# Simplified Price Disclosure

Reduces the Price Disclosure cycles from three cycles to one rolling cycle

Reduces the Price Disclosure cycle length from 18 to12 months

Reduces the Price Disclosure price reduction days from three to two

Brings forward price reductions which are already due to occur

First price changes start 1 October 2014

## Current and revised arrangements

|  |  |  |
| --- | --- | --- |
|  | **Existing arrangements** | **New arrangements** |
| **Number of regular cycles** | 3 | 1 |
| **Price disclosure reduction days per year** | 3 | 2 |
| **Length of regular cycles** | 18 months | 12 months |
| **Data collection period for price calculations** | ≥ 12 months | ≥ 6 months |
| **Price reporting, calculation, notification, dispute resolution period** | 6 months | 6 months |
| **Reporting period – data batches** | Every 6 months or as specified | Every 6 months or as specified |
| **Report due six weeks after** | 31 March & 30 Sept | 31 March & 30 Sept |
| **≥ 10% price difference test** | Yes | Yes |

## EAPD to SPD cycles

|  |  |  |  |
| --- | --- | --- | --- |
| **Drug** | **Current EAPD Cycle** | **Current Reduction Day** | **SPD Reduction Day** |
| **Atorvastatin** | Formerly 2013 Supplementary B (currently 2015 Main Cycle) | 1 April 2015 | 1 October 2014 |
| **Aspirin** | 2014 Main Cycle | 1 April 2014 (remains) | 1 October 2014 |
| **Candesartan** | 2014 Supplementary B Cycle | ~~1 December 2014~~ | 1 October 2014 |
| **Zolmitriptan** | 2015 Main Cycle | 1 April 2015 | 1 October 2014 |
| **Riluzole** | 2014 Supplementary A Cycle | 1 August 2014  (remains) | 1 April 2015 |
| **Nevirapine** | 2014 Supplementary A Cycle | 1 August 2014  (remains) | 1 April 2015 |

## EAPD & SPD timelines comparison

The diagram shows how cycles under the current arrangements and SPD would look if compared across the same timeline.

Data processing from a previous cycle occurs simultaneously with data collection for the next and so on.

Under SPD, the same six monthly (1 April and 1 October) time points are used for all the key activity points.

## SPD new entrants – drugs new to price disclosure

For new drugs that enter price disclosure on 1 April, the cycle will roll on in neat six monthly blocks from the time they enter.

For new drugs entering on 1 August, there will be a two month data batch to be provided first which will be combined with the ‘normal’ six month data batch from 1 October.

This means eight months of data will be used for the first round of price calculations. Six month batches will be used from then on.

For new drugs entering on 1 December, there will be a four month data batch to be provided which will be combined with the ‘normal’ six month data batch from 1 April.

This means ten months of data is used for the first round of calculations and six months thereafter.

Collection of data in short batches for new entrants keeps things simple because data is collected after every 31 March and 30 September – regardless of how long the drug has been subject to price disclosure.

A drug can enter price disclosure on months other than April, August and December, but this is less likely.

## SPD new entrants – brands - Medicines already subject to price disclosure

The entry of new brands for drugs, and new brands for manners of administration, already subject to price disclosure will be handled in a similar fashion as occurs currently.

New brands can enter in any month and join the cycle currently underway. The data for a new brand feeds into the data for the current cycle.

Companies will continue to provide sales data for new brands at the usual reporting times.

## Next steps & timing

|  |  |
| --- | --- |
| **21 November 2013** | Introduction of Simplified Price Disclosure Bill to HoR |
| **Mid to late December 2013** | Debate and passage of legislation through HoR and Senate |
| **Mid to late January 2014** | Information on PBS website, including transition tables |
| **Early to mid 2014** | Drafting and promulgation of regulations |
| **Mid to late June 2014** | Publication of percentage reductions and new prices |
| **1 October 2014** | The first SPD price reductions |

## More information

Legislation home page

[www.aph.gov.au](http://www.aph.gov.au/)

[www.comlaw.gov.au](http://www.comlaw.gov.au/)

Available early in 2014 – updated Guidelines and transitional arrangements including cycle details

[www.pbs.gov.au/info/industry/pricing/](http://www.pbs.gov.au/info/industry/pricing/)

Available early in 2014 – Fact sheets

[www.pbs.gov.au](http://www.pbs.gov.au/)

Email notification to company responsible persons

Updates for registered PBS subscribers