

7 November 2003



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To all interested parties

Consultation on a proposal from Bristol-Myers Squibb in relation to the supply of various pharmaceuticals to DHB Hospitals and Community Pharmacies

Following receipt of proposals from Bristol-Myers Squibb (BMS) in response to PHARMAC's 16 July 2003 Request for Proposals to supply pharmaceuticals to District Health Board (DHB) hospitals and PHARMAC's 5 September 2003 Request for Proposals to supply pharmaceuticals to Community Pharmacies, PHARMAC has signed a provisional agreement with BMS involving a number of pharmaceuticals for supply to DHB Hospitals and/or Community Pharmacies. The main features of the proposal are outlined further in this letter.

The PHARMAC Board/Chief Executive under Delegated Authority will consider this proposal in November 2003. If you have comments to make on this proposal and would like those comments to be considered by the PHARMAC Board/Chief Executive then please send them to Matthew Perkins at PHARMAC **by 5p.m. on Friday, 21 November 2003**. The PHARMAC Board/Chief Executive will consider all comments received by this date.

The provisional agreement covers both hospital and community supply for some pharmaceuticals. It is indicated for each pharmaceutical in this letter whether the pharmaceutical or associated proposal relates to hospital or community supply or both. For ease of reference, the pharmaceuticals associated with this proposal are as follows:

Hospital Pharmaceuticals:

- paclitaxel (Taxol)
- dicloxacillin sodium (Diclocil)
- triamcinolone acetonide (Kenacort A and Kenacort A 40)
- etoposide (Vepesid)
- hydroxyurea (Hydrea)
- megestrol acetate (Megace)

Community Pharmaceuticals

- dicloxacillin sodium (Diclocil)
- triamcinolone acetonide (Kenacort A and Kenacort A 40)
- etoposide (Vepesid)
- hydroxyurea (Hydrea)
- megestrol acetate (Megace)

Overview of proposal

If this proposal is accepted, Hospital Supply Status (HSS – as defined in Section H of the Pharmaceutical Schedule) would be awarded to Taxol and Diclocil until 30 June 2005 with the

provision for the HSS period to be extended for an additional 12 months by mutual agreement. There would be a 3 month period following notification before DHB Hospitals were required to comply with any DV Limits. All other hospital products involved in this proposal would be listed on Section H from 1 January 2004 at the prices indicated in Table One attached; however no market exclusivity would be provided for these products.

It is proposed that from 1 January 2004, BMS would supply Taxol to DHB Hospitals or their purchasers at the prices set out in Table One subject to discounts which would be indicated on the relevant invoices. DHB Hospitals may verify the level of these discounts with PHARMAC. Additionally, Taxol would be invoiced with an additional discount once certain pre-agreed national volumes had been reached.

All community products involved in this proposal are currently listed on the Pharmaceutical Schedule. Price reductions for these products, as outlined in Table Two, would occur on 1 January 2004. It is further proposed that Diclocil 1 g vials would be listed on Practitioner's Supply Order in Section E of the Pharmaceutical Schedule following a positive PTAC recommendation and subsequent PHARMAC Board/Chief Executive approval.

PHARMAC would agree not to reference price or award sole subsidised supply or HSS for Kenacort, Vepesid, Hydrea and Megace prior to 30 June 2006.

Attachments

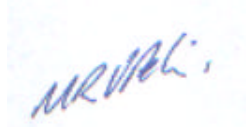
Table One (attached) sets out the pharmaceuticals supplied by BMS to which PHARMAC proposes to list on Section H and, where applicable, award Hospital Supply Status, the associated Discretionary Variance (DV) Limits, and DV Pharmaceuticals (all as defined in Section H of the Pharmaceutical Schedule).

Table Two (attached) sets out the pharmaceuticals supplied by BMS that would have their listing on Section B of the Pharmaceutical Schedule amended from 1 January 2004.

Feedback

If you wish to make comments on this proposal, please forward them to PHARMAC by **5 p.m. on Friday, 21 November 2003**. Should you have any questions regarding aspects of this proposal please contact Steffan Crausaz (04 9167 525; steffan.crausaz@pharmac.govt.nz) or myself (04 9167 504; matthew.perkins@pharmac.govt.nz).

Yours sincerely



Matthew Perkins
Hospital Pharmaceuticals Contracts Manager

TABLE ONE – Products to be supplied to DHB Hospitals and listed on Section H of the Pharmaceutical Schedule

<i>Pharmaceutical</i>	<i>Brand</i>	<i>Form</i>	<i>Strength</i>	<i>Pack Size</i>	<i>Price (Exclusive of GST) (\$NZ)</i>	<i>DV Limit</i>	<i>DV Pharmaceuticals Brand (Supplier)</i>
Paclitaxel	Taxol	Vial	30 mg	1	320.00♦	0%	(B)
Paclitaxel	Taxol	Vial	100 mg	1	1066.67♦	0%	(B)
Dicloxacillin sodium	Diclocil	Vial	500 mg	5	5.45	0%	(B)
Dicloxacillin sodium	Diclocil	Vial	1 g	5	7.54	0%	(B)
Triamcinolone acetonide	Kenacort A	Vial	10 mg per ml, 5 ml	1	10.31	-	n.a.
Triamcinolone acetonide	Kenacort A	Ampoule	10 mg per ml, 1 ml	5	11.11	-	n.a.
Triamcinolone acetonide	Kenacort A40	Vial	40 mg per ml, 5 ml	1	23.44	-	n.a.
Triamcinolone acetonide	Kenacort A40	Ampoule	40 mg per ml, 1 ml	5	28.09	-	n.a.
Etoposide	Vepesid	Capsule	50 mg	20	340.73	-	n.a.
Etoposide	Vepesid	Capsule	100 mg	10	340.73	-	n.a.
Hydroxyurea	Hydrea	Capsule	500 mg	100	31.76	-	n.a.
Megestrol acetate	Megace	Tablet	160 mg	30	74.25	-	n.a.

Note: Products listed with DV Pharmaceuticals of (B) are subject only to part (b) of the definition of “DV Pharmaceutical” in the Section H of the Pharmaceutical Schedule.

♦ Subject to confidential discounting upon invoice arrangement with additional discount once pre-agreed volume levels have been reached.

TABLE TWO – Products to be supplied to Community Pharmacies and listed in Sections B-G of the Pharmaceutical Schedule

<i>Pharmaceutical</i>	<i>Brand</i>	<i>Form</i>	<i>Strength</i>	<i>Pack Size</i>	<i>Current price (Current subsidy)* (\$NZ)</i>	<i>Price and subsidy (ex man. Excl GST) (\$NZ)</i>
Dicloxacillin sodium	Diclocil	Vial	500 mg	5	7.90 (6.80)	5.45
Dicloxacillin sodium	Diclocil	Vial	1 g	5	13.50 (10.20)	7.54
Triamcinolone acetonide	Kenacort A	Vial	10 mg per ml, 5 ml	1	12.50	10.31
Triamcinolone acetonide	Kenacort A	Ampoule	10 mg per ml, 1 ml	5	13.47	11.11
Triamcinolone acetonide	Kenacort A40	Vial	40 mg per ml, 5 ml	1	28.41	23.44
Triamcinolone acetonide	Kenacort A40	Ampoule	40 mg per ml, 1 ml	5	34.05	28.09
Etoposide	Vepesid	Capsule	50 mg	20	413.00	340.73
Etoposide	Vepesid	Capsule	100 mg	10	413.00	340.73
Hydroxyurea	Hydrea	Capsule	500 mg	100	38.50	31.76
Megestrol acetate	Megace	Tablet	160 mg	30	90.00	74.25

Note: * Current subsidy only shown if product currently not fully subsidised.