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To whom it may concern,

RE: Review of discount rate in the PBAC guidelines

Thank you for providing Pfizer Australia with the opportunity to comment on the review of the discount rate in the PBAC guidelines.

Pfizer Australia is one of the nation's leading providers of prescription medicines and vaccines. We manufacture medicines and vaccines that millions of Australians use every day to live longer, healthier, and more productive lives.

Every day our people work with the sole purpose of ensuring that Australians can access new and innovative medicines that can prevent, treat and cure the diseases that can have a devastating impact on patients, families and our society. We are proud of the active role we play in Australia's health system and the wider contribution we make as an innovator, employer, and manufacturer.

Pfizer has a proud history in Australia. We commenced operations here in 1956 with just six colleagues, and, more than 60 years later, we have more than 1,400 colleagues working at two commercial sites and two manufacturing facilities across the country. Pfizer Australia is a member of Medicines Australia (MA), the peak body representing innovative pharmaceutical companies in Australia.

COVID has reminded all of us that a healthy Australia is critical to establishing and maintaining a healthy economy. While we are not out of the woods we must learn from the pandemic and ensure our healthcare system is better prepared for the next threat. A review of the base case discount rate used in Australian health technology assessment (HTA) presents an opportunity for reform, for new thinking about how we value medicines and the difference they can provide to patients and the economy long-term.

Pfizer Australia believes the base case discount rate in the PBAC guidelines must be reduced to 1.5%. The current base case discount rate of 5%, has been in place since 1990 and is the highest of 40 countries with established HTA methods. Using 5% as the base case rate means that Australia systematically undervalues vaccines, medicines and other novel treatments that have up-front costs and longer-term health benefits.

In practice, the use of a higher discount rate means that Australians face delayed access to a range of vaccines and treatments and in some cases, reimbursed access does not occur at all. This is a particular concern for emerging cell and gene therapies that can dramatically alter



the course of devastating and degenerative, life-long diseases. Several other jurisdictions, such as Canada, France and New Zealand, have substantially reduced the base case discount rates used in HTA, evolving the way that health benefits are valued, and enabling more equitable consideration of advancement in medicines and personalised healthcare.

We support Medicines Australia's detailed and carefully considered submission seeking a reduction in the base case discount rate in the PBAC Guidelines. Such reform can bring Australia in line with other comparable countries that apply lower base case rates, placing a greater value on future health and establishing settings that better accommodate a range of interventions, including those with health benefits that occur over the longer term.

The base case discount rate should be 1.5%, placing greater and more equitable value on the future health of Australians, and aligning with both the Government's commitment to preventative health and international best practice in HTA. This change will remove a significant barrier to rapid access to vaccines, medicines and advanced therapies for Australians, and assist in addressing the risk that Australia will fall further behind other comparable countries and lose its place as a first launch country.

Reform of the base case discount rate is overdue and is essential if Australia is to support innovation and recognise the benefits that vaccines, medicines and emerging novel therapies can bring to our people, society and economy.

Yours sincerely,

A handwritten signature in cursive script that reads 'L. A. Graham'.

Louise Graham
Head of Market Access, Australia and New Zealand