

Fact Sheet: Discount Rate



The HTA Review recommends Australia's discount rate be reduced to no lower than 3.5% for health technologies with upfront costs and benefits claimed to accrue over a long period of time (e.g. gene therapies and some vaccines).

Recommendation 39 proposes a reduction in the discount rate for some medicines. This would allow those technologies, which include gene therapies and certain vaccines, to be valued differently with a greater recognition of the accrual of long-term benefits to patients and society. The Review discusses the reduction of the discount rate in the context of managing uncertainty about long-term benefits for these technologies, and the possible need for managed access schemes to manage uncertainty in certain circumstances.

This recommendation is a movement in the right direction. It does not reduce the discount rate for other technologies, which would remain discounted at 5% per year. Industry's position on a lower discount rate is noted in the Review. Industry initially proposed that the base-case discount rate should be reduced to 1.5% across the board for all health technologies (following similar advocacy in international jurisdictions). This evolved to a position that an acceptable improvement in Australia would be 3.5% for all health technologies in line with similar international jurisdictions and 1.5% for those medicines where the benefits accrue over a longer time.

Medicines Australia will continue to advocate for this position to better recognise the full value of medicines.