

MEDIA RELEASE

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Price disclosure not the answer: Australia still pays far too much for medicines

The wholesale price of seven medicines fell by about a third today, but Australia has a long way to go before consumers pay fair prices for pharmaceuticals, according to a new Grattan Institute report.

[*Poor pricing progress: price disclosure isn't the answer to high drug prices*](#) shows that even after today's reductions, Australian prices for these seven drugs are on average 14 times higher than prices for the same drugs in the United Kingdom.

Australia's "price disclosure" policy was introduced in 2007 in a bid to cut costs. But drugs that have just been through this process have wholesale prices that are on average over 16 times the lowest price in New Zealand, the UK and the Canadian province of Ontario.

"Price disclosure has not gone far enough or fast enough, and it's time for a new approach," says Grattan Institute Health Director Stephen Duckett.

Under price disclosure, pharmacies are forced to reveal discounts on drug prices that manufacturers provide them, and the Government reduces the amount paid to pharmacies for each drug accordingly.

But another 2013 Grattan report, [*Australia's bad drug deal*](#), shows that if the Government benchmarked the prices of generic drugs against prices paid overseas it could save more than \$1 billion a year in payments to manufacturers.

"We're simply buying drugs the wrong way: we need to be much tougher on prices and much fairer for consumers," Dr Duckett says.

High costs also hit patient health: nearly one in 10 Australians doesn't take medicines a doctor prescribes because of cost.

For six of the seven drugs with price cuts today, benchmarking would save patients almost \$20 more for each box of pills, on average.

"Take Atorvastatin, a high cholesterol drug that is sold as 'Lipitor'. For someone without a concession, the price of a box of 40mg pills just fell by around seven dollars," Dr Duckett said.

"But if we had the UK's wholesale prices, patients would save much more, up to \$19 extra."

"Any business would look around to check the market price, and the Government should do the same. There is simply no reason why Australians shouldn't get a better deal on medicines."

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