Think Pharmacy Oxley

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Submission to Senate Inquiry for Think Pharmacy Oxley

Submission title: Supply of chemotherapy drugs such as Docetaxel

Terms of Reference

(a) the supply of chemotherapy drugs such as Docetaxel, particularly in relation to:

(i) patient access to treatment,

(ii) cost to pharmacists and suppliers, and

(iii) cost to the private and public hospital systems;

(b) any long-term sustainable funding models for the supply of chemotherapy drugs, including Docetaxel; and

(c) any related matters.

It is my purpose of this submission to address the Terms of Reference.

Background for Submission

The policy of Price Disclosure has delivered substantial savings from the chemotherapy sector of the Pharmaceutical Benefits Scheme – currently estimated at $200 million per annum. However, with the compressed application of this funding model, the situation has become unviable to sustain the supply delivered to patients seeking oncology treatment within the private sector, from community pharmacy.

The 76.2% reduction on Docetaxel (first line therapy for certain types of breast, prostate and lung cancers) on December 1st 2012, has pushed the underfunded component of production and supply of chemotherapy to private oncology clinics, to $100 per infusion. There is more remuneration cuts planned in the near future. On April 1st 2013, we will experience an 86.94% reduction on Paclitaxel (used to treat lung, ovarian, breast, Kaposi's sarcoma, head and neck carcinoma). This will save the government an additional $10 million per annum, while increasing the funding shortfall for all chemotherapy provided by an additional $14 per dose. This would be an additional burden to the private sector which is currently running a loss in this area of $1 million per week.

Unless this funding shortfall is addressed urgently, the supply model may collapse entirely, restricting patient access to timely treatment to unacceptable levels. 44 regional cancer centres nationally are at grave risk of having access to chemotherapy disrupted, restricted or stopped completely if no solution is reached.

Medicare Australia PBS data shows in excess of 13,000 doses are prepared in the private sector each week on average. This equates to approximately 60% of the chemotherapy doses given throughout Australia, being given in a Private Hospital environment. These are supplied by community and private hospital pharmacies.

Passing on the funding shortfall to private institutions is also not the answer. The additional financial burden will force hospitals and clinics in this sector, to rationalise staffing and services, and lead to private oncology clinic closures, therefore, forcing patients to seek treatment within the public hospital sector. The public sector is already running overcapacity, and in no state to cope with the massive influx of treatment required, should the current private sector supply chain disintegrate.

Purpose of Submission

Think Pharmacy Oxley supplies chemotherapy and oncology support services to Canossa Private Hospital. Passing on an additional charge to the hospital, would result in this service being terminated. We are the only private oncology clinic available in the Western suburbs of Brisbane, with no other clinic to be found until Toowoomba.

To answer the first part of the Terms of Reference, the price reduction to Docetaxel is one of many pricing pressures that have come about due to Price Disclosure initially, then the Expanded and Accelerated Price Disclosure model, implemented by the government.

(i) Patient Access to treatment – passing on the additional costs to the hospital will result in severe disruption to patient access. The hospital has indicated that closure of the unit would be the likely outcome.

(ii) Cost to pharmacists and suppliers – without additional funding, the costs must be covered in order for supply to continue. If not forthcoming, this would lead to an approximate 70% reduction in our turnover and result in 1 fulltime pharmacist being out of work, while halving the pharmacy dispensary technician hours from fulltime to part-time employment.

(iii) Cost to private and public hospital systems – Closure of this unit would result in major disruption of chemotherapy access to those patients in the Western suburb corridor through Ipswich and surrounding areas, right up to Toowoomba. Treatment would have to be sought at larger public hospitals in Brisbane. These hospital units are already running overcapacity.

Solution

The current funding model relies on an unreliable method of cross subsidisation. The majority of chemotherapy items supplied do not receive sufficient funding to cover the preparation, dispensing and supply costs. Instead, this shortfall was traditionally funded by those molecules which have now been significantly affected by price disclosure. A more transparent model of sustainable funding is required.

Raising the current Infusion Fee to a level that provides adequate funding for safe preparation and delivery of chemotherapy items would be a significant move forward. To use a figure of an additional $100 increase per dose, this would lead to an approximate $70 million per annum investment by the government. Considering that more than $227 million per annum of savings have been delivered to the government, through previous price disclosure cycles and the efficient funding of chemotherapy model (EFC), returning part of these savings would result in a sustainable model.

This Infusion Fee increase would ensure the continuation of oncology services within the Private sector, and result in equitable, safe access to chemotherapy for all, regardless of their location or socioeconomic status.

I thank the senate inquiry for the opportunity to provide this submission. The result of which could save Australians lives.

Kind Regards,

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