

Australian professor warns that poor will have to pay more for drugs

Margaret Rees
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Professor David Henry, who was recently dismissed from the Pharmaceutical Benefits Advisory Committee (PBAC), spoke to the World Socialist Web Site about the implications of changes being made to committee by the Australian government. He and other former PBAC members have been highly critical of the appointment of Pat Clear, a former drug company executive, to head the committee. The PBAC selects drugs for listing on the Pharmaceutical Benefits Scheme, which has kept drug prices comparatively lower than other countries.

Henry, a professor of Clinical Pharmacology in the faculty of Medicine and Health Sciences at the University of Newcastle in New South Wales, was chairman of the PBAC's economic sub-committee.

Margaret Rees: Why has the government appointed Pat Clear and dispensed with you and others on the committee?

David Henry: The government is responding to persistent complaints from the pharmaceutical industry. The reason that the industry people are complaining is because they aren't getting what they want from the committee. Quite simply they want more of their drugs on the Pharmaceutical Benefit Scheme [PBS] at higher prices. They've tried various ways to change how the committee works. They've tried reviews, for instance the Industry Commission review in 1997, and they haven't succeeded. So they've decided, instead of debating and arguing the issues, to try and get rid of the people they see as obstructing them.

MR: You've publicly opposed these changes. Why have you done this?

DH: Because I think there is legitimate public interest in it. Unfortunately a lot of these decisions are done confidentially because the companies provide the information as "commercial in confidence" and because the National Health Act has some very strong secrecy clauses in it.

There are three main reasons for going public. One is legitimate public interest if a committee charged with this sort of work is being unduly influenced by industry. Secondly, by going public hopefully we will make it easier for future committees to stave off this sort of pressure.

Thirdly, if the industry is allowed to have its way here, it will mean that Australians will have to pay more for drugs. This means that the people who are least able to afford drugs are going to be asked to pay most, because they have the chronic illnesses for which expensive drugs are used.

MR: Can you explain some of the intimidatory tactics used against you?

DH: I was threatened with a federal police inquiry. I was also threatened as a member of the committee, in committee, by [Health Minister] Michael Wooldridge's ex-chief of staff over a series of articles in the *Sydney Morning Herald*. I've got to say that I didn't take the threat very seriously. I was absolutely sure that I had not broken the law and consequently saw no reason for the police to be involved. I was accused of leaking information but it was already in the public domain.

MR: Why are the drug companies so keen to have Pat Clear?

DH: It may not be Pat Clear himself. This is a sleeper and it will go on in the long term. Once they've got somebody on the committee, they will eventually telegraph information back to the companies who are contesting decisions or even considering taking the committee to court. The government says it wants a less adversarial relationship between the committee and the industry but the adversarial relationship arises every time the committee says no.

We've been taken to federal court three times by drug companies in the last 18 months, and we are taken as individuals, not as a corporate entity. The members are taken to court, not the minister. We rely on the Commonwealth indemnity for costs and legal fees, which of course are very large. We're taking on companies that are worth hundreds of billions of dollars.

MR: It's been suggested that the heart of these changes is to end the subsidy of drugs through the PBS scheme? What do you think?

DH: This government may intend to moderate the scheme, to change it, but it wouldn't do away with subsidies altogether. It won't admit this prior to an election, I'm sure.

But in the longer run, and if it gets back into power, I think there is an agenda, which has been seen elsewhere in health and that is to hive off as much as possible to the private health insurance sector. One factor is that private health companies in this country traditionally have not had to pay very much for drugs because the PBS has picked it all up. Even if people are privately insured, the PBS pays for their drugs. So private health insurance companies will have to pick up the tab, I believe that this government expects them to do this.

But what is more worrying is that the government may modify the way non-privately insured patients pay for their drugs, to make them directly carry a larger burden of the cost. It put up the co-payment levels last week—sneaked them up very quietly by another dollar or so—which will impact on people who are only just managing financially.

MR: The Doctors Reform Association regards these moves as a step towards the dismantling of the subsidised system. What's your comment?

DH: I think it [the changes to the committee] is part of the undermining of Medicare. We saw that with the private health insurance rebate where over \$2 billion a year is going to prop up a pretty inefficient private health industry. I work in a public hospital in Newcastle—just think what could have been achieved with that money in public hospitals. So you've got to see this move as part of the agenda to undermine Medicare. What is advanced is the notion of 'mutual obligation', whatever that means. Essentially it means that those who are least able to afford it have to pay. You will have a mutual obligation to pay more for your drugs so that these large companies can get higher profits.

MR: What influence have the drug companies exerted over government policy?

DH: Huge. I've seen minutes of the meetings they've had since 1998. They've formed an "ad-hoc" group called the Pharmaceutical Industry Working Group, which comprises the Minister for Health, the Minister for Industry and CEOs of the major multinational companies. They meet and seem to set policies and agenda in this country. There is no input from the advisory committees or any other properly constituted group. I would say that was substantial influence and that is just one group. I haven't seen the minutes of the Bennelong group, which is the group in the Prime Minister's electorate, but I'm sure they exist.

MR: How would you characterise the drug industry's long-term agenda?

DH: Have a look at the industry worldwide. The multinational drug companies are the most profitable companies on the planet right now. Their profit margins are at least five percent more than any other industry in the US and that includes commercial banks and telcos. The US

manufacturers are enormously profitable businesses. They sustained high rates of growth through the 1990s and their profits and share values reflect this. They've been very popular among institutional and individual shareholders in the US and in other markets. They want to maintain that growth but they're under threat now because around the world increasingly people can't afford drugs. Even though we've got more and more drugs on the market, worldwide drug access is falling because fewer and fewer people can actually afford them. So we've got a reverse of equity, we've got inequity developing around the world.

Up until now in the developed countries they've managed to maintain very uncritical acceptance of their claims. They want to discredit the Australian system and show that it hasn't worked. They'll say that sacking of the committee is evidence that it didn't work. But it did work, if you look at the prices we got and the coverage.

MR: Isn't there a problem trying to defend the right to access to necessary drugs in a committee whose guidelines include what the industry wants?

DH: Each government in this country has a national drug policy. There are four arms to that policy. We work under the access arm and there is a separate arm that involves industry policy. I would say that industry policy and health policy is becoming confused here. I don't mind if this government has an industry policy that favours the pharmaceutical industry as long as it's got good reasons to do it. Our committees work under health policy and our job was to get maximum value for drug purchases for Australian people. They do not have a primary responsibility to look after the interests of pharmaceutical manufacturers.



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