatory and Antirheumatic Products	4,259,757	42,175,321	53,875,601	12.65	4,221,963	41,504,562	53,113,046	12.58
C07 Beta Blocking Agents	3,636,455	34,672,355	45,746,571	12.58	3,931,576	41,856,484	53,761,167	13.67
A10 Antidiabetic Therapy	3,025,216	99,211,563	109,543,303	36.21	3,453,602	113,664,232	125,275,063	36.27
C01 Cardiac Therapy	3,236,469	54,932,030	64,431,637	19.91	3,257,185	55,956,362	65,351,312	20.06
C03 Diuretics	2,615,143	23,499,513	30,460,050	11.65	2,755,991	25,502,719	32,859,670	11.92
D07 Corticosteroids, Dermatological preparations	2,482,559	17,738,832	25,473,082	10.26	2,509,707	19,407,143	27,402,685	10.92

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 6(b) Significant Drug Groups – 12 months to end June, sorted by highest script volume 1999–00 (continued)**

ATC Code	Minor Groups	Variation 1998/99 to 1999-00					Percentage Change				
		Script Volume	Govt cost \$	Total Cost \$	Ave Price \$		Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	
C09	Agents Acting on Renin-Angiotensin System	1,549,715	27,439,950	36,693,372	-0.82	14.32%	11.22%	11.22%	-0.82	11.22%	-2.71%
J01	Antibacterials For Systemic Use	-88,943	3,115,565	3,020,657	0.38	-0.78%	2.43%	1.82%	0.38	2.43%	2.62%
R03	Anti-Asthmatics	542,432	23,287,371	26,562,922	1.08	5.78%	10.43%	9.70%	1.08	10.43%	3.71%
C10	Serumlipidreducing Agents	1,890,740	110,322,918	122,645,007	2.07	24.30%	30.36%	29.03%	2.07	30.36%	3.81%
N02	Analgesics	174,040	8,501,471	9,031,584	0.76	1.88%	10.93%	8.92%	0.76	10.93%	6.91%
A02	Antacids, drugs for treatment of peptic ulcer and flatulence	468,012	-24,897,691	-22,800,997	-4.99	5.51%	-7.32%	-5.75%	-4.99	-7.32%	-10.67%
N05	Psycholeptics	226,252	37,814,400	39,117,194	4.22	2.76%	35.83%	30.71%	4.22	35.83%	27.21%
N06	Psychoanaleptics	992,956	32,786,898	42,760,284	1.43	13.39%	18.47%	18.64%	1.43	18.47%	4.63%
C08	Calcium Channel Blockers	244,251	5,409,378	5,160,211	-0.13	3.32%	3.77%	2.78%	-0.13	3.77%	-0.52%
G03	Sex hormones and modulators of the genital system	361,808	8,518,032	9,557,545	0.51	6.91%	11.03%	9.84%	0.51	11.03%	2.74%
S01	Ophthalmologicals	426,900	12,122,132	13,845,038	1.53	9.07%	23.31%	20.95%	1.53	23.31%	10.90%
M01	Antiinflammatory and Antirheumatic Products	-37,794	-670,759	-762,555	-0.07	-0.89%	-1.59%	-1.42%	-0.07	-1.59%	-0.53%
C07	Beta Blocking Agents	295,121	7,184,129	8,014,596	1.09	8.12%	20.72%	17.52%	1.09	20.72%	8.70%
A10	Antidiabetic Therapy	428,386	14,452,670	15,731,760	0.06	14.16%	14.57%	14.36%	0.06	14.57%	0.18%
C01	Cardiac Therapy	20,716	1,024,332	919,675	0.16	0.64%	1.86%	1.43%	0.16	1.86%	0.78%
C03	Diuretics	140,848	2,003,207	2,399,620	0.28	5.39%	8.52%	7.88%	0.28	8.52%	2.36%
D07	Corticosteroids, Dermatological preparations	27,148	1,668,311	1,929,603	0.66	1.09%	9.40%	7.58%	0.66	9.40%	6.41%

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 7(a) PBS Drugs comparison (with Dr's Bag), sorted by highest change to Government cost 1999-00**

RankDrug	1998-99				1999-00				Ave Price	Total Cost \$	Variation Govt cost \$	% Change
	Script volume	Govt Cost \$	Total Cost \$	Ave Price \$	Script volume	Govt cost \$	Total Cost \$	Ave Price				
1	Atorvastatin	2,037,715	108,416,901	126,719,928	62.19	3,442,626	176,866,899	206,318,573	59.93	68,449,998	63.14%	
2	Olanzapine	192,929	48,884,387	49,993,688	259.13	337,895	82,005,222	83,894,578	248.29	33,120,834	67.75%	
3	Simvastatin	3,905,566	179,834,101	206,900,226	52.98	4,124,508	204,472,156	231,264,589	56.07	24,638,055	13.70%	
4	Irbesartan	1,308,587	29,139,397	40,217,961	30.73	2,127,815	46,911,286	64,491,293	30.31	17,771,888	60.99%	
5	Pravastatin	962,110	46,545,189	53,904,585	56.03	1,212,396	62,624,480	71,387,344	58.88	16,079,291	34.55%	
6	Venlafaxine	350,144	16,961,073	20,242,862	57.81	652,684	29,074,927	35,258,651	54.02	12,113,854	71.42%	
7	Salbutamol	3,405,487	41,983,171	54,154,592	15.90	3,456,617	53,681,953	65,565,051	18.97	11,698,782	27.87%	
8	Latanoprost	375,914	12,506,284	14,652,349	38.98	694,868	23,522,185	27,117,411	39.03	11,015,901	88.08%	
9	Rituximab	1,378	2,757,174	2,775,381	2,014.06	6,160	12,426,446	12,498,736	2,029.02	9,669,273	350.70%	
10	Fluticasone	711,292	30,756,832	36,410,543	51.19	1,078,092	40,055,405	48,865,760	45.33	9,298,573	30.23%	
11	Citalopram	299,855	8,444,557	11,516,041	38.41	595,656	17,567,030	23,572,550	39.57	9,122,474	108.03%	
12	Perindopril	1,475,010	29,707,761	41,604,460	28.21	1,937,194	38,770,421	53,663,880	27.70	9,062,660	30.51%	
13	Interferon Beta-1a	1,453	1,679,359	1,696,729	1,167.74	9,679	10,723,130	10,831,158	1,119.04	9,043,771	538.53%	
14	Sertraline	1,514,897	44,594,413	58,866,448	38.86	1,836,932	53,194,757	70,630,247	38.45	8,600,344	19.29%	
15	Clopidogrel	0	0	0	0.00	100,768	7,924,186	8,449,287	83.85	7,924,186	-	
16	Insulin (Human)	371,745	59,719,682	62,596,546	168.39	396,822	67,210,507	70,191,429	176.88	7,490,825	12.54%	
17	Valaciclovir	58,746	7,313,665	8,091,183	137.73	87,978	14,523,432	15,744,291	178.96	7,209,767	98.58%	
18	Alendronic Acid	267,429	16,779,542	18,247,123	68.23	383,290	23,293,553	25,151,775	65.62	6,514,011	38.82%	
19	Famciclovir	73,157	20,244,957	21,196,129	289.73	82,662	26,039,769	27,139,734	328.32	5,794,812	28.62%	
20	Salmeterol	376,807	14,291,720	17,010,577	45.14	602,567	19,979,097	24,264,858	40.27	5,687,377	39.79%	
21	Terbinafine	26,910	3,877,342	4,199,237	156.05	66,035	9,500,751	10,311,890	156.16	5,623,409	145.03%	
22	Amlodipine Besylate	2,052,618	39,735,626	55,438,131	27.01	2,232,901	45,063,323	61,490,761	27.54	5,327,697	13.41%	
23	Eformoterol	130,821	4,992,828	5,956,349	45.53	299,431	9,787,777	11,961,000	39.95	4,794,950	96.04%	

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 7(a) PBS Drugs comparison (with Dr's Bag), sorted by highest change to Government cost 1999-00 (continued)**

Rank Drug	1998-99			1999-00			Ave Price	Total Cost \$	Script volume	Govt cost \$	Total Cost \$	Ave Price	Variation Govt cost \$	% Change
	Script volume	Govt Cost \$	Total Cost \$	Script volume	Govt cost \$	Total Cost \$								
24	59,643	4,872,674	5,217,229	103,273	9,511,378	10,068,949	97.50	4,638,704	95.20%					
25	10,781	342,423	441,079	149,600	4,916,918	6,198,891	41.44	4,574,494	1335.92%					
26	997,453	33,154,502	42,573,682	1,124,272	37,450,346	48,117,404	42.80	4,295,843	12.96%					
27	17,840	315,372	482,568	254,685	4,560,964	6,779,071	26.62	4,245,592	1346.22%					
28	21,573	27,017,036	27,256,086	25,053	31,216,995	31,508,825	1,257.69	4,199,960	15.55%					
29	3,329	6,481,018	6,521,778	5,262	10,534,702	10,599,350	2,014.32	4,053,684	62.55%					
30	4,181	8,385,248	8,437,009	5,902	12,309,681	12,379,910	2,097.58	3,924,433	46.80%					
31	135,254	18,917,622	19,683,992	162,977	22,376,000	23,287,209	142.89	3,458,378	18.28%					
32	1,307,673	16,381,472	19,920,898	1,570,787	19,805,642	24,111,835	15.35	3,424,170	20.90%					
33	980,232	19,890,117	27,280,507	1,116,306	23,196,940	31,427,351	28.15	3,306,823	16.63%					
34	723,989	25,806,051	28,146,594	793,301	28,777,578	31,252,836	39.40	2,971,527	11.51%					
35	49,537	30,428,015	30,789,473	49,624	33,381,157	33,714,931	679.41	2,953,142	9.71%					

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 7(b) PBS Drugs comparison (with Dr's Bag), sorted by variation in volume (script usage) 1999-00**

Rank Drug	1998/99				1999/00				Ave Price \$	Total Cost \$	Ave Price \$	Variation Script volume	% Change
	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Script volume	Govt cost \$	Total Cost \$	Ave Price \$					
1	2,037,715	108,416,901	126,719,928	62.19	3,442,626	176,866,899	206,318,573	59.93	1,404,911	68.95%			
2	1,308,587	29,139,397	40,217,961	30.73	2,127,815	46,911,286	64,491,293	30.31	819,228	62.60%			
3	1,475,010	29,707,761	41,604,460	28.21	1,937,194	38,770,421	53,663,880	27.70	462,184	31.33%			
4	711,292	30,756,832	36,410,543	51.19	1,078,092	40,055,405	48,865,760	45.33	366,800	51.57%			
5	1,514,897	44,594,413	58,866,448	38.86	1,836,932	53,194,757	70,630,247	38.45	322,035	21.26%			
6	375,914	12,506,284	14,652,349	38.98	694,868	23,522,185	27,117,411	39.03	318,954	84.85%			
7	350,144	16,961,073	20,242,862	57.81	652,684	29,074,927	35,258,651	54.02	302,540	86.40%			
8	299,855	8,444,557	11,516,041	38.41	595,656	17,567,030	23,572,550	39.57	295,801	98.65%			
9	1,891,163	175,906,849	190,637,642	100.80	2,167,644	150,830,737	167,296,130	77.18	276,481	14.62%			
10	1,307,673	16,381,472	19,920,898	15.23	1,570,787	19,805,642	24,111,835	15.35	263,114	20.12%			
11	3,316,665	73,415,889	94,697,385	28.55	3,572,624	64,075,074	86,159,854	24.12	255,959	7.72%			
12	962,110	46,545,189	53,904,585	56.03	1,212,396	62,624,480	71,387,344	58.88	250,286	26.01%			
13	17,840	315,372	482,568	27.05	254,685	4,560,964	6,779,071	26.62	236,845	1327.61%			
14	376,807	14,291,720	17,010,577	45.14	602,567	19,979,097	24,264,858	40.27	225,760	59.91%			
15	3,905,566	179,834,101	206,900,226	52.98	4,124,508	204,472,156	231,264,589	56.07	218,942	5.61%			
16	2,118,943	15,175,336	20,990,096	9.91	2,319,294	16,775,808	23,144,320	9.98	200,351	9.46%			
17	2,052,618	39,735,626	55,438,131	27.01	2,232,901	45,063,323	61,490,761	27.54	180,283	8.78%			
18	130,821	4,992,828	5,956,349	45.53	299,431	9,787,777	11,961,000	39.95	168,610	128.89%			
19	3,527,286	64,165,050	86,271,496	24.46	3,688,406	64,161,217	86,435,217	23.43	161,120	4.57%			
20	3,344	54,627	64,782	19.37	155,944	2,652,062	3,097,689	19.86	152,600	4563.40%			
21	777,013	2,728,027	4,643,078	5.98	928,252	3,385,044	5,680,883	6.12	151,239	19.46%			
22	192,929	48,884,387	49,993,688	259.13	337,895	82,005,222	83,894,578	248.29	144,966	75.14%			
23	1,126,879	5,605,012	8,398,010	7.45	1,270,690	6,383,307	9,527,666	7.50	143,811	12.76%			

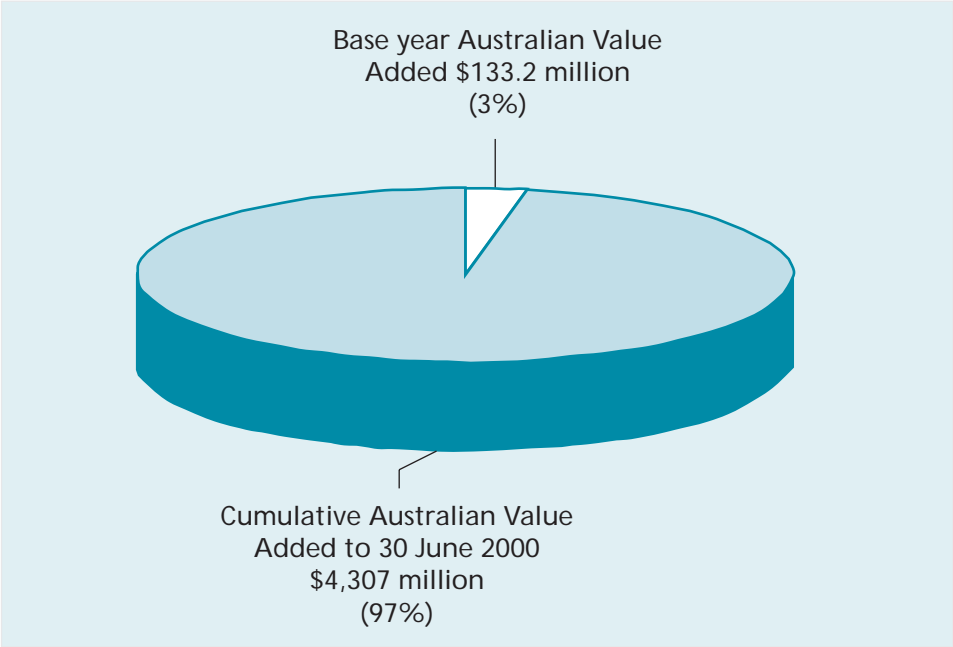
Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 7(b) PBS Drugs comparison (with Dr's Bag), sorted by variation in volume (script usage) 1999-00 (continued)**

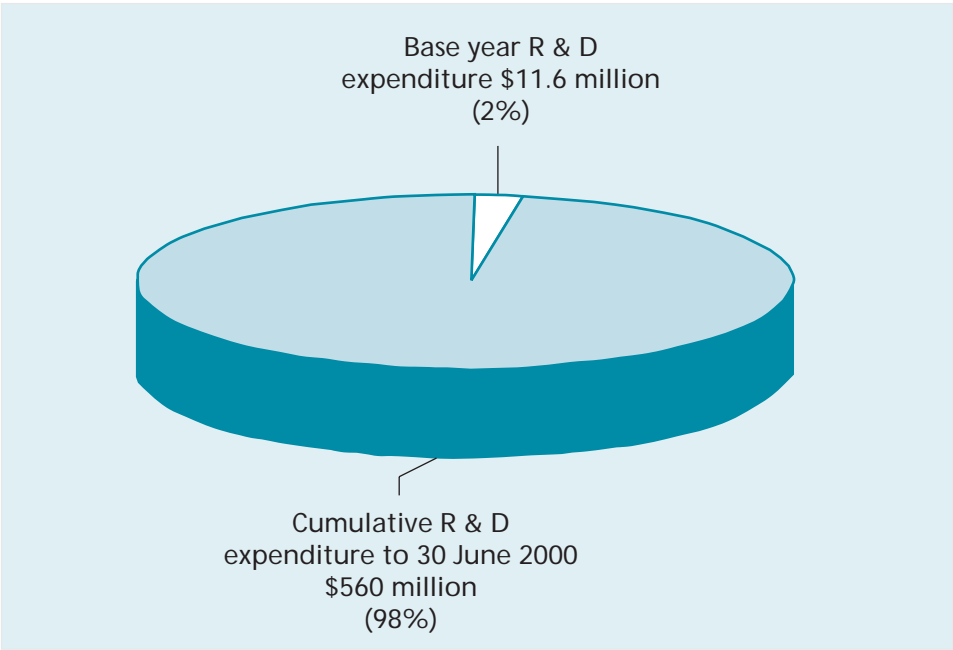
Rank Drug	1998/99				1999/00				Ave Price \$	Total Cost \$	Variation Script volume	% Change
	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Script volume	Govt cost \$	Total Cost \$	Ave Price \$				
24	10,781	342,423	441,079	40.91	149,600	4,916,918	6,198,891	41.44	138,819	1287.63%		
25	980,232	19,890,117	27,280,507	27.83	1,116,306	23,196,940	31,427,351	28.15	136,074	13.88%		
26	32,934	373,630	475,651	14.44	168,507	1,986,195	2,455,680	14.57	135,573	411.65%		
27	0	0	0	-	131,945	2,055,319	3,242,326	24.57	131,945	-		
28	636,742	8,183,757	9,828,640	15.44	764,619	9,875,677	11,851,440	15.50	127,877	20.08%		
29	997,453	33,154,502	42,573,682	42.68	1,124,272	37,450,346	48,117,404	42.80	126,819	12.71%		
30	823,377	17,231,359	23,230,179	28.21	941,172	19,052,781	25,870,712	27.49	117,795	14.31%		
31	267,429	16,779,542	18,247,123	68.23	383,290	23,293,553	25,151,775	65.62	115,861	43.32%		
32	0	0	0	-	100,768	7,924,186	8,449,287	83.85	100,768	-		
33	676,733	3,164,528	4,868,108	7.19	774,346	3,884,332	5,861,530	7.57	97,613	14.42%		
34	0	0	0	-	95,657	2,746,321	3,194,272	33.39	95,657	-		
35	1,246,524	9,851,198	13,335,003	10.70	1,342,171	10,662,445	14,424,643	10.75	95,647	7.67		

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

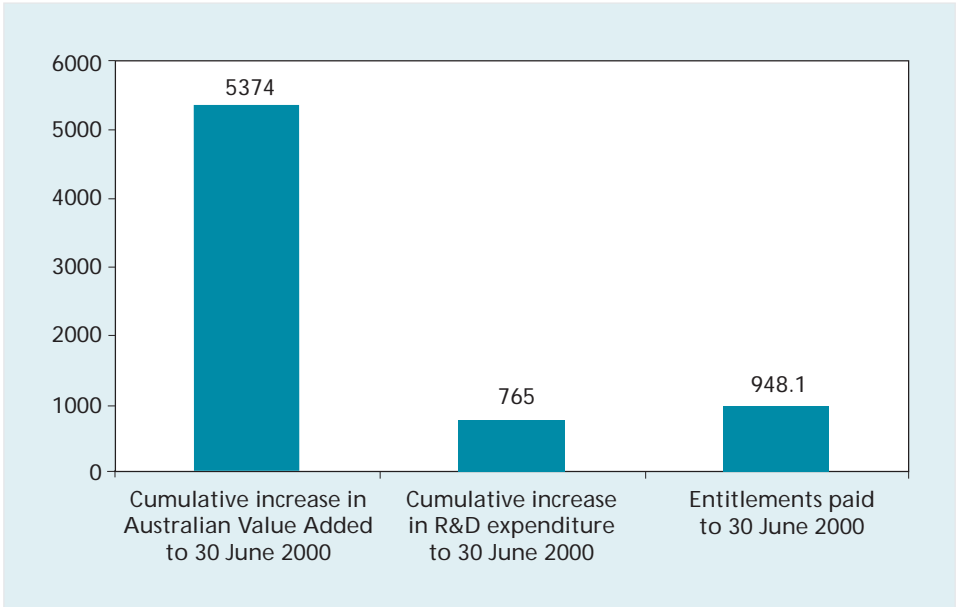
**Factor (f) – Australian Value Added activity in Phase II to 30 June 2000**



**Factor (f) – Research and development expenditure in Phase II to 30 June 2000**



**Factor (f) – Increase in activity versus entitlements  
(Phase I and Phase II)**





## Appendix

# Pharmaceutical Industry Investment Program Guidelines

The PIIP operates according to a number of guiding principles. These Principles define the objectives of the Program and successful participants have demonstrated that the activities they are and will undertake are consistent with the Principles.

### Principle 1

The Pharmaceutical Industry Investment Program is intended to increase the total level of research and development activity undertaken in Australia which has a direct link to or is of direct relevance to the pharmaceutical industry. It is not, however, intended to influence the direction of that research and development activity.

This Principle recognises that low returns to suppliers to the Pharmaceutical Benefits Scheme (PBS) reduce the ability of pharmaceutical companies to undertake research and development (R&D) activity in Australia. Within the broad constraint of activity needing to have a demonstrated relevance to or direct link to the pharmaceutical industry, the PIIP does not seek to encourage one type of R&D activity over another.

## Principle 2

The Pharmaceutical Industry Investment Program is intended to increase the total level of pharmaceutical production value added activity undertaken in Australia. In particular, it seeks to encourage high value adding per unit activity over lower value adding per unit activity.

This Principle recognises that low returns to companies under the PBS impact on the level of pharmaceutical manufacturing activity in Australia and hence the level of investment in the industry. While this Principle clearly articulates a preference for high value adding per unit activity, it does not preclude companies from undertaking high volume, lower value adding per unit activity.

## Principle 3

The Pharmaceutical Industry Investment Program is intended to encourage pharmaceutical companies to achieve not only growth in existing activity but also to undertake additional activity which is different in scope from existing activity, or is otherwise new to the company and of ‘significance’ to its operations and/or its position in the global environment.

## Principle 4

The Pharmaceutical Industry Investment Program is intended to encourage a sustainable pharmaceutical industry in Australia, undertaking activity which is internationally competitive and of benefit to Australia.

Principles 3 and 4 are intended to encourage companies to expand beyond the activities which they currently undertake rather than on the basis of growth in existing activity. Additional activities can be new to the company or represent a significant change in the scope of activities already undertaken. They can involve manufacturing (for example, the manufacture of new products or new formulations of existing products, or the development of new markets for existing products) or R&D

(for example, taking existing R&D activity into a new therapeutic area or undertaking a new collaborative venture). Alternatively, they may encompass broader areas of activity or expertise. Activities should contribute to the long term development of a viable, competitive Australian pharmaceutical industry.

The Principles provide companies with the opportunity to demonstrate how they have used the PIIP to leverage additional activity which is of strategic benefit to the company and Australia, and would not have been undertaken in the absence of the Program.

## Role of the Authority

The PBPA is responsible for administering companies' participation in the PIIP according to the individual Agreements signed between companies and the Commonwealth.

In relation to the PIIP, the Authority is responsible for:

- (a) monitoring performance of each company in accordance with its Agreement with the Commonwealth;
- (b) ensuring all information and reports required to review a company's performance against its obligations and commitments are provided by the company;
- (c) approving Actual Pricing Increases and/or Notional Price Increases to each company as appropriate and in accordance with its Agreement with the Commonwealth;
- (d) where appropriate or necessary, negotiating amendment to the Agreement with a company and recommending such amendments to the Minister's Delegate for approval;
- (e) administering Actual Price Increases operated under the PIIP in accordance with each company's Agreement; and
- (f) making recommendations to the Minister's Delegate on any aspect of the operation of the Agreements or the performance of companies under their Agreements.





