

PROPOSED EX-MANUFACTURER PRICING FOR THE PBS

Proposed amendments to the *National Health Act 1953* (the Act) currently being considered by Parliament will introduce ex-manufacturer pricing for the Pharmaceutical Benefits Scheme (PBS) from 1 October 2012. An explanation of the new pricing arrangements that will operate if the amendments are passed by Parliament is set out below, following a brief recap of some existing PBS pricing concepts:

- A. Recap of existing PBS pricing concepts (pages 1 to 3);
- B. The new ex-manufacturer pricing arrangements which will operate from 1 October 2012 (pages 4 to 7); and
- C. New ex-manufacturer prices applying on 1 October 2012 (pages 7 to 13). Pricing spreadsheets are provided along with this explanation document. It is important to read the information in this document to understand prices in the spreadsheets.
Important steps for transition to 1 October 2012 prices are at pages 11 to 13.

PART A - RECAP OF EXISTING PBS PRICING CONCEPTS

An understanding of some existing PBS pricing concepts is important to understanding the new arrangements.

Brand of a pharmaceutical item

PBS prices for ready-prepared products are agreed or determined under the Act for each 'brand of a pharmaceutical item'. A 'brand of a pharmaceutical item' is based on the determinations under the Act for the drug, form, manner of administration and brand. A 'pharmaceutical item' is a particular drug in a particular form with a particular manner of administration. 'Form' includes strength.

In the example below, *Brand 1* is a brand of *two different pharmaceutical items* that contain the same drug. The two pharmaceutical items are:

- Drug A, in the form 'tablet 20mg', and with the manner of administration 'oral'; and
- Drug A, in the form 'Solution for IV infusion 100mg in 10mL', and with the manner of administration 'injection'.

Pharmaceutical Item			
Drug	Form (incl strength)	Manner of Administration	Brand
Drug A	Tablet 20mg	Oral	Brand 1
Drug A	Solution for IV infusion 100mg in 10mL	Injection	Brand 1

PBS ‘Item Codes’ (eg. 1234W) are not the same as ‘pharmaceutical items’. Where a brand of a pharmaceutical item has multiple Item Codes published in the Schedule of Pharmaceutical Benefits (eg, for different maximum quantities, restrictions, or methods of supply), these are not different ‘pharmaceutical items’.

In the example below, *Brand 1* of both 1234W and 5678P Item Codes is one ‘brand of a pharmaceutical item’:

Item Code	Pharmaceutical Item				Maximum Quantity
	Drug	Form (incl strength)	Manner of Administration	Brand	
1234W	Drug A	Tablet 20mg	Oral	<i>Brand 1</i>	20
5678P	Drug A	Tablet 20mg	Oral	<i>Brand 1</i>	40

Approved Price, Price Premiums & Dispensed Price

The approved price used as the basis for calculating a PBS subsidy is currently:

- *agreed* between the responsible person and the Minister for Health & Ageing (the Minister), or Departmental pricing delegate; or
- *determined* by the Minister or delegate.

The Act currently provides for the approved price to be the ‘price to pharmacists’. The **approved price to pharmacists** (APP) comprises the ex-manufacturer price plus a wholesale mark-up calculated in accordance with the scale in the Fifth Community Pharmacy Agreement. Prices are currently approved by reference to manufacturer pack size.

The approved price is determined (ie, not agreed) if a premium / special patient contribution is to be imposed. The approved price (whether agreed or determined) is the price the Minister or delegate is willing to use as the basis for PBS subsidy. It does not include any amount for the patient paid contribution, which is based on a price ‘claimed’ by the responsible person. The *claimed* price is also determined in an instrument by the Minister or delegate. The difference between the determined approved price (ie, what the Minister or delegate would have agreed) and the ‘claimed price’ (what the company wants) becomes the basis for calculating the premium / special patient contribution. The patient paid premium / special patient contribution is the difference between the Commonwealth price based on the *determined approved price* and the Commonwealth price based on the *responsible person’s claimed price*. The Commonwealth price is also known as the dispensed price – it includes the mark-ups and fees.

In the example below, the patient premium for Beta brand is 58 cents (\$18.50 - \$17.92):

Brand of Pharmaceutical Item	Minister’s Determined Price to Pharmacists	Commonwealth Price* for Determined Price to Pharmacists
Alfa, tablet 20mg, oral – Beta brand	\$10.00 (pack size is equal to maximum quantity)	\$10.00 plus pharmacy mark-up & fees = \$17.92

Brand of Pharmaceutical Item	Company Claimed Price to Pharmacists	Commonwealth Price* for Claimed Price to Pharmacists
Alfa, tablet 20mg, oral – Beta brand	\$10.50 (pack size is equal to maximum quantity)	\$10.50 plus pharmacy mark-up and fees = \$18.50

* Commonwealth or dispensed price is calculated using 1 April 2012 fees and mark-ups

Prices are published in the Schedule of Pharmaceutical Benefits for the maximum quantity that may be prescribed. The expression ‘dispensed price’ is used in the Schedule rather than ‘Commonwealth price’.

The Dispensed Price for Maximum Quantity (DPMQ) is the amount payable to the pharmacist or most other PBS suppliers when they dispense the maximum quantity of a PBS medicine (see below re chemotherapy medicines). To reach the DPMQ, the fees and mark-ups applicable for the method of supply are currently added to the ‘price to pharmacists’ or, in some cases, the ex-manufacturer price.

A detailed explanation of current PBS pricing and subsidy calculation is provided in the Medicare publication, *Explanation of PBS Pricing*, which can be found at the following link:

<http://www.medicareaustralia.gov.au/provider/pubs/program/files/2526-explanation-of-pbs-pricing.pdf>

For chemotherapy medicines subject to the new efficient funding arrangements that commenced in December 2011, the dispensed price is a Dispensed Price for Maximum Amount. Information about remuneration for chemotherapy medicines under the new efficient funding arrangements can be found at the following link:

<http://www.pbs.gov.au/info/publication/factsheets/shared/revised-arrangements-for-chemotherapy>

PART B - NEW EX-MANUFACTURER PRICING ARRANGEMENTS FROM 1 OCTOBER 2012

The proposed legislation

The *National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2012* (the Bill) was introduced into Parliament on 23 May 2012. A link to the Bill and Explanatory Memorandum for the Bill is below:

<http://www.comlaw.gov.au/Details/C2012B00079/Download>

The key elements of the new pricing arrangements in the Bill are:

1. Prices will be agreed or determined at the ex-manufacturer level rather than the price to pharmacists level, ie, the ***approved ex-manufacturer price*** (AEMP) will replace the ***approved price to pharmacists*** (APP) as the core price in the Act.
2. There may be only one AEMP for each brand of a pharmaceutical item;
 - (a) The AEMP for each brand of a pharmaceutical item must be agreed or determined for the ***pricing quantity***, which is the lowest PBS priced pack size of any brand of the pharmaceutical item;
 - (b) The AEMPs for every brand of a particular pharmaceutical item must be the same.
3. The ex-manufacturer price for all other ***pack quantities*** (ie: PBS priced manufacturer pack sizes) will be a multiple of the AEMP for the lowest pack size. These ex-manufacturer prices for other pack quantities will be known as ***proportional ex-manufacturer prices*** (PEMPs).
4. ***Claimed prices*** for brands with resulting ***special patient contributions***/premiums may still apply to any ***pack quantity***.

These changes are explained in detail below.

Approved Ex-Manufacturer Prices (AEMPs)

If the proposed amendments to the Act come into effect, from 1 October 2012 PBS prices will be agreed or determined at the ex-manufacturer level rather than the price to pharmacists level, ie, the ***approved ex-manufacturer price*** (AEMP) will replace the ***approved price to pharmacists*** (APP) as the core price in the Act.

Statutory price reductions and price disclosure price reductions will be applied to the AEMP. The AEMP will also be used as the basis for calculating all PBS subsidies.

The use of the AEMP rather than the APP will not affect the approach to PBS subsidy. Where appropriate to the method for supply, the wholesale mark-up will be added to the AEMP using the existing Fifth Community Pharmacy Agreement scales, along with other markups.

Patient premiums/ special patient contributions will also not be affected. Although the 'determined price' and the 'claimed price' will both be determined at the ex-manufacturer level in a legislative instrument, the wholesale mark-up will be added, where appropriate, along with other mark-ups, in calculating the amount of the premium/special patient contribution.

Prices will continue to be published in the Schedule of Pharmaceutical Benefits in the same way as before the amendments (eg, Dispensed Price for Maximum Quantity).

An important advantage of using the AEMP as the base price under the Act arises where the PBS subsidy does not include a wholesale mark-up (eg, under most section 100 arrangements, including for highly specialised drugs). In such cases, any appropriate mark-ups will be able to be added directly to the AEMP. This contrasts with the situation at present where the approved price must be agreed or determined at the price to pharmacists level, even though the APP has no relevance to the method of supply, and the wholesale mark-up must be removed from this APP to calculate the Commonwealth subsidy.

One AEMP per brand of pharmaceutical item

From 1 October 2012:

- there may only be one AEMP for each brand of a pharmaceutical item;
 - At present, many brands have a number of APPs, eg, different prices for different pack sizes;
 - After 1 October 2012, even if there are multiple 'Item Codes' or multiple pack sizes for a brand of a pharmaceutical item, there will only be one AEMP.
- The AEMP for each brand of a pharmaceutical item must be agreed or determined with respect to a particular quantity, called the *pricing quantity*, which is the lowest PBS priced pack size of any brand of the pharmaceutical item;
 - At present, APPs may be for any quantity;
 - After 1 October 2012, even though some brands of a particular pharmaceutical item may not have a pack size equal to the pricing quantity, the AEMP for those brands will still be agreed or determined with respect to the pricing quantity.
- The AEMPs for every brand of a particular pharmaceutical item must be the same;
 - As all AEMPs for all brands of a particular pharmaceutical item must be agreed or determined with respect to the same quantity (the pricing quantity), the AEMPs will be required to be the same amount.

These changes ensure that statutory pricing calculations, including price disclosure, can be done based on uniform pricing for brands of a pharmaceutical item. The new prices will be in effect on 1 October 2012 for comparison to prices disclosed by companies in the second main

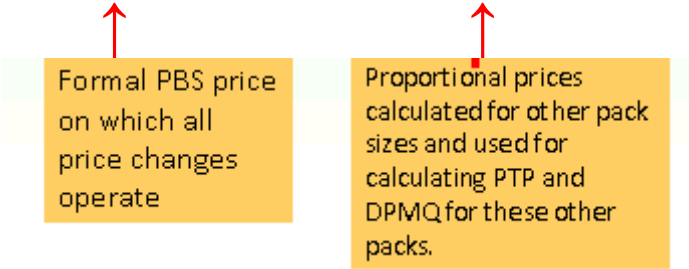
price disclosure cycle (ie, December 2012 price disclosure calculations for the 1 April 2013 reduction day).

Proportional ex-manufacturer prices (PEMPs) for other pack sizes

As set out above, there will be only one AEMP agreed or determined for each brand of a pharmaceutical item, and that price will be set for the *pricing quantity*. PBS prices for other pack sizes or *pack quantities* will be calculated proportionally under the Act. These prices are called PEMP.

In the example below, the AEMP for a *pricing quantity* of 20 is \$25, the PEMP for a *pack quantity* of 40 is \$50, and for a pack quantity of 50 it is \$62.50.

Brand, form (incl strength)	Pack Size	Approved Ex-Man Price (AEMP)	Proportional Ex-Man Price (PEMP)
Zeus® tablets, 100mg	20	\$25.00	-
Zeus® tablets, 100mg	40	-	\$50
Zeus® tablets, 100mg	50	-	\$62.50



Each time there is a change in the AEMP for a brand of a pharmaceutical item, there will automatically be a corresponding change in any PEMP for the brand. For example, if the AEMP for the *pricing quantity* of 20 increases from \$25 to \$28, the PEMP for a *pack quantity* of 40 would increase from \$50 to \$56. Price changes will always be calculated for the AEMP for the *pricing quantity*.

Listing of new pack sizes, including for new indications, may result in a review of the AEMP.

Claimed prices and special patient contributions/premiums

There may be a *claimed price* for any *pack quantity* of a brand of a pharmaceutical item. A price is ‘claimed’ where the responsible person wants a special patient contribution/premium. Thus there may be multiple *claimed prices* for the brand, even though there may only be one *determined price* because there may only be one AEMP for the brand.

A responsible person may claim a price for the *pricing quantity* if they cannot agree a price for this quantity. They may claim a price for other *pack quantities* when they are not happy with the PEMP that apply to those *pack quantities*. They may do so irrespective of whether the AEMP, from which those PEMP were derived, is an agreed or a determined price. The

Minister has a discretion as to whether to determine a price or a claimed price, which will continue to be exercised under usual pricing procedures.

New Lower Pack Size Listing

If a new lower pack size for a pharmaceutical item is accepted for listing, the quantity in that pack will become the *pricing quantity* for all brands of the pharmaceutical item. New PB11a forms will be required for new price agreements or determinations for the new pricing quantity for existing brands. The deadline for requesting listing of a new lower pack size will be extended to be the same as the current deadline for listings causing a price change, and the new listing will occur on a price change date. This is because of the administrative requirements for new approved prices, and the possibility of a new price for manufacturer packs.

PART C – NEW EX-MANUFACTURER PRICES APPLYING ON 1 OCTOBER 2012

How the new AEMPs for 1 October 2012 are arrived at

Because the new pricing arrangements commence on 1 October 2012, it is necessary for there to be a single AEMP for the pricing quantity of each brand of a pharmaceutical item in place on that day. The Bill includes transitional provisions for this.

There are a number of mechanisms by which a new AEMP may come into place on 1 October 2012:

- negotiation of a new *agreed price* or *determined price* to come into force on 1 October 2012; or
- if there is no new *agreed price* or *determined price*, the *approved ex-manufacturer price* prescribed in the regulations if there is such a price; or
- if there is no new *agreed price* or *determined price* and no price prescribed in the regulations, the *default approved ex-manufacturer price* provided for in the Division.

For the vast majority of medicines on the PBS the current ex-manufacturer level price is expected to become the AEMP for 1 October 2012. This occurs where a single ex-manufacturer price is calculated under the default method in the Bill by removing the wholesaler mark-up, or is provided for in the Regulations. No further action is expected to transition these prices to the ex-manufacturer level price. Procedures for checking these prices are referred to below.

Where multiple ex-manufacturer prices are calculated under the method for working out a default price in the Bill, it is intended that a new single ex-manufacturer price be agreed or determined for commencement on 1 October 2012. However, the Bill provides a fallback or default for transition to a single ex-manufacturer price for a listed brand of a pharmaceutical

item. This is to ensure continuity of PBS listings if no new agreement or determination is in place for 1 October 2012. This is because a PBS price is needed to ensure a listing continues.

These transitional arrangements are discussed further below.

New agreed or determined AEMPs

New AEMPs may be agreed under subsection 85AD(1) of the Act or determined under subsection 85B(2) of the Act in the usual way to come into force on 1 October 2012. However, the AEMP agreed or determined must be a price for the pricing quantity and must be the same for all brands of a particular pharmaceutical item, as required under the amended Act.

It is proposed that where price adjustments are necessary to transition from existing multiple prices to a single ex-manufacturer price, weighted prices be negotiated based on the ex-manufacturer level prices in place immediately before 1 October 2012 and PBS volumes across the pharmaceutical item. This is intended to provide a cost neutral overall outcome for the PBS and is consistent with the 2011 Statement of Principles of Commitment agreed with Medicines Australia, the Generic Medicines Industry Association and Consumers' Health Forum.

Weighted pricing is familiar to most responsible persons, and will be further explained in a letter to be sent to affected companies by 8 June 2012.

The example below shows a situation where no single ex-manufacturer price can be calculated for the pricing quantity of 10 (lowest pack size of the pharmaceutical item). A single weighted price would be calculated, taking account of the PBS volumes for Brand X and Brand Y.

Pharmaceutical Item A

Brand	Pack Size	Ex-Man Price for Pack Size	Ex-man price for Lowest Pack Quantity for the Pharmaceutical Item
X	10	\$10.00	\$10.00
Y	20	\$19.50	\$9.75

However, weighted pricing may not be appropriate in every case. In the example below the default ex-manufacturer price for a brand is not the same as the currently published s100 ex-manufacturer price. The existing published (s100) ex-manufacture price may be a more appropriate single AEMP than a weighted price.

Brand of Pharmaceutical Item	Default Ex-Man Level Price	Published s100 Ex-Man Price
Alfa, tablet 20mg, oral – Zeus brand	\$209.90 (derived from APP of \$225.68)	\$209.45

See below under the heading “**Each Company’s New AEMP**” for more information about how to find which products are likely to need negotiated new prices, and how this will be dealt with.

AEMPs prescribed in Regulations

Provision has been made to prescribe an AEMP in the Regulations to cover situations where the fallback or default price worked out using the method in the legislation is not considered appropriate. Based on 1 April 2012 prices, it is expected that there will be 11 pharmaceutical items (16 brands) that require a fallback AEMP to be set out in the Regulations.

An AEMP in the Regulations is required where anomalies between the current APPs and other published prices for the brands mean the default ex-manufacturer price under the Act would be higher than the current published or expected ex-manufacturer price. For the vast majority of medicines the Regulations are not needed.

It is intended that the Regulations be made by mid July 2012. However, affected companies will be advised of the prices that are proposed for inclusion in the Regulations. Any price negotiations for these pharmaceutical items can proceed in parallel with preparation of the Regulations.

A *price agreement* or *price determination* for 1 October 2012 will override the price prescribed in the Regulations. See below under the heading “**Each Company’s New AEMP**” for more information about which products are likely to be affected and how this will be dealt with.

The default AEMP

The method for working out the default AEMP is set out in the Bill. Each of the existing APPs for each brand of a particular pharmaceutical item is converted to an ex-manufacturer price by removing the wholesale mark-up, which is based on the 5th Community Pharmacy Agreement provisions. Removal of the wholesale mark-up is explained in detail in the Explanatory Memorandum for the Bill.

There may be converted ex-manufacturer prices for different quantities (pack sizes); a proportional price for the pricing quantity is worked out from each of these prices. If all of the resulting prices are the same amount, or if there is only one price, then that price is the AEMP for the brand, or all brands, of the pharmaceutical item. This will be the case for most brands on the PBS - there is no change to the current ex-manufacturer level price and no further action is required.

However, if the converted ex-manufacturer level prices differ, the default AEMP for all brands is the lowest of those prices. In the example below the default AEMP for all brands of the pharmaceutical item is \$9.75; the lowest price for the pricing quantity of 10. The default price will apply unless a price is prescribed in the Regulations or a new price is agreed or determined for 1 October 2012 (eg: a weighted price).

Pharmaceutical Item A

Brand	Pack Size	Ex-Man Price for Pack Size	Ex-man price for Lowest Pack Quantity for the Pharmaceutical Item (10)
X	10	\$10.00	\$10.00
Y	20	\$19.50	\$9.75

AEMPs for single brands of combination items

Special provision has been made in relation to the AEMPs for single brands of combination items on 1 October 2012.

Existing price agreements for single brands of combination items cease to have effect at the end of 30 September 2012, and the Minister is empowered to make a new price agreement for each single brand to come into force on 1 October 2012. If a new agreement is not made, the brand will have no AEMP, and without a PBS price its listing will not continue.

The Bill sets out constraints on the Minister's ability to agree a new price. These constraints are the same as those currently in section 99ACC of the Act which apply in relation to agreeing a new price following price reductions to component drugs.

Proportional ex-manufacturer prices (PEMPs) for other pack quantities

The new AEMPs arrived at by the methods above are for the pricing quantity. Irrespective of how the new AEMPs are arrived at, proportional ex-manufacturer prices (PEMPs) apply automatically for other pack quantities.

Claimed Prices

The legislation also provides for certain new *claimed prices* on 1 October 2012. Where there is a *claimed price* for a brand on 30 September 2012 for a *pack quantity*, a new *claimed price* will come into force on 1 October 2012. The previous *claimed price* will be adjusted in line with the change to the approved price. However this default claimed price won't apply if the responsible person gives notice that they no longer claim a price for the pack quantity from 1 October 2012, or if a different claimed price determination for that quantity comes into effect on 1 October 2012.

Each company's new AEMPs

The spreadsheets attached along with this document on the PBS website set out the default approved ex-manufacturer prices that would come into effect on 1 October 2012 under the Bill (or Regulations) based on 1 April 2012 approved prices. They also set out the proportional ex-manufacturer prices (ie, the PEMP) for other pack quantities, and related price to pharmacist and DMPQ level prices where appropriate. The mark-up bands and fees applicable on 1 April 2012 are used.

Brands listed on 1 May 2012 are also included in the website spreadsheets. Price changes and new listings between May and October 2012 may necessitate a recalculation of the prices for 1 October 2012. This will be discussed with any affected responsible persons.

The spreadsheets for medicines with a price premium / special patient contribution show the new default claimed price at the ex-manufacturer level and the resulting premium or special patient contribution.

In the small number of cases where a single ex-manufacturer level price cannot be calculated for brand(s) of a pharmaceutical item, the default price in the spreadsheets will be the lowest existing price for the pricing quantity. In these cases the Pricing Section will contact responsible persons by 8 June 2012, seeking to arrive at a new single agreed or determined price for brands of a pharmaceutical item for 1 October 2012.

For single brand combination items, there is a spreadsheet setting out a possible new approved ex-manufacturer level price. Based on 1 April 2012 pricing, there are no single brand combination items that have components requiring ex-manufacturer price adjustments. As a result, based on current pricing, all single brand combination item prices have been calculated by simply removing the wholesaler mark-up. Responsible persons for all single brand combination items will receive a letter from the Pricing Section in June 2012 concerning the need for a new PB11a for the 1 October 2012 AEMP.

There are also separate spreadsheets for chemotherapy medicines priced under the new efficient pricing provisions. They include the dispensed price relevant for those drugs.

All PBS listings that require contact from the Pricing Section about the 1 October 2012 AEMP have 'YES' marked in the column headed 'DoHA Contact' in the pricing spreadsheets attached with this document. This includes pharmaceutical items where:

- a single ex-manufacturer level price cannot be calculated;
- the AEMP will be set out in the Regulations;
- it is a single brand combination item.

Steps for transition to 1 October 2012 prices

The steps responsible persons need to take are:

1. Review prices in the spreadsheets attached with this document on the PBS website;
2. If responsible persons have any questions about the website spreadsheet prices where the **column headed 'DoHA Contact' is blank**, send an email by 20 June 2012 to pbspricing@health.gov.au setting out your issue. *Please ensure your email includes "AEMP DEFAULT PRICE QUERY" in the subject line.* These are prices the Department expects to apply on 1 October 2012 without any further action because they are the current ex-manufacturer level prices. Note that any related price changes between May and September 2012 might change the 1 October 2012 default approved ex-manufacturer price;
3. Pricing Section will contact responsible persons by 8 June 2012 about prices that have 'YES' marked in the column headed 'DoHA Contact' in the spreadsheets attached with this document. Responsible persons need to promptly consider letters or other contact from the Department concerning 1 October 2012 changes. *Any email to the Department about these prices should include "AEMP NEGOTIATION" in the subject line.*
4. If a new 1 October 2012 pricing agreement or determination is required, send in a PB11a by 9 July 2012 (with "AEMP NEGOTIATION" in subject line). This will include all single brand combination items. More detail about agreeing or determining new prices will be provided when responsible persons are contacted by the Department by 8 June 2012.

5. Further pricing discussions may be required after the initial responses, in which case Pricing Section will contact responsible persons.
6. Price negotiations are to be finalised by 23 July 2012 to permit processing for 1 October 2012 publication.

Information sessions are being held in Sydney on 14 June 2012 and Melbourne on 18 June 2012 – an invitation has been sent to responsible persons and other stakeholders by email.

New Agreed or Determined Prices

What if another responsible person agrees to a weighted price, or a lower AEMP?

Consistent with usual pricing procedures, responsible persons will be notified and all responsible persons must agree to the same approved price to maintain PBS listing.

If a brand currently has a special patient contribution (eg, brand price premium), the 1 October 2012 price negotiations can encompass the level of the special patient contribution.

What if no responsible person agrees to a new AEMP for 1 October 2012?

The default price under the Regulations or Bill will become the AEMP for 1 October 2012 for all brands of that pharmaceutical item. The default price is the lowest ex-manufacturer price calculated for the quantity in the lowest pack size, based on the current prices. This is explained in the website document.

When is a PB11a Needed?

A PB11a will be needed for all brands of pharmaceutical items that will have a new price agreement or determination commencing on 1 October 2012, rather than taking the default price under the Act or Regulations.

- A PB11a will be required for brands of pharmaceutical items where an *agreed or determined weighted price* ends up being the same as the default price (ie: based on PBS volumes).

A revised PB11a form, suited to the new pricing arrangements, will be uploaded to the PBS website, www.pbs.gov.au, before the end of June 2012. The new form will be explained at information sessions in June 2012. Responsible persons may subscribe at this link to receive notice of updates to the pbs.gov.au website, including when the new PB11a form is available: <http://www.pbs.gov.au/pbs/subscribe>

Contact from the Department

If there has been no Pricing Section contact by 12 June 2012 for a listing with ‘YES’ marked in the “DoHA Contact” column of a spreadsheet attached with this document on the PBS website, please notify Pricing Section via pbspricing@health.gov.au as soon as possible.

New listings or prices between May and October 2012 may require further contact with responsible persons that have brands of affected pharmaceutical items.

Default Prices

For the vast majority of PBS brands, the AEMP will be calculated by simply removing the wholesaler mark-up from the existing APP. This is expected for listings where the column

headed 'DoHA Contact' is blank in the pricing spreadsheets attached with this document on the PBS website.

Responsible persons are required to check the indicative prices in website spreadsheets.

This is to ensure that prices in the spreadsheet reflect the responsible persons understanding of ex-manufacturer level prices for their products and any 'price to pharmacists' and DPMQ level prices that will flow from the 1 October 2012 ex-manufacturer price. Due to rounding of prices, even if the ex-manufacturer level price is unchanged, the new price to pharmacists and DPMQ may be slightly different to the equivalent existing prices when mark-ups and fees are added.

The dates and actions for transition to 1 October 2012 prices are:

Date	Action
By 8 June 2012	Contact from Pricing Section regarding pricing where required
14 or 18 June 2012	Attend information session in Sydney or Melbourne
20 June 2012	Advise the Department via pbspricing@health.gov.au of any questions about the website spreadsheet prices where the column headed 'DoHA Contact' is blank. These are the default prices expected to apply on 1 October 2012. <i>Please ensure your email includes "AEMP DEFAULT PRICE QUERY" in the subject line.</i>
9 July 2012	Pricing Response for negotiated prices – PB11a. <i>Any emails to the Department about these prices should include "AEMP NEGOTIATION" in the subject line.</i>
23 July 2012	Price negotiations are finalised for 1 October 2012 commencement
1 October 2012	New prices commence (either default prices under the Regulations or Act, or new 1 October 2012 approved ex-manufacturer price).