



Media Release - Embargoed And Not For Use By Media Prior To Tuesday 20th, August 2013

HEADING: The Consumers Health Forum of Australia, CHOICE and ACOSS, the Australian Council of Social Service, have joined together on a new campaign to highlight the heavy prices Australian people pay for prescription medicines. Taxpayers and consumers are shelling out up to ten times the British price for the same prescription medicine.

The three organisations bluntly warn individuals and families in Australia are now being forced to pay some of the highest prices for medicines in the world.

They warn consumers not to support a petition currently in some pharmacies across Australia, which they say is a move to try and get political parties to back away from price disclosure, a procedure which enables the Government to lower prices in line with the world market

The three organisations say the policy of price disclosure is critical because Australians are continuing to pay inflated prices for marked up medicines.

They say up to 15% of people now struggle to pay for prescriptions and that mark ups on medicines, being charged to consumers and taxpayers, have amounted to billions of dollars in the past decade.

They are calling on people to email their election candidates to Stand Up For Cheaper Medicines. The website - <https://ourhealth.good.do/stand-up-for-cheaper-medicines/> - goes live from Tuesday, August 20.

STORY IN FULL:

Consumers and taxpayers in Australia are now shelling out up to ten times the British price for prescription medicines.

Three national health consumer and community organisations have joined together to launch a new awareness campaign to highlight the heavy prices individuals and families are now paying for prescription medicines.

CHF, Choice and ACOSS say people here are now being forced to pay some of the highest prices for medicines in the world.

Their new campaign highlights we are paying much more for medications than people in the UK, New Zealand and numerous other countries.

The campaign aims to counter attempts to restrict the Government's capacity to cut drug prices.

The three organisations say Australia's price cuts still lag well behind other countries at a time when up to 15% of people in Australia now struggle to pay for prescriptions, according to official figures.

They highlight that mark ups on medicines being charged to consumers and taxpayers have now amounted to billions of dollars in the past decade.

They are warning consumers against supporting a campaign, currently being mounted by pharmacy owners, to seek compensation for reforms that are intended to bring the prices paid by consumers in Australia more in line with those in the UK and New Zealand.

The three organisations urge people not to sign what they say is a misleading petition, circulated by the Pharmacy Guild, which has publicly asked each member pharmacy to get 300 signatures to call for a change to price disclosure. They say this move can't possibly help consumers.

The Pharmacy Guild is demanding to be compensated for a measure that simply aims to ensure that prices paid by government drop more rapidly, when the prices paid by pharmacies fall.

CHF, CHOICE and ACOSS say this will only make it much harder for governments to fund drugs at reasonable prices and to put new drugs on the Pharmaceutical Benefits Scheme (PBS).

CHF Chief Executive Officer, Carol Bennett, says pharmacies already get \$3 billion a year from Government to dispense PBS medicines and are protected from local competition by Government rules. She says Australia needs cheaper medicines, not over-compensated pharmacy owners.

She says a loop hole that has allowed the pharmacy industry to clearly claim an inflated subsidy is now being closed.

Carol Bennett said, "Right now many health consumers are having to decide between paying for a prescription or putting food on the table. We've got to reduce the cost of medicines not artificially inflate them to satisfy the obvious profit motives of pharmacy owners."

"For the clear benefit of patients, pharmacists and the taxpayer, the pharmacy industry needs to move away from relying on inflated subsidies for prescription drugs and towards health service delivery. It's all about saving money for consumers and taxpayers. It's all about reducing inflated Government subsidies for the pharmacy industry."

The three organisations say independent health experts estimate if Australia was to pay the same prices as New Zealand for our medicines, a massive \$1 billion a year would then be saved off the cost of the Pharmaceutical Benefits Scheme ... and those savings could be used to finance new health services and the listing of new drugs.

They bluntly warn that despite price disclosure measures to help consumers (introduced by Tony Abbott six years ago and then continued by the Labor Government), Australians continue to pay inflated prices.

Carol Bennett said, "The Australian Government already tends to set higher prices for drugs than other countries. We simply can't afford to weaken the policy of price disclosure. Price disclosure is all about ending the practice under which pharmacy owners can clearly extract from the Government and consumers prices well in excess of what they paid they manufacturer."

CHOICE CEO Alan Kirkland said, "Price disclosure is a sensible measure that has bipartisan support. It is disappointing that the Pharmacy Guild is attempting to undermine that support in the context of the election campaign.

"At its heart, price disclosure is about making sure the price paid by Government reflects the price paid by pharmacies. It is a bit rich for the Pharmacy Guild to ask to be compensated for a reduction in timeframe for price disclosure. This just can't be justified."

ACOSS CEO Dr. Cassandra Goldie said, "We cannot ignore the fact that many people are hurting over the cost of medicines. It is unacceptable to disguise the mark ups on many pharmaceuticals when at the same time many people are having to choose between putting food on the table and filling the prescriptions they and their families need. The plan to accelerate the price reduction process over three years is likely to reap over \$800 million. That's money that can go to providing urgently needed health assistance, particularly to people living in poverty."

The Consumers Health Forum, CHOICE and ACOSS say latest available information on drug prices is deeply concerning:

- The common anti-cholesterol drug Atorvastatin costs Australians four times the price of the same drug in the UK.
- The Bi-Polar medication Olanzapine costs Australians eleven times the UK price (\$164 per script in Australia on the PBS).

- The anti-clotting drug Clopidogrel costs Australians nearly three times the UK price (it's \$32 in Australia).
- Other widely prescribed drugs, including cholesterol drug Simvastatin, anti-depressant Venlafaxine, reflux medication, Pantoprazole, schizophrenia drug Risperidone and hypertension drug Irbesartan cost Australians up to double the British and NZ prices.

Professor Philip Clarke – who is a Professor of Health Economics at the University of Melbourne – said, “Right now the main losers are people who have a chronic disease. They are often paying hundreds of dollars more for medications compared to people in countries like the USA and the UK. The recent reforms will help address this problem.”

“Currently prices of older drugs in Australia are changed on an 18 month cycle. The recent reforms will reduce the adjustment period to a year, which will pass on savings to consumers at a much quicker rate. However, there is scope to go much further, for example in England drug prices are adjusted every three months and this is one of the reasons why they are so much less.”

Professor Stephen Duckett, from the Grattan Institute and also a former Secretary for the Department of Health, said “The government has determined a price it is prepared to pay for each drug used in Australia. This price is way too high by international standards. As the price comes down, the principal beneficiaries should be patients – either through paying less for medications, or by the government adding new medications to the Pharmaceutical Benefits Scheme. Pharmacists are already remunerated at an agreed price for dispensing medications, they needn't be paid twice by keeping prices high as well”

Carol Bennett said, “Over and above the current high prices of medicines, pharmacies nationally get more than \$15 billion collectively over 5 years. This is an average of \$600,000 per pharmacy. It is clearly scandalous that here in Australia we have some of the highest costs for medicines amongst developed nations. This needs to change.”

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Representatives of the Consumers Health Forum, Choice and ACOSS are available for media interviews.