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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 independent analysis of discount rates and practices used domestically and internationally and the rationales provided to justify these rates.

Pfizer Australia reaffirms our position that the base case discount rate in the PBAC guidelines should be reduced to 1.5%. As the CHERE report analysis highlights, the current base case discount rate of 5% is higher than several other comparable international jurisdictions and over the last 30 years international discount rates have been trending downwards.

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. We are on the cusp of the next generation of medicines and vaccines which will include more and more targeted, precision therapies and treatments for rare and complex conditions. If we do not move to reduce the base discount rate, we risk hindering access to several breakthrough therapies that could have lasting impact on the lives of Australian patients.

The review of the base case discount rate and the pending HTA review brings to a head a conversation about Australia's willingness to invest in medicines and vaccines as being essential to the health of our people and the health of our economy. As the last 18 months has demonstrated, medicines and vaccines play a critical role in protecting the health and welfare of Australians and have, in turn, sheltered the economy from the full impacts the COVID-19 pandemic felt elsewhere in the world. There are few more important areas for government investment.

The CHERE report cites the submission from O'Mahoney et al, which states that if the discount rate and effective willingness-to-pay threshold are reduced, then the proportion of treatments yielding benefits further into the future is likely to increase, displacing healthcare interventions whose benefits accrue over shorter time horizons.

Assumptions about the need to contain PBS budget and Commonwealth spending on medicines and vaccines should not stand in the way of the PBAC recommending a reduction in the base case discount rate. Although the PBS budget has been static for the better part of a decade, the PBS is an uncapped program, more recently also supported by a "funding guarantee" to support new listings.



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 grey ink that reads 'L. A. Graham'.

Louise Graham
Head of Market Access, Australia and New Zealand