

10 June 2014

Competition Policy Review Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/ Madam

Thank you for the opportunity to provide comment on the Competition Policy Review.

NPS MedicineWise has been an integral part of Australia's health care landscape for more than 15 years—delivering cost effective and highly successful programs that improve the way medicines and medical tests are used by health professionals and consumers.

We would like to provide some comment informed by our learnings as an independent organisation which receives funding from the government but works in a competitive marketplace.

▷ **Opportunities for greater competition exist**

As discussed in Chapter Four of the Review *Issues Paper*, the health and other human services sectors are more highly regulated than other sectors and have two key drivers: delivering good value services and better social outcomes for Australia.

We believe that there are opportunities for greater competition in the health sector in ways that will deliver positive improvements in both health outcomes and government expenditure. Effective competition reform could improve and streamline areas of health where there are gaps and inefficiencies.

▷ **Health outcomes must be the first priority**

However while we support increased competition in the health sector, any changes to current systems must take into account the possibility of unintended consequences arising from the application of competition principles to this area.

These could include duplication of health services and systems that do not work together, which in turn may have adverse effects on health outcomes and make the system more difficult for health consumers and clinicians to navigate.

▷ **Measuring outcomes can help us to identify good practice**

One way to improve the competitiveness of health and other social services is through better measurement of outcomes and identification of effective and efficient practice – and conversely, areas of underperformance. NPS MedicineWise is one of the few organisations in health that can clearly evaluate its activities and value on investment by government.

As a deliverable under our funding agreement, NPS MedicineWise reports to the Department of Health in terms of both improved health outcomes and in savings delivered to the Pharmaceutical Benefits and Medical Benefits Schemes. This model and the rigorous internal evaluation function it requires allow us to identify areas of excellence and improve processes and delivery.

In the last financial year our programs delivered over \$100 million in direct savings to the PBS and MBS, and significantly more savings to the broader health system. We commissioned Deloitte Access Economics to model some of these broader effects of our work and to validate our evaluation approach. They found that our approach was valid and that for every dollar invested in NPS MedicineWise, the Australian Government saves nine dollars.

We would like to see greater use of data and ongoing evaluation to ensure government-funded services are delivering services that are efficient and meet the needs of the populations they serve.

We believe that this approach can enable a more competitive approach to health services in a way that protects our high quality health system and Australians' health outcomes.

Thank you again for the opportunity to comment. If you have any questions please contact Kerren Hosking, Corporate Affairs Manager on (02) 8217 8796 or email khosking@nps.org.au.

Yours sincerely



Dr Lynn Weekes

Chief Executive Officer

