



Chemotherapy funding

The impasse that has arisen in relation to the funding of chemotherapy drugs highlights the importance of taking into account the perspectives of all stakeholders involved

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Almost two months after Minister of Health Tanya Plibersek announced a review into chemotherapy funding, a discussion paper has been released allowing stakeholders scarcely a month to respond¹. What might there be left to say a year after pharmacists and APHA warned that issues left unresolved in 2010 were coming to a head?

For one thing, the issue has not gone away. A reprieve until the end of 2013 in the form of \$60 per infusion has brought partial relief and an implicit recognition that the government's policy of price disclosure has had unintended consequences. But the real reason that services have continued is that, as an act of good faith, hospitals and pharmacy services have been willing to absorb losses.

Secondly, while much of the focus has been around a price change for Docetaxel in December last year, this event simply highlighted a long-running issue impacting across the full range of chemotherapy agents. As evidence presented before the 2013 senate inquiry showed, many chemotherapy agents cost more to purchase and provide to patients than the PBS, and the margins remaining on those that do not entail a loss no longer allow for sufficient cross-subsidization.

Thirdly, this shortfall in funding for chemotherapy comes on top of the steady erosion of margins in hospital-based pharmacy, particularly for those operating under a Section 94 license. Expansion plans are on hold and as contracts across the supply chain come up for review, hospitals, day clinics and pharmacies face difficult decisions.

The Department of Health and Ageing states: "One of the key issues to address is the role,

moving forward, of each funder in supporting the provision of chemotherapy services and the appropriate mechanism for providing funding."

The apparent expectation that others will accommodate a unilateral decision by one funder does not bode well for the private hospital sector, particularly as governments of all persuasions look for budget savings and health funds move to protect margins while also addressing expectations from consumers of restraint in premium growth.

But this is only one aspect of the problems that must be addressed if the private sector is to continue to fulfill the crucial role it plays in treating Australians living with cancer. It is estimated that more than 43% of standard chemotherapy protocols delivered in one major public sector cancer centre are not funded by PBS and many of these protocols use drugs in an 'Off-Label' setting. The current saturation has the potential to lead to significant inter-hospital and public/private inequities. Many of these unlisted agents are specifically targeted to the treatment of rarer cancers.

It is people living with chronic and complex conditions, such as cancer, who are particularly vulnerable to persistent disconnects within the health system. The increasing importance of co-dependent technologies such as pairings on drugs with pathology tests will only heighten the importance of overcoming such problems.

Nor is the problem simply one of funding. Government regulation continues to deny the private sector both the opportunity and the impetus to implement streamlined administrative and authorisation processes,

e-prescribing and e-claiming. Such measures would both improve efficiency and support best practice medicines reconciliation and discharge management.

The impasse which has arisen in relation to the funding of chemotherapy drugs highlights the importance of taking into account the perspectives of all stakeholders involved, including not only drug manufacturers and pharmacists but also patients, carers, cancer professionals, hospitals and day clinics in both public and private sectors.

APHA is working not only to address the immediate issues raised in the review but also to engage the federal government ahead of the next pharmacy agreement.

The AIHW estimates that one in two Australians will develop some form of cancer during their lives². Private hospitals and day clinics provide 60% of admissions for chemotherapy and more than 45% of chemotherapy services overall. That's more than 225,000 good reasons why these issues have to be solved³. 



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1. Review of funding arrangements for chemotherapy services: Discussion paper and call for submissions. Canberra: Australian Government; 2013. Available from: [http://www.health.gov.au/internet/main/publishing.nsf/Content/chemotherapy-review/\\$File/chemotherapy-paper-calling-for-submissions.pdf](http://www.health.gov.au/internet/main/publishing.nsf/Content/chemotherapy-review/$File/chemotherapy-paper-calling-for-submissions.pdf)
2. Cancer in Australia: an overview, 2012. Canberra: Australian Institute of Health and

- Welfare & Australasian Association of Cancer Registries; 2012. Available from: <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129542353>
3. Australian Hospital Statistics 2011-12. Canberra: Australian Institute of Health and Welfare; 2013. Available from: <http://www.aihw.gov.au/publication-detail/?id=60129543133>

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