

20 December 2004

To All Interested Parties

By facsimile (3 pages)

Proposal regarding blood glucose test strips and meters on the Pharmaceutical Schedule

PHARMAC issued a Request for Proposals for the supply of diabetes blood glucose test strips and meters in May 2004. Further to the RFP, PHARMAC has entered into provisional agreements with Roche Diagnostics NZ Ltd and Medica Pacifica Ltd regarding the listing of blood glucose test strips and meters on the Pharmaceutical Schedule.

In summary the proposal would:

- reduce the price and subsidy for Accu-Chek Advantage and Medisense Optium test strips;
- provide subsidy protection for Accu-Chek Advantage and Medisense Optium test strips until 31 March 2008;
- involve reference pricing and delisting of all other currently funded test strips;
- provide access to a free meter for all patients who would have to switch to a new meter due to the change proposed;
- list Medisense Optium and Accu-Chek Advantage meters on the Schedule under endorsement;
- restrict the number of test strips available per prescription for certain patient groups.

The detailed features of the proposal are outlined further in this letter.

The PHARMAC Board will consider this proposal at its February 2005 meeting with a proposed implementation from 1 April 2005. If you have comments to make on this proposal and would like those comments to be considered by the PHARMAC Board then please send them to Deepti at PHARMAC **by 5 p.m. on 10 February 2005**. The PHARMAC Board will consider all comments submitted by this date.

The main features of this proposal are as follows:

Blood Glucose test strips

- The price and subsidy for Accu-Chek Advantage and Medisense Optium test strips (50 per pack), currently listed in Section B of the Pharmaceutical Schedule would be reduced from 1 April 2005 as follows:

Chemical	Brand	Pack size	Proposed price and subsidy
Blood diagnostic test with peroxidase	Accu-Chek Advantage	50	\$22.00
Glucose dehydrogenase blood diagnostic test	Medisense Optium	50	\$22.00

- Medisense Optium test strips (25 per pack), would be listed in Section B of the Pharmaceutical Schedule from 1 April 2005 as follows:

Chemical	Brand	Pack size	Proposed price and subsidy
Glucose dehydrogenase blood diagnostic test	Medisense Optium	25	\$11.00

Note: prices and subsidies are ex-manufacturer, exclusive of GST.

- PHARMAC would provide subsidy protection for Medisense Optium and Accu-Chek Advantage test strips until 31 March 2008.
- All other brands of test strips (Ascensia Glucodisc, Glucocard and Precision Plus) would be referenced priced to Accu-Chek Advantage and Medisense Optium on 1 July 2005 as follows:

Chemical	Brand	Pack size	Subsidy on 30/06/05	Proposed Subsidy
Blood diagnostic test with peroxidase	Accu-Chek Advantage	50	\$22.00	\$22.00
Glucose dehydrogenase blood diagnostic test	Medisense Optium	50	\$22.00	\$22.00
Blood diagnostic test with peroxidase	Ascensia Glucodisc	50	\$26.95	\$22.00
Blood diagnostic test with peroxidase	Glucocard	50	\$26.95	\$22.00
Blood diagnostic test with peroxidase	Precision Plus	100	\$53.90	\$44.00

- All other brands of blood glucose test strips (Ascensia Glucodisc, Glucocard and Precision Plus) would be delisted on 1 October 2005.

- The number of test strips available on a prescription would be restricted to 50, unless the test strips were prescribed on the same prescription as insulin or a sulphonylurea, or endorsed accordingly.

Blood Glucose meters

- Accu-Chek Advantage and Medisense Optium glucose blood diagnostic meters would be listed in Section B of the Pharmaceutical Schedule from 1 April 2005 as follows:

Chemical	Brand	Pack size	Proposed price and subsidy
Glucose Blood diagnostic test meter	Accu-Chek Advantage	1	\$19.00
Glucose Blood diagnostic test meter	Medisense Optium	1	\$9.00

- Accu-Chek Advantage and Medisense Optium glucose blood diagnostic meters would be listed in Section B of the Pharmaceutical Schedule under the following criteria and restrictions:

A diagnostic blood glucose test meter is subsidised when:

1. The patient is using insulin; or
2. The patient is using a sulphonylurea.

Only one meter per patient. No further applications or renewals

The prescription must be endorsed accordingly.

- Accu-Chek Advantage meters would be listed under a confidential rebate arrangement.
- Accu-Chek Advantage meters and Medisense Optium meters have a lifetime warranty and would be replaced free of charge due to any malfunction or defect during the user's lifetime.
- Patients who currently use the Ascensia Glucodisc, Glucocard or Precision Plus meters would be able to swap their meter free of charge for either a Medisense Optium or Accu-Chek Advantage meter. This arrangement would be administered by the relevant supplier and would be available until 31 March 2006.
- Roche Diagnostics and Medica Pacifica would be able to upgrade their respective products (blood glucose test strips and meters) once during the three year dual supply period.

If you wish to make comments on this proposal, please forward them to Deepti Chotai at PHARMAC by **5 pm on 10 February 2005**.

Yours sincerely



Wayne McNee
Chief Executive