

PHARMAC

Pharmaceutical Management Agency

Media release

PHARMAC EXCEEDS ITS TARGETS WITH HOSPITAL CONTRACTS

Negotiations for national hospital pharmaceutical expenditure are producing better than expected results, Government drug-buying agency PHARMAC says.

Supply contracts have been agreed with nine different pharmaceutical suppliers, covering 69 different chemicals. The list includes some of the most commonly-used anaesthetic agents and key antibiotics.

The products account for about 32 percent of public hospital pharmaceutical expenditure. Eventually, PHARMAC hopes to reach agreements for drugs that make up the top 90 percent of hospital drug expenditure.

So far PHARMAC is exceeding its targets. The 69 chemicals under contract to date are forecast to produce savings of \$4.9 million in the June 2003 year, \$400,000 ahead of target.

Savings from these agreements alone are expected to grow to \$9.5 million by end of June 2004 year - \$1.5 million ahead of target – representing a 7 percent saving in the \$141 million hospital pharmaceuticals market. Further savings are expected from a tender to be issued later this year.

“This is an extremely encouraging start to this new process,” says PHARMAC’s Manager, Hospital Pharmaceuticals Cristine Della Barca.

“It is important to note that these targets are being exceeded without reducing access to any pharmaceutical agents. That is a key component of the hospital strategy and we are working to find solutions that mean we can reach national supply contracts and continue to give clinicians choice.”

PHARMAC has published the first edition of the Pharmaceutical Schedule containing hospital drugs. Known as Section H, it will ultimately be included with the full Pharmaceutical Schedule and updated regularly.

“Negotiating national contracts is already producing benefits for DHBs, not only in fiscal terms but in removing the duplication of some processes,” Cristine Della Barca adds.

“Other steps PHARMAC is taking, including assessing and gathering information on new pharmaceuticals for use in hospitals, will further assist DHBs in managing their hospital pharmaceutical expenditure.”

Implementation of PHARMAC's strategy for managing hospital pharmaceuticals began in February 2002.

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