



Consumers
Health Forum
of Australia

2 July 2013

PBS Post-Market
Department of Health and Ageing
MDP 900
GPO Box 9848
CANBERRA ACT 2601

Dear Sir/Madam

Post Market Review of Products Used in the Management of Diabetes: Stage 3

The Consumers Health Forum of Australia (CHF) welcomes the opportunity to provide a submission to Stage 3 of the Post-Market Review of Products Used in the Management of Diabetes, which considers the utilisation and patterns of treatment of Pharmaceutical Benefits Scheme (PBS) listed Type II diabetes mellitus (T2DM) medicines in current clinical practice.

CHF is the national peak body representing the interests of Australian healthcare consumers. CHF works to achieve safe, quality, timely healthcare for all Australians, supported by accessible health information and systems.

This submission is based on consultation with our membership, which includes organisations advocating for older consumers, disease-specific groups and networks, state and territory peak consumer organisations and individual consumers. CHF contacted several diabetes-specific organisations in preparing our response, as well as drawing on feedback from our broader consumer networks, particularly organisations representing consumers with chronic conditions.

CHF understands that the objectives of the Review, and the Government's Expanded and Accelerated Price Disclosure (EAPD) program more broadly, have not been universally supported within the diabetes sector. We are aware that a coalition recently convened by Medicines Australia, with the assistance of public affairs firm Statecraft and a range of pharmaceutical companies, has partnered with some consumer organisations to express concern about aspects of this Review, its Terms of Reference, and EAPD more broadly. While CHF understands these concerns, consultations with our broader membership base have shown that measures to ensure the sustainability of the PBS remain largely supported by consumer groups.

Around 4 percent of Australians live with diabetes,¹ with Type 2 diabetes comprising approximately 83 percent of all diagnosed cases.² The average annual healthcare cost per person with diabetes is \$4,025, escalating up to \$9,645 for those who with diabetes-related complications.³ The escalating diagnoses, combined with high costs, mean that the cost-effectiveness of treatment is a critical consideration for Australian consumers.

1 Australian Bureau of Statistics (2008) *National Health Survey: Summary of Results, 2007-2008*. Australian Bureau of Statistics.

2 Australian Institute of Health and Welfare (2008) *Diabetes Australian Facts 2008*. Australian Institute of Health and Welfare.

3 Shaw, J. and Tanamas, S. (2012) 'Diabetes: The silent pandemic and its impact on Australia.' *Baker IDI Heart and Diabetes Institute*.

Given the high costs already faced by consumers with diabetes, CHF considers the sustainability of the PBS and its continued ability to support the needs of these and other consumers, to be of paramount importance. **CHF therefore supports the scope and Terms of Reference of this Review, as well as the objectives of the PBS Post-Market Reviews more broadly.** We have not seen any evidence that the Terms of Reference of this Review would undermine individualised treatment regimens, or that the interests of consumers are not well-served by the three stage Review process.

Critics of the PBS Post-Market Reviews have argued that they fail to consider the disincentives of bringing new therapies to the Australian market. Some elements of the diabetes sector believe they will be disadvantaged if new therapies are forced to demonstrate cost-effectiveness against other products in a climate of falling prices. This concern appears to be shared by some diabetes-specific consumer groups, who have joined the pharmaceutical industry in highlighting profitability as critical to ongoing access to treatments.

CHF accepts that profitability is an important consideration, but so too is the sustainability of the PBS, and the cost-effectiveness of treatments. Measures to ensure that the Government is paying only the market price for diabetes treatments will enable savings to be redistributed to other areas of health need. This represents a saving to Government, taxpayers and, in some cases, individual consumers. This is a particularly salient consideration in the case of diabetes, which is likely to be accompanied by multiple chronic conditions requiring a range of treatments.

In light of these issues, CHF believes that this Review would benefit from gaining the broadest possible consumer perspective on the cost-effectiveness of diabetes treatments. We note that over 6,000 Australian consumers are participating in the Diabetes Care Project in Medicare Locals across Australia. **CHF recommends targeted consultation with these trial participants to gauge consumer views on the cost-effectiveness of subsidised diabetes treatments in the context of sustaining the PBS for all Australians.**

Finally, CHF is concerned by the level of anxiety in the diabetes sector surrounding this issue. To assuage the concerns of the sector, **CHF recommends that the findings of the Review include a statement of how its outcomes will benefit consumers.**

CHF appreciates the opportunity to provide a submission to the Review. If you would like to discuss these comments in greater detail, please contact CHF Policy Manager, Maiy Azize.

Yours sincerely,



Carol Bennett
CHIEF EXECUTIVE OFFICER