

7 November 2003



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To all interested parties

Consultation on a proposal from Aventis Pharma Limited in relation to the supply of various pharmaceuticals to DHB Hospitals

Following receipt of a proposal from Aventis Pharma Limited (Aventis) in response to PHARMAC's 16 July 2003 Request for Proposals to supply pharmaceuticals to District Health Board (DHB) hospitals, PHARMAC has signed a provisional agreement with Aventis involving a number of pharmaceuticals for supply to DHB Hospitals. 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 October 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.

Hospital Supply

The provisional agreement covers solely hospital supply for some pharmaceuticals. For ease of reference, the pharmaceuticals associated with this proposal are as follows:

- cefpirome sulphate (Cefrom)
- enoxaparin sodium (Clexane)
- teicoplanin (Targocid)

In this consultation letter, a reference to Section H of the Pharmaceutical Schedule is a reference to supply to District Health Board (DHB) hospitals for procurement from their own budgets.

Section H of the Pharmaceutical Schedule contains rules in relation to the procurement and use of hospital pharmaceuticals, with which DHB Hospitals are to comply.

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

Pharmaceuticals supplied by Aventis, listed in Table One would be made available to DHB Hospitals at the prices specified in Table One from 1 January 2004.

The First Transition Period (designed to allow an orderly transition between any current contracts and the national contract) would be the period commencing on the 1st day of the month following notification of acceptance of this proposal and ending three calendar months later.

DHB Hospitals would be expected to use up any existing stocks of DV Pharmaceuticals during the First Transition Period. Within the First Transition Period, DHB Hospitals would be obliged not to purchase DV Pharmaceuticals in volumes exceeding their usual requirements, or in volumes exceeding those which they reasonably expect to use.

Aventis' products would be deemed to have HSS from 1 March 2004 until 30 June 2006.

It is important to note Clexane will have HSS within chemical only; DHB hospitals will still be able to purchase alternative brands of other low molecular weight heparins if they so choose.

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 this proposal please do not hesitate to contact me.

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>
Cefpirome sulphate	Cefrom	Vial	1 g	1	25.00	0%	(B)
Enoxaparin sodium	Clexane	Syringe	20 mg	10	39.20	0%	(B)
Enoxaparin sodium	Clexane	Syringe	40 mg	10	69.20	0%	(B)
Enoxaparin sodium	Clexane	Syringe	60 mg	10	92.00	0%	(B)
Enoxaparin sodium	Clexane	Syringe	80 mg	10	119.20	0%	(B)
Enoxaparin sodium	Clexane	Syringe	100 mg	10	135.20	0%	(B)
Enoxaparin sodium	Clexane	Syringe	120 mg	10	168.00	0%	(B)
Enoxaparin sodium	Clexane	Syringe	150 mg	10	192.00	0%	(B)
Teicoplanin	Targocid	Vial	400 mg per 20 ml	1	75.00	0%	(B)

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.