I analyze the effect that pharmaceutical innovation had on premature mortality, hospitalization, and cancer survival in Australia during the period 1986-2011. In essence, I investigate whether the diseases that experienced more pharmaceutical innovation had larger declines in premature mortality and hospitalization and larger increases in cancer survival rates. The estimates indicate that new drugs listed on the PBS during the period 1989-2002 reduced the number of life-years lost before ages 75 and 80 in 2011 by 143,639 and 251,869, respectively. New drugs listed on the PBS during the period 1986-1999 are estimated to have reduced hospital expenditure in 2011 by about 12%, or $5.4 billion. I also analyze the effect that pharmaceutical innovation had on cancer survival in Australia during the period 1986-2011, controlling for changes in cancer incidence and mean age at time of diagnosis.

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