

PHARMAC

Pharmaceutical Management Agency

Media release

Latest tender expected to deliver further health savings

Further savings and ensured supply of medicines are expected to result from the 2003-04 PHARMAC tender, which has been issued to pharmaceutical suppliers.

This year the tender calls for bids for 535 medicines used in both community and hospital settings, covering 1054 line items on the Pharmaceutical Schedule. This is the eighth tender run by PHARMAC, and one of the largest.

Tendering is an ongoing initiative by PHARMAC to reduce the price of generic drugs, freeing up money to spend in other health areas. Pharmaceutical companies are given the opportunity to tender for the supply of off-patent medicines, and the company that wins the tender becomes the sole subsidised supplier, usually for three years.

Cumulatively, the products included in the latest tender currently account for \$125 million of the \$566 million pharmaceutical budget.

PHARMAC Chief Executive Wayne McNee says the effect the latest tender has on expenditure won't be fully known until all the bids are received and analysed.

"The annual tender has become an important tool for managing pharmaceutical expenditure, regularly achieving savings of \$20-\$30 million per year," says Wayne McNee.

"It is important that we continue to implement these cost-saving strategies, to enable us to continue investing in new medicine and to fund the increasing volumes of medicine being prescribed."

"This year's tender includes a number of small volume products, where we don't necessarily expect to achieve savings. However, the concept of having these tendered is to secure their continued supply."

This year's tender includes treatments for heart disease, asthma, raised cholesterol, prostate cancer, and psoriasis.

Tenders bids are due by 1 March 2004.