

3 June 2005

Level 14, Cigna House,  
40 Mercer Street, PO Box 10-254,  
Wellington 6001, New Zealand  
Phone 64 - 4 - 460 4990  
Fax 64 - 4 - 460 4995  
www.pharmac.govt.nz

TO DHBs and INTERESTED PARTIES

By facsimile (*2 pages*)

Dear Sir/Madam

## **CONSULTATION ON PURCHASING OF INFLUENZA VACCINE**

PHARMAC is conducting a review of the purchasing of influenza vaccine for the annual subsidised vaccination campaign. A major aspect of this review is the suitability of a sole supply arrangement for the New Zealand subsidised campaign. Particularly, PHARMAC will be comparing the sole supply system used in New Zealand to the dual supply system in Australia for the 2005 season.

### **Background**

Since 1997, when the subsidised influenza vaccine campaign was initiated, the Ministry of Health has contracted with a single manufacturer for sole supply of the vaccine for the eligible population. Due to the relatively small volumes required by New Zealand a more competitive price has been achieved by offering sole subsidised supply. As the result of a Request for Proposals issued last year PHARMAC contracted with Merck Sharp and Dohme (MSD) and Sanofi Pasteur for the sole subsidised supply of Vaxigrip for the annual influenza vaccine campaign.

Due to a manufacturing error at Sanofi Pasteur's vaccine facility, Vaxigrip could not be supplied to the eligible population from 1 March, when the programme was due to begin. PHARMAC and the Ministry of Health sourced alternative supplies of influenza vaccine for the eligible population and the programme started in late April.

Contracting for influenza vaccine must be finalised prior to the start of manufacturing of the influenza vaccine in order for the Southern Hemisphere volumes to be confirmed. Therefore, at the time a contract is finalised, it is impossible to predict the outcome of assessment and testing of the vaccine. As demonstrated by problems with more than one manufacturer recently, there can be no guarantees against production errors or failures.

### **Australia's dual supply system**

Until 2005 contracting for influenza vaccine was conducted by each state individually. Some states implemented sole supply arrangements while others had two or three contracted suppliers. The 2005 season was the first year of nationally consistent contracting and implementation.

Australia currently contracts with two suppliers of influenza vaccine for the government funded subsidised market. CSL have access to 65% and Sanofi Pasteur 35%. Under this model, each state is responsible for ensuring its purchases of influenza vaccine are appropriately apportioned. Penalties may be imposed on states that do not purchase in accordance with the stipulated percentages. The distribution centres in each state are

responsible for ensuring that each practice, hospital or other purchaser receives the same brand of influenza vaccine throughout the season.

However, this system was not implemented this season due to the issues with Sanofi Pasteur's Vaxigrip; CSL supplied 100% of the funded market. The price for influenza vaccine in Australia is approximately double the contract price in New Zealand.

**Request for feedback**

- Do you think it is appropriate for New Zealand to contract with a single supplier for the subsidised influenza vaccine campaign? Why//Why not?
- Would you support a dual supply arrangement?
- Are there any other models of influenza vaccine supply you would suggest for New Zealand?

The outcome of the review will be considered by the PHARMAC Board at its June 2005 meeting. If you would like your comments to be included in the review and considered by the Board please forward them to Andrea Dick, Hospital Pharmaceutical Contracts Manager, (facsimile: 04 460 4995) by **Friday 17 June**.

Yours sincerely



Wayne McNee  
Chief Executive