

30 September 2005

**By facsimile: Auto (2 pages)**

To all interested parties

## **PROPOSED PROCESS FOR NATIONAL CONTRACTING OF RADIOLOGICAL CONTRAST MEDIA**

PHARMAC is consulting on its proposed process for contracting for the supply of radiological contrast media to District Health Board (**DHB**) Hospitals in New Zealand.

As part of the two year review of the National Hospital Pharmaceutical Strategy (NHPS) PHARMAC evaluated possible areas where extension of the NHPS could assist DHBs in managing expenditure through nationally consistent contracts. The PHARMAC Board at its May 2004 meeting resolved to extend the NHPS to include radiological contrast media following discussions between PHARMAC staff and DHB CEOs and DHB Chairpersons. In November 2004 PHARMAC requested information on the range of radiological contrast media currently used in DHB Hospitals and pricing arrangements that existed currently.

PHARMAC recently sought nominations for a radiological contrast media subcommittee of PTAC to consider the clinical issues associated with contracting nationally for contrast media. The PHARMAC Board, at its September 2005 meeting, resolved to appoint the following people to this subcommittee:

- Jessica Brillard, Medical Radiation Technologist (MRT) in MRI, Hawkes Bay DHB;
- Shannon Collins, MRT in Cardiology, Waikato DHB;
- Dr Martin Gunn, MBChB FRANZCR, CT Team Leader, Waitemata DHB;
- Dr Peter Jones, Internal Medicine Specialist, Lakes DHB, PTAC member;
- Dr Alan List, Radiologist Auckland DHB;
- Dr Brett Lyons, Radiologist, Otago and Southland DHB;
- Micheal Webb, Manager Radiology Department, Waikato DHB;
- Ian Winwood, Patient Service Manager, Southland DHB, HPAC member.

PHARMAC now seeks comments on the type of process that could be followed to provide national contracts for radiological contrast media.

### *Proposed process*

The radiological contrast media subcommittee of PTAC will provide advice on the range of contrast media that are currently available and advice on any other matter that may have clinical implications in the national contracting process.

Following advice from this subcommittee, PHARMAC intends to develop and consult on a proposed list of products for which national contracts would be sought. PHARMAC anticipates this process would be completed by December 2005.

Once a list of products is finalised PHARMAC proposes to issue a Request for Proposals (RFP) to suppliers. A supplier would be able to submit proposals aggregating its product range or proposals on a line by line basis. Suppliers would be permitted to submit multiple proposals. PHARMAC may consider awarding some form of market exclusivity for a brand or a presentation, but does not propose to reduce the range of chemical lines DHB Hospitals are currently able to purchase. PHARMAC anticipates the RFP would be released to suppliers before 31 December 2005, with responses due in February 2006.

PHARMAC may seek advice from DHBs, the Ministry of Health, HPAC, its commercial subcommittee, PTAC, and/or the radiological contrast media subcommittee of PTAC during the evaluation of any proposals received. Following approval of any national contracts by the PHARMAC Board, the relevant products would be listed on the Pharmaceutical Schedule, and any DHB Hospital would be able to purchase products at the price listed in the Pharmaceutical Schedule (all prices in the Pharmaceutical Schedule are ex manufacturer, ex GST).

<i>Proposed Timing</i>	<i>Activity</i>
Early November 2005	Consult on proposed product list
December 2005	Issue Request for Proposals
February 2005	Receive proposals and initiate negotiations
July 2005 onwards	Implementation of national agreements

*Comments*

We seek your comments on the above proposed process and proposed timeline of the process by 14 October 2005. Please forward your comments to Andrea Dick or Andrew Davies.

Yours sincerely



Wayne McNee  
Chief Executive