

Price Disclosure Fact Sheet

Differences Between IMS Profits Data & Disclosed Data

Using IMS Profits Data to estimate price disclosure outcomes

The Department understands that some responsible persons use commercially available market and data analysis products such as IMS Health Profits Data (IMS data) to estimate potential outcomes from price disclosure calculations, and in some cases to identify Public Hospital sales made through wholesalers.

It is a matter for companies to decide whether to use commercially available products. This fact sheet does not make any comment on the accuracy or usefulness of any commercial product. More details about IMS data or other commercially available data analysis products can be obtained directly from the commercial providers. It should be noted that the IMS Profits Data referred to in this Fact Sheet is different to IMS National Audit Data (which reflects national average list prices, rather than actual sales prices).

The fact there is a difference between price disclosure outcomes:

- estimated based on IMS data; and
- using disclosed data and the method in the *National Health Act 1953* (the Act) and the *National Health (Pharmaceutical Benefits) Regulations 1960* (the Regulations)

does not indicate an error in outcomes published on the pbs.gov.au website or in the legal instrument setting out weighted average disclosed prices.

Differences between IMS data and disclosed data

Set out below are some reasons why there may be differences between the IMS data and data disclosed by responsible persons under the Act and Regulations and used to undertake price disclosure calculations.

IMS data is not adjusted or prepared specifically for use in the price disclosure method

For example IMS data:

- is generally based on ‘price to pharmacy’ prices (i.e. includes any relevant wholesaler mark-up). Price disclosure calculations are based on ex-manufacturer prices;
- the volume of pack size sales is not adjusted to the ‘pricing quantity’. Price disclosure calculations adjust the volume of pack size sales to the pricing quantity (i.e. smallest pack quantity determined in the PBS listing instrument for each pharmaceutical item);
- may include brands not listed on the PBS during the relevant period (e.g. if the brand is a Repatriation Pharmaceutical Benefits Scheme only brand);
- may not always reflect what is a public hospital as defined under the Act in accordance with the relevant instruments if changes occur outside of the annual alignment to the public hospitals list.

Sales reflected in IMS data

IMS data reflects sales:

- by wholesalers to retail pharmacies and to pharmacies in private and public hospitals (at price to pharmacy level prices);
- direct to pharmacy or other direct sales reported to IMS by responsible persons that subscribe to certain IMS services.

IMS data therefore does not reflect sales of PBS listed brands of pharmaceutical items made:

- directly by responsible persons that are not regular IMS subscribers;
- directly by responsible persons (even if they are IMS subscribers) to other organisations such as nursing homes, prisons, day surgery centres, government departments, Webster Care, and doctors bag sales;
- by wholesalers to organisations other than retail pharmacies and private hospital pharmacies.

IMS data coverage

The Department understands that IMS believes its profits data reflects 96% of wholesaler sales to pharmacy plus subscribing manufacturer's direct sales to retail pharmacy and 96% of wholesaler sales and manufacturer's direct sales to hospitals. The Department cannot comment on the extent of coverage of the IMS data

Revenue reflected in IMS data

Revenue reflected in IMS data is not equivalent to the net revenue reported or calculated as part of the price disclosure method.

IMS data reflects:

- actual invoiced sale price from wholesaler to pharmacy, and any included direct to pharmacy sales; and
- a derived average sale price for sales to hospitals, calculated using the National Audit Data 'national average list price' divided by the volume of actual hospital sales.

IMS data for sales revenue therefore does not reflect:

- actual sale prices for sales to hospitals;
- 'incentives', which are reported in disclosed data and deducted from revenue to reflect 'net revenue' for the price disclosure method (e.g. bonus stock); or
- any rebates, stock credits or other revenue adjustments reported by responsible persons where they differ from the invoiced price. Many responsible persons report certain significant adjustments as part of disclosed 'revenue' rather than as incentives. These adjustments will not be reflected in IMS data.

Different revenue periods reflected in IMS data

There may be a mismatch in revenue for sales in the relevant period between IMS data and disclosed data. This is because, for wholesaler sales, the IMS data for a particular period reflects sales *by wholesalers*. However, disclosed data is concerned with sales / revenue *by responsible persons*. There is a time difference between sales by responsible persons and sales by a wholesaler.