**EXPLANATORY STATEMENT**

Select Legislative Instrument No. 114 of 2015

*National Health Act 1953*

*National Health (Originator Brand) Amendment Determination 2015 (No. 1)*

**Authority**

This legislative instrument is made pursuant to subsection 99ADB(6B) of the *National Health Act 1953* (the Act).

**Purpose**

This legislative instrument amends the *National Health (Originator Brand) Determination 2015* (PB 100 of 2015) (the Principal Instrument) to:

* determine originator brands of pharmaceutical items for four drugs new to the Pharmaceutical Benefits Scheme (PBS) F2 formulary on 1 December 2015;
* make minor typographical corrections.

The Principal Instrument determined originator brands of pharmaceutical items that have a drug on the F2 formulary. On meeting certain criteria drugs move from the F1 formulary (see s 85AB of the Act), or the single brand Combination Drug List, to F2. All drugs on F2 are subject to price disclosure. The instrument is necessary to implement removal of originator brand data from price disclosure calculations in certain circumstances as set out in the *National Health (Pharmaceutical Benefits) Regulations 1960* (the Regulations). Removal of originator data will potentially increase price disclosure related price reductions because originator brands tend to maintain higher prices than other brands*.*

**Amendments**

Originator brand determinations are set out in Schedule 1 of this amending instrument for four drugs that are moving from F1 to F2 on 1 December 2015 (somatropin, zoledronic acid, rizatriptan and infliximab).

The main criteria used for the determinations were:

* PBS listing history, including whether the brand(s) were the first brand of the drug available on the PBS. For the drug somatropin, where there are a number of existing brands with different responsible persons, consideration was given to the listing and PBS supply history of the brands under the arrangements made pursuant to section 100 of the Act for Growth Hormone;
* updates to reflect similar brand names for current PBS listings;
* the brands determined as originators were already PBS listed when the drug was on the F1 formulary, before the move to F2

The remaining amendments in this instrument correct minor typographical errors in the name of three drugs (clarithromycin, valaciclovir and valsartan in the Principal Instrument.

*Basis for amendments*

Subsection 33(3) of the *Acts Interpretation Act 1901* is relied upon to vary or revoke the determination made under subsection 99ADB(6B) for the medicines affected by this amending instrument.

**Consultation**

The companies with a PBS listed brand of the drugs for which an originator brand has been determined were asked for comments in relation to potential originator brand determination. A comment was received from one company and was taken into consideration.

No consultation was undertaken in relation to the correction of the typographical errors as they are minor technical changes made to reflect the listing of the medicine on the PBS.

This instrument commences on 1 December 2015.

This instrument is a legislative instrument for the purposes of the *Legislative Instruments Act 2003.*

**Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

***National Health (Originator Brand) Amendment Determination 2015 (No. 1)***

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

**Overview of the Legislative Instrument**

This legislative instrument amends the *National Health (Originator Brand) Determination 2015* (PB 100 of 2015) (the Principal Instrument) to determine originator brands of pharmaceutical items for four drugs new to the Pharmaceutical Benefits Scheme (PBS) F2 formulary on 1 December 2015.

The instrument is necessary to implement removal of originator brand data for price disclosure calculations in certain circumstances as set out in the *National Health (Pharmaceutical Benefits) Regulations 1960* (the Regulations). The removal of originator brand data during price disclosure calculations will potentially increase PBS price reductions as originator brands tend to maintain higher prices than other brands. Removal of originator brand data means that the Government price would more closely reflect the prices at which generic brands of the medicine are being sold in the market, not the prices of all brands.

The Pharmaceutical Benefits Scheme (PBS) provides Australians with timely, reliable and affordable access to necessary and cost-effective medicines. The PBS operates under Part VII of the *National Health Act 1953* (the Act) which regulates the listing, prescribing, pricing, charging and payment of subsidies for supply of drugs and medicinal preparations as pharmaceutical benefits. The *National Health (Pharmaceutical Benefits) Regulations 1960* (the Regulations) prescribe matters and set out details in relation to the operation of the PBS.

**Human rights implications**

This legislative instrument is compatible with Articles 2 and 12 of the International Covenant on Economic, Social and Cultural Rights by assisting with the progressive realisation by all appropriate means of the right of everyone to the enjoyment of the highest attainable standard of physical and mental health.

The PBS assists with advancement of this human right by providing subsidised access to medicines for Australians.

The removal of the originator brand disclosed data from price disclosure calculations will improve the operation of the PBS by delivering better value for money for PBS medicines through price reductions. This will assist consumers by reducing out-of- pocket costs for some PBS medicines.

**Conclusion**

This Legislative Instrument is compatible with human rights as it advances the protection of human rights.

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