

EXPLANATORY STATEMENT
NATIONAL HEALTH ACT 1953
NATIONAL HEALTH (PRICE AND SPECIAL PATIENT CONTRIBUTION)
AMENDMENT DETERMINATION 2024 (No. 8)
PB 109 of 2024

Authority

This legislative instrument, made under section 85B of the *National Health Act 1953* (the Act), amends the *National Health (Price and Special Patient Contribution) Determination 2022* (PB 98 of 2022) (the Principal Determination).

Subsections 85B(2), (3) and (4) of the Act provide for the Minister to determine, respectively, determined prices, claimed prices and the circumstances in which the Commonwealth will pay a special patient contribution. The Principal Determination contains determinations of these matters.

Variation and revocation

Unless there is an express power to revoke or vary PB 98 of 2022 cited in this instrument and explanatory statement, subsection 33(3) of the *Acts Interpretation Act 1901* is relied upon to revoke or vary PB 98 of 2022.

Purpose

The Act provides for the Minister and the responsible persons to agree a price that is taken to be the appropriate maximum price of a brand of a pharmaceutical item for the purposes of Part VII of the Act (section 85AD). Section 85B of the Act applies if the Minister and the responsible person have been unable to reach an agreement on a price for the *pricing quantity*. Whether or not an agreement is made for the *pricing quantity*, section 85B also applies if the responsible person is dissatisfied with the *proportional ex-manufacturer prices* that will apply to other *pack quantities*.

Subsection 85B(2) provides that the Minister may determine, by reference to the *pricing quantity* of a brand of a pharmaceutical item, an amount that is taken to be the appropriate maximum price of the brand for the purposes of Part VII of the Act. This is termed the ‘Determined Price’ in this Determination.

Subsection 85B(3) provides that the Minister may determine, by reference to a *pack quantity* of a brand of the pharmaceutical item, an amount that is taken to be the price claimed by the responsible person for the *pack quantity* of the brand, for the purposes of Part VII of the Act. This is termed the ‘Claimed Price’ in this Determination.

The Determined Price is the *Approved Ex-Manufacturer Price (AEMP)* and is used as the basis for working out the Commonwealth price for the brand of the pharmaceutical item (section 98B of the Act); for *pack quantities* other than the *pricing quantity*, the *proportional ex-manufacturer price (PEMP)* is used as the basis. Approved pharmacists are entitled to receive a payment from the Commonwealth equal to the Commonwealth price less the applicable patient co-payment (section 99 of the Act).

The difference between the responsible person’s Commonwealth price for a *pack quantity* (i.e., the price that would be the Commonwealth price if the responsible person’s claimed price had become the *approved ex-manufacturer price* or the *proportional ex-manufacturer price* for that *pack quantity*) and the Commonwealth

price for the *pack quantity* is defined in subsection 85B(5) of the Act as the *special patient contribution*. An approved pharmacist may charge a patient an amount equal to the special patient contribution, in addition to any other amount that may be charged (subsection 87(2A) of the Act).

Subsection 85B(4) of the Act provides that the Minister may determine the circumstances in which the Commonwealth is to pay the Special Patient Contribution for a brand. In such cases, the Commonwealth payment to the pharmacist is increased by the amount of the special patient contribution (subsection 99(2AA) of the Act) and the pharmacist may not charge the patient this amount (subsection 87(2A) of the Act).

The purpose of making subsection 85B(4) determinations is to enable patients for whom the base-priced brands (the ones without a special patient contribution) are not suitable, to obtain the higher priced brand (the one with the special patient contribution) without the need to pay the higher price. In such cases the Commonwealth pays the special patient contribution.

This instrument (the Amendment Determination) amends the Principal Determination by varying claimed prices to increase the brand premium for thirteen pharmaceutical items on the PBS due to requests by responsible person. In addition, this instrument amends the Principal Determination by reducing the claimed price and brand premium for nine brands of twenty-one pharmaceutical items due to price disclosure reductions.

The amendments provided by this instrument take effect on 1 October 2024.

Consultation

This Determination affects certain responsible persons with medicines listed on the PBS. Before a pharmaceutical benefit is listed on the PBS, and from time to time thereafter, price negotiations occur between the responsible person and the Minister for the purpose of reaching a price agreement for section 85AD of the Act. If the Minister and the responsible person do not agree on a price, further consultation occurs with the responsible person, and thereafter the Minister determines the price that will be the approved ex-manufacturer price for the brand. The Minister also determines the corresponding price claimed by the responsible persons which is used to calculate the special patient contribution that will apply to the brand.

The responsible persons affected by this Determination for increases to existing brand premiums for gliclazide, olmesartan, olmesartan with amlodipine, olmesartan with hydrochlorothiazide, perindopril with amlodipine, and pregabalin each made a submission about the claimed price the Minister should determine in relation to their brand. For the following brands, the claimed price will be increased and to give effect to increased brand premiums for the listing of these brands consistent with the request made by the responsible person:

- Gliclazide
 - tablet 60 mg (modified release), Diamicon 60mg MR
- Olmesartan
 - tablet containing olmesartan medoxomil 20 mg, Olmetec
 - tablet containing olmesartan medoxomil 40 mg, Olmetec
- Olmesartan with amlodipine
 - tablet containing olmesartan medoxomil 40 mg with amlodipine 5 mg (as besilate), Sevikar 40/5
- Olmesartan with hydrochlorothiazide

- tablet containing olmesartan medoxomil 40 mg with hydrochlorothiazide 12.5 mg, Olmetec Plus
- tablet containing olmesartan medoxomil 40 mg with hydrochlorothiazide 25 mg, Olmetec Plus
- Perindopril with amlodipine
 - tablet containing 5 mg perindopril arginine with 5 mg amlodipine (as besilate), Coveram 5/5
 - tablet containing 5 mg perindopril arginine with 10 mg amlodipine (as besilate), Coveram 5/10
 - tablet containing 10 mg perindopril arginine with 5 mg amlodipine (as besilate), Coveram 10/5
 - tablet containing 10 mg perindopril arginine with 10 mg amlodipine (as besilate), Coveram 10/10
- Pregabalin
 - capsule 75 mg, Lyrica
 - capsule 150 mg, Lyrica

The pharmaceutical items affected by this Determination for reductions to the existing brand premiums for olmesartan with amlodipine. The responsible person had been informed and agreed to the brand premium reduction due an administrative error. The error will be rectified in the following month. For the following brands, the claimed price will be reduced to give effect to reduced brand premiums:

- Olmesartan with amlodipine
 - tablet containing olmesartan medoxomil 20 mg with amlodipine 5 mg (as besilate), Sevikar 20/5
 - tablet containing olmesartan medoxomil 40 mg with amlodipine 10 mg (as besilate), Sevikar 40/10

For the following brands, the claimed prices are amended to reflect the reduced claimed prices due to the application of subsection 99ADH(3) of the Act as a result of price disclosure:

- Azathioprine
 - tablet 25 mg, Imuran
 - tablet 50 mg, Imuran
- Diltiazem
 - capsule (controlled delivery) containing diltiazem hydrochlorothiazide 180 mg, Cardizem CD
 - capsule (controlled delivery) containing diltiazem hydrochlorothiazide 240 mg, Cardizem CD
- Flecainide
 - tablet containing flecainide acetate 50 mg, Tambocor
 - tablet containing flecainide acetate 100 mg, Tambocor
- Macrogol 3350
 - sachets containing powder for oral solution 13.125 g with electrolytes, 30, Movicol
- Olanzapine
 - tablet 7.5 mg, Zyprexa
 - tablet 10 mg, Zyprexa
 - wafer 10 mg, Zyprexa Zydis
 - wafer 15 mg, Zyprexa Zydis
 - wafer 20 mg, Zyprexa Zydis

- Quetiapine
 - tablet (modified release) 50 mg (as fumarate), Seroquel XR
 - tablet 100 mg (as fumarate), Seroquel
 - tablet (modified release) 150 mg (as fumarate), Seroquel XR
 - tablet 200 mg (as fumarate), Seroquel
 - tablet (modified release) 200 mg (as fumarate), Seroquel XR
 - tablet 300 mg (as fumarate), Seroquel
 - tablet (modified release) 300 mg (as fumarate), Seroquel XR
 - tablet (modified release) 400 mg (as fumarate), Seroquel XR
- Rasagiline
 - tablet 1 mg (as mesilate), Azilect

No additional consultation with experts was undertaken regarding this Determination because consultation with affected responsible person, which informed the making of this Determination, drew on the knowledge of persons with relevant expertise.

A provision by provision description of the Determination is contained in the Attachment.

This Determination commences on 1 October 2024.

This Determination is a legislative instrument for the purposes of the *Legislation Act 2003*.

ATTACHMENT

PROVISION BY PROVISION DESCRIPTION OF THE *NATIONAL HEALTH (PRICE AND SPECIAL PATIENT CONTRIBUTION) AMENDMENT DETERMINATION 2024 (No .8)* (PB 109 of 2024)

Section 1 Name of Determination

This section provides that the Determination is the *National Health (Price and Special Patient Contribution) Amendment Determination 2024 (No. 8)* and may also be cited as PB 109 of 2024.

Section 2 Commencement

This section provides that the Determination commences on 1 October 2024.

Section 3 Amendment of the *National Health (Price and Special Patient Contribution) Determination 2022 (PB 98 of 2022)*.

This section provides that Schedule 1 amends the *National Health (Price and Special Patient Contribution) Determination 2022 (PB 98 of 2022)*.

Schedule 1 Amendments commencing 1 October 2024

Schedule 1 sets out the amendments to the Principal Determination which commence on 1 October 2024.

SUMMARY OF CHANGES

SCHEDULE 1

Brands with increased brand price premiums

- Gliclazide
 - tablet 60 mg (modified release), Diamicon 60mg MR
- Olmesartan
 - tablet containing olmesartan medoxomil 20 mg, Olmetec
 - tablet containing olmesartan medoxomil 40 mg, Olmetec
- Olmesartan with amlodipine
 - tablet containing olmesartan medoxomil 40 mg with amlodipine 5 mg (as besilate), Sevikar 40/5
- Olmesartan with hydrochlorothiazide
 - tablet containing olmesartan medoxomil 40 mg with hydrochlorothiazide 12.5 mg, Olmetec Plus
 - tablet containing olmesartan medoxomil 40 mg with hydrochlorothiazide 25 mg, Olmetec Plus
- Perindopril with amlodipine
 - tablet containing 5 mg perindopril arginine with 5 mg amlodipine (as besilate), Coveram 5/5
 - tablet containing 5 mg perindopril arginine with 10 mg amlodipine (as besilate), Coveram 5/10
 - tablet containing 10 mg perindopril arginine with 5 mg amlodipine (as besilate), Coveram 10/5
 - tablet containing 10 mg perindopril arginine with 10 mg amlodipine (as besilate), Coveram 10/10
- Pregabalin
 - capsule 75 mg, Lyrica
 - capsule 150 mg, Lyrica

Brands with reduced brand price premiums

- Azathioprine
 - tablet 25 mg, Imuran
 - tablet 50 mg, Imuran
- Diltiazem
 - capsule (controlled delivery) containing diltiazem hydrochlorothiazide 180 mg, Cardizem CD
 - capsule (controlled delivery) containing diltiazem hydrochlorothiazide 240 mg, Cardizem CD
- Flecainide
 - tablet containing flecainide acetate 50 mg, Tambocor
 - tablet containing flecainide acetate 100 mg, Tambocor
- Macrogol 3350
 - sachets containing powder for oral solution 13.125 g with electrolytes, 30, Movicol
- Olanzapine
 - tablet 7.5 mg, Zyprexa
 - tablet 10 mg, Zyprexa
 - wafer 10 mg, Zyprexa Zydis

- wafer 15 mg, Zyprexa Zydis
- wafer 20 mg, Zyprexa Zydis
- Olmesartan with amlodipine
 - tablet containing olmesartan medoxomil 20 mg with amlodipine 5 mg (as besilate), Sevikar 20/5
 - tablet containing olmesartan medoxomil 40 mg with amlodipine 10 mg (as besilate), Sevikar 40/10
- Quetiapine
 - tablet (modified release) 50 mg (as fumarate), Seroquel XR
 - tablet 100 mg (as fumarate), Seroquel
 - tablet (modified release) 150 mg (as fumarate), Seroquel XR
 - tablet 200 mg (as fumarate), Seroquel
 - tablet (modified release) 200 mg (as fumarate), Seroquel XR
 - tablet 300 mg (as fumarate), Seroquel
 - tablet (modified release) 300 mg (as fumarate), Seroquel XR
 - tablet (modified release) 400 mg (as fumarate), Seroquel XR
- Rasagiline
 - tablet 1 mg (as mesilate), Azilect

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

National Health (Price and Special Patient Contribution) Amendment Determination 2024 (No. 8) (PB 109 of 2024)

This legislative instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

This legislative instrument, made under section 85B of the *National Health Act 1953* (the Act), amends the *National Health (Price and Special Patient Contribution) Determination 2022* (the Principal Determination), which provides for price determinations in relation to brands of pharmaceutical items listed on the Pharmaceutical Benefits Scheme (PBS) for which the Minister and the responsible persons have not been able to make a price agreement. It also provides for the circumstances in which the Commonwealth will pay the special patient contribution resulting from these price determinations. This instrument amends the Principal Determination by varying claimed prices to increase the brand premium for twelve pharmaceutical items on the PBS due to requests by responsible person. In addition, this instrument amends the Principal Determination by reducing the claimed price and brand premium for eleven brands of twenty-three pharmaceutical items due to price disclosure reductions. These changes take effect on 1 October 2024.

Human rights implications

This legislative instrument engages Articles 2 and 12 of the International Covenant on Economic, Social and Cultural Rights by assisting with the progressive realisation by all appropriate means of the right of everyone to the enjoyment of the highest attainable standard of physical and mental health.

The PBS is a benefit scheme which assists with advancement of this human right by providing for subsidised access by patients to medicines. Deletion of the above listed brands, by way of this determination, are unlikely to result in negative financial impact on patient access, therefore ensuring their rights to social security are maintained.

Increases the brand premiums for specific brands is unlikely to result in negative financial impact for patient access as premium-free alternatives remain available on the PBS.

Eligible Australians may continue to access any one of the remaining brands for these pharmaceutical items at subsidised prices as they are flagged for substitution by pharmacists against brands with a brand premium.

It is longstanding Government policy that pharmaceutical companies are only able to charge brand price premiums where there is at least one premium-free brand of that medicine available through the PBS. Changes to brand price premiums will not limit patient access to healthcare with the availability of premium-free brands on the PBS.

All brands subsidised by the PBS are evaluated by the Therapeutic Goods Administration for quality and safety and determined to be bioequivalent, which means they are clinically equivalent and work in the same way. Removing items with brand price premiums will not result in negative financial impact for patients.

The recommendatory role of the Pharmaceutical Benefits Advisory Committee ensures that decisions about subsidised access to medicines on the PBS are evidence-based.

Conclusion

This legislative instrument is compatible with human rights because it advances the protection of human rights.

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