

12 May 2006

To All Pharmaceutical Suppliers, DHB CEOs, DHB COOs, DHB Funding and Planning Managers, Hospital Pharmacists, Medical Groups and Interested Parties.

PROPOSAL TO PURCHASE ANTIBIOTICS FOR A POTENTIAL INFLUENZA PANDEMIC

PHARMAC has been working to secure the supply of antibiotics for use in the event of an influenza pandemic. Should an influenza pandemic occur, there would likely be an increase in the use of antibiotics for prophylaxis and treatment of secondary infections.

This letter outlines provisional agreements that have been reached and seeks your feedback on them.

Provisional supply agreements

PHARMAC issued a Request for Proposals (RFP) to secure supply of these antibiotics, and received responses from five suppliers. Provisional agreements have been reached for the purchase of antibiotics as detailed in Attachment 1.

These supplies would be over and above the normal Pharmaceutical Schedule Community Pharmacy or Hospital Pharmacy supply.

Stock management and rotation

Pandemic antibiotics would be rotated at hospital pharmacies with normal hospital antibiotic supplies. PHARMAC considers this to be the most effective method for ensuring minimum expiry and efficient delivery to patients in the event of a pandemic. PHARMAC is working with DHBs to identify which hospitals would rotate the pandemic antibiotic stock and to determine the appropriate quantity of stock for each hospital based on their population. DHBs would include pandemic antibiotic stock rotation in their pandemic preparedness plans.

While every effort will be made to rotate stock and minimise products expiring, some wastage is likely given the large quantities of pandemic antibiotic supplies required and product expiry limitations. PHARMAC will run RFPs as required for replacement stock as pandemic supplies expire. This would ensure any replacement stock is purchased at the lowest price possible and the cost of any wastage minimised.

Request for feedback

PHARMAC is seeking feedback on this proposal. Depending on the specific lead time for each antibiotic, and if the Agreements are approved by PHARMAC's Board, or CEO under delegated

authority, it is anticipated that suppliers would deliver stock directly to DHB hospitals between October 2006 and January 2007.

If you wish to make comments please forward them to PHARMAC by **5:00 pm, 26 May 2006**. All comments submitted by this date will be considered.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jackie Evans', written in a cursive style with a large loop at the end.

Jackie Evans
Therapeutic Group Manager

Attachment 1: Provisional agreements reached

Chemical and strength	Total Units in NZ for supply in the event of a pandemic	Pack Size / Price	Maximum Lead Time	Minimum Shelf Life	Brand / Supplier
Amoxicillin Clavulanate 250 mg with potassium clavulanate 62.5 mg per 5 ml oral liquid	Minimum 152,100 x 100 ml bottles	1 x 100 mL Bottle \$5.00	140 days	14 months	Synermox Douglas Pharmaceuticals
Amoxicillin Clavulanate 500 mg with potassium clavulanate 125 mg tablet	7,098,000 Tabs	1 x 20 Tab Blister Pack \$6.40	20 weeks	30 months	Augmentin GlaxoSmithKline
Amoxicillin Clavulanate 1g with potassium clavulanate 200 mg vial	170,500 vials	10 x 1.2 g Vial \$23.94	26 weeks	20 months	Augmentin GlaxoSmithKline
Cephazolin Sodium 1g vial	85,250 vials	10 x 1 g Vial \$27.00	5 months	28 months	m-cefazolin Multichem NZ Limited
Co-Trimoxazole trimethoprim 40 mg with sulphamethoxazole 200 mg per 5 ml oral liquid	25,350 x 100 ml bottles	1 x 100 mL Bottle \$2.55	28 weeks	18 months	Trisul Suspension Pacific Pharmaceuticals
Co-Trimoxazole trimethoprim 80 mg with sulphamethoxazole 400 mg tablet	1,656,500 Tabs	1 x 500 Tablet Bottle \$23.50	28 weeks	42 months	Trisul Pacific Pharmaceuticals
Doxycycline Hydrochloride 100mg tablet	1,183,000 Tabs	1 x 250 Tablet Bottle \$11.00	21 weeks	18 months	Doxine Pacific Pharmaceuticals
Flucloxacillin Sodium 250 mg per 5 ml oral liquid	50,700 x 100 ml bottles	1 x 100 mL Bottle \$2.60	24 weeks	21 months	Flucloxacillin-AFT AFT Pharmaceuticals
Flucloxacillin Sodium 500mg capsule	Minimum 2,366,000 Caps	1 x 250 capsule Securitainer \$36.10	24 weeks	33 months	Flucloxacillin-AFT AFT Pharmaceuticals
Flucloxacillin Sodium 1g vial	85,250 vials	5 x 1 g Vial \$7.24	180 days	30 months	Flucloxin Douglas Pharmaceuticals