

A Strategic Agreement between the Commonwealth of Australia and Medicines Australia will deliver better access for patients, provide confidence to industry and deliver savings to taxpayers.

Australia's innovative medicines industry has signed a Strategic Agreement with the Australian Government

As part of this agreement, the industry will provide an additional \$1.8 billion in PBS savings over the five year term. In return, the industry will have a period of stability and policy certainty that will give companies the confidence to invest in and bring new medicines to Australians.



THE SAVINGS WILL BE ACHIEVED THROUGH:

- 5% price reduction after medicines have been listed on the PBS for five years
- 10% price reduction after medicines have been listed on the PBS for 10 years
- 5% price reduction after medicines have been listed for 15 years
- 25% price reduction (Increased from the current 16%) on entry of first generic competition
- Supporting the greater use of biosimilar medicines in Australia, whilst maintaining doctor's right to choice of medicine.

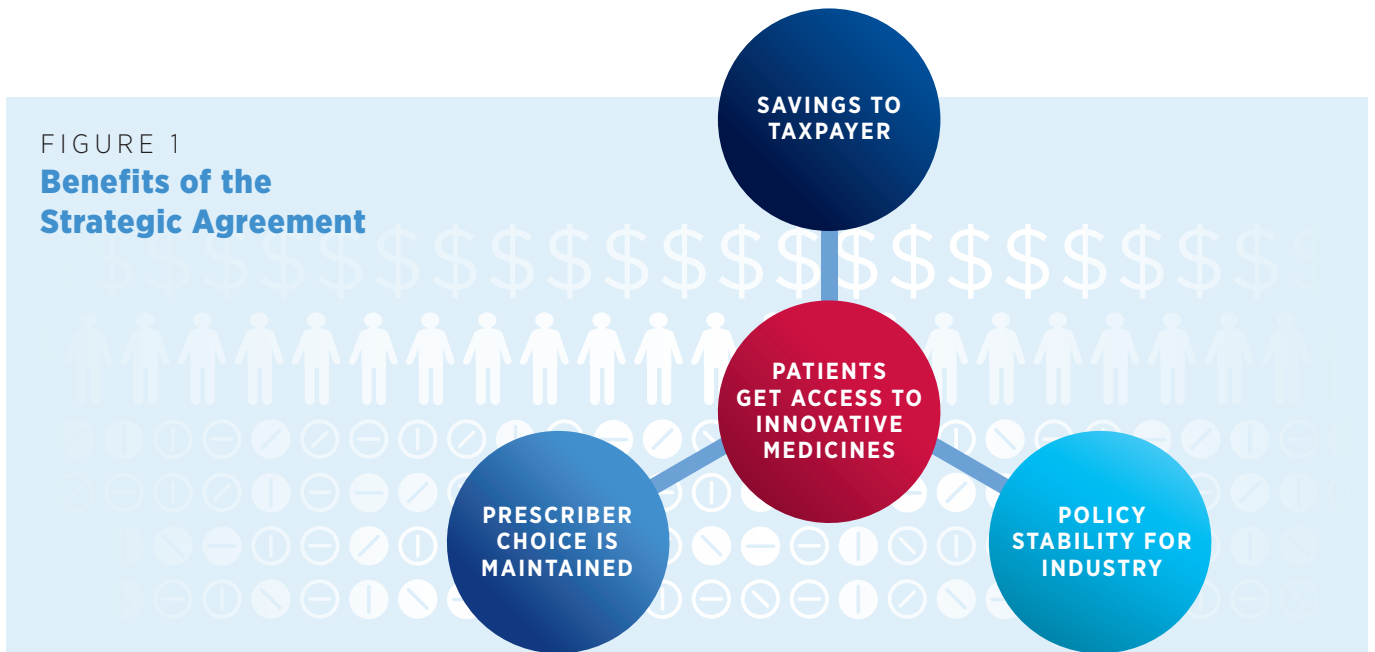


THE AUSTRALIAN GOVERNMENT COMMITS TO:

- Five year strategic agreement with Medicines Australia as representative of the innovative medicines industry
- Set aside savings in the Contingency Reserve to support more listings of new medicines on the PBS – meaning savings are being reinvested back into health care
- No further reforms can be made in the next five years unless both parties agree
- Maintaining prescriber choice – so that doctors still decide what treatment is best for patients
- PBS process reforms to speed up access to new medicines.

FIGURE 1

Benefits of the Strategic Agreement



This agreement will deliver benefits to patients, taxpayers and the innovative medicines industry

PBS \$

WHAT THIS MEANS FOR TAXPAYERS

- Save taxpayers an additional \$1.8 billion over five years
- Savings can be reinvested in the PBS taking pressure off the Budget
- Universal access to medicines through the PBS is sustainable.

Person and Pill Icon

WHAT THIS MEANS FOR PATIENTS

- More innovative, new medicines on the PBS
- Potential for faster access for patients
- Doctor retains prescriber choice when treating their patients.

R&D

WHAT THE AGREEMENT DELIVERS FOR THE AUSTRALIAN MEDICINES INDUSTRY

- Confidence to bring new medicines to Australia
- Confidence to invest in local R&D such as clinical trials
- No more policy changes for five year term without consultation and agreement.

➔ These are substantial changes to the PBS that could only have been achieved in partnership with Australia's innovative medicines industry.