

MEDIA RELEASE

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Medicines and markets: will the US turn to Australia's model?

The Obama administration faces unprecedented health policy challenges, with healthcare spending projected to reach \$3.1 trillion in 2012, and many Americans don't have adequate health insurance.

The subsidisation of medicines for elderly and disabled Americans is analysed in the latest edition of *Australian Prescriber* by Dr Ruth Lopert, Principal Medical Adviser, Therapeutic Goods Administration, who spent a year in the US on a Harkness Fellowship studying aspects of US Medicare's new Part D benefit.

Dr Lopert compares the Part D benefit with Australia's Pharmaceutical Benefits Scheme (PBS) and finds it complex, expensive and difficult for consumers to navigate.

"In designing Part D, Congress deliberately chose not to intervene in drug price negotiations, relying instead on competition in the market to determine prices," Dr Lopert writes.

"This contrasts with Australia where PBS decision making is based on evidence of comparative effectiveness and comparative cost-effectiveness. This not only helps to determine the opportunity costs of new treatments, but also ensures that the prices reflect value for money for the taxpayer and the healthcare system."

"While the PBS may offer less choice than Part D, it is arguably simpler for both patients and prescribers, more equitable and more transparent."

"It will be fascinating to see whether the imperative to rein in US healthcare expenditure will ever see Part D, or US Medicare, adopt a similar model to Australia," Dr Lopert concludes.

To read the full article visit www.australianprescriber.com.

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