

## **Battles can be big in controlling costs of drugs**

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Note: The Spectator published this article omitting the last three paragraphs.

When I finally met David Henry, an internationally recognized Professor of pharmacology, I was impressed. Henry, an Australian originally from Scotland, proved intelligent, thoughtful, astute and courageous.

But why would an academic physician, an expert in assessing effects and costs of drugs, need to be courageous? For ten years, Dr. Henry served as a key member of the Australian Pharmaceutical Benefits Advisory Committee (PBAC). Australia has a national program that pays for a large proportion of essential prescription drugs, and the PBAC is responsible for deciding which drugs the program covers, and recommending how much the government should pay.

The PBAC uses a scientific, evidence-based approach to assessing applications from the pharmaceutical industry. Beginning in the early 1990s, the committee applied what was then a revolutionary approach. They required the industry to demonstrate not only that their drugs were safe and effective, but also that they were cost-effective at the suggested selling price. In other words, given what the drug would add to those already on the market, were the costs worth it?

With drug costs exploding all over the world, and governments chopping public expenditures, the Australian PBAC had a difficult job. The power and influence of the multi-national pharmaceutical industry made things worse. The industry exerted influence by encouraging physicians and patient groups to pressure the PBAC to accept their new drugs.

The result was intense public pressure, and periodic outrage when the PBAC rejected a drug. "Being accused of killing children is always unpleasant," Henry has recalled, thinking of the worst pressure tactics he suffered.

On one occasion, when less extreme tactics didn't work, the industry tried

using the courts to cripple the PBAC. Pfizer, makers of Viagra, challenged the PBAC's right to consider total cost to the community, and the way the drug was likely to be used, in making their decisions. When Pfizer lost, it meant individuals, rather than the general public, would be paying for improving their sex lives. It also meant the loss of an estimated \$50 million in income for Pfizer.

As Chair of the Economic Subcommittee of the PBAC, Dr. Henry was not popular with the industry. His approval rating dropped further when he co-authored an influential scientific article in a high-profile and prestigious medical journal. The paper demonstrated the deep flaws in most of the industry's submissions to his PBAC Economic Subcommittee.

Dr. Henry's courage in taking a hard line for what he believed was about to undergo a further test. Frustrated by their failure to rein in the PBAC with two independent reviews and a lawsuit, the pharmaceutical industry turned to putting pressure on the government.

This tactic proved more successful. Industry influence led the Australian government to a decision to remove Dr. Henry, and other PBAC members they considered a problem, from the committee.

Unfortunately for the government, they required new legislation to change the make-up of the committee. The proposed legislation generated resistance, and not only from the PBAC itself. The opposition parties questioned the legislation, as did the Australian Medical Association and leaders in the academic community. Perhaps most important, the David-and-Goliath nature of the struggle – the government and the multinational drug industry against a small group of dedicated academic physicians – appealed to the media. The result: a national scandal.

Dr. Henry became a leading public spokesperson for the committee. This also meant he became the number one target of increasingly personal attacks by the frustrated government. The attacks reached their peak when the Australian Health Minister insulted Dr. Henry in parliament, comparing him to a baby spitting out a pacifier.

Eventually, the government passed their legislation, and appointed new members to the committee. But the public scrutiny generated by the scandal meant that the government and industry have had to keep their

hands off. The PBAC has continued to do a good job.

Why am I telling this story now, almost two years after Dr. Henry was tossed off the PBAC? While Canada has done a good job of controlling physician and hospital costs, drug costs have risen at an alarming rate. Proposals for Canadian health care reform include a national drug program that would include an Australian-style PBAC with real decision-making power.

A national pharmacare plan like Australia's could both help control drug costs and make drugs available to the 15% or so of Canadians without drug coverage who currently have difficulty affording their medications.

The lesson from Dr. Henry's story is that we can expect intense opposition from the pharmaceutical industry to any plan that would lead to evidence-based decisions and effective cost control. Furthermore, as it did in Australia, that opposition is likely to have a major influence on our own politicians.

Pfizer, the Viagra company that launched the infamous Australian lawsuit against the PBAC has recently bought out another drug company, Pharmacia, for \$50 billion. The new company will be the largest in an industry that has a yearly revenue about the same as Spain's GDP.

Such pharmaceutical giants have enormous resources for advertising, and for influencing the political process. They are also big enough to blackmail governments by threatening to pull drugs, or investment, out of the country.

The Australian experience shows us a way to deal with out-of-control drug costs, and increasing problems with threatened access. It also tells us that, to succeed, our political leaders may require the sort of clear-sighted courage that David Henry demonstrated.