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The HTA decision-making remit

October 2022

Cost-effectiveness decisions made by the PBAC should be separate from government procurement decisions

- The PBAC's decision-making extends beyond cost-effectiveness (value for money) to budget impact and price negotiation, leading to pricing that is below what is determined to be the cost-effective prices by HTA methods.
- The system could benefit from a new independent body with a focus on the procurement decisions, in terms of budget impact, pricing and risk share.
- Such a body could add value to government processes, improve decision-making and accountability, and assist in achieving the appropriate balance between value-for-money reimbursement, sharing of risk and ensuring sustainable supply.
- A former body, the Pharmaceutical Benefits Pricing Authority (PBPA), managed the Department of Health's administration of the post-PBAC price negotiation process, where many medicines struggle to achieve PBS listing, allowing the PBAC to focus primarily on cost-effectiveness much like other comparable HTA agencies.

Possible Policy Solutions

1. Introduce a new independent body to focus on budget impact, pricing and risk share in the post-PBAC negotiation process.
2. The new body should be fully independent from the PBAC, MSAC and the Department of Health.
3. The new body should be available for all medicines as they enter the post-PBAC recommendation negotiation process.
4. The new body could also be utilised for conditional listings at the end of the agreed conditional listing period, including mediation/arbitration where required.
5. The workings of the new body would need to balance a number of factors including speed, predictability, number of listings, flexibility and value realised.

Why is this an issue?

The PBPA worked well in earlier years of its tenure, with a number of positive features:

- Independent and well balanced representation from government (Departments of Health and Industry), consumers, industry, and with an independent chair
- The opportunity for pre-briefs
- A set meeting schedule and consistent methodology
- Flexibility to negotiate price and expenditure caps based on PBAC recommendation.

The PBAC's role is to determine whether or not new treatments are cost-effective. Following the removal of the Pharmaceutical Benefits Pricing Authority (PBPA) in 2014, the PBAC has taken a more active role in considering budgetary impacts, pricing, and risk-sharing agreements

It is important that new medicines are valued fairly and appropriately. Providing medicines that are both clinically effective for patients, and cost-effective for the payer should be done independently from the government's considerations of budget impact and prices.

Countries with similar HTA processes to Australia separate cost-effectiveness from funding decisions

Canada (CADTH)

Provide objective evaluations which focus on clinical evidence/cost-effectiveness to offer recommendations and advice independent of government bodies. The HTA decisions are non-binding but designed to provide advice to different provinces (states) and health insurance providers who decide whether to fund the treatment or not.

England (NICE)

'The potential budget impact of the adoption of a new technology does not determine the Appraisal Committee's decision. … In general, the Committee will want to be increasingly certain of the cost effectiveness of a technology as the impact of the adoption of the technology on NHS resources increases.'

Feedback

Do you have any thoughts on the policy ideas in these papers? We'd love to hear your feedback! Please let us know at this email address: HTA-Reform@medicinesaustralia.com.au.