

Media release

PHARMAC achieves excellent result in 2006

A huge jump in the number of people receiving subsidised medicines and a record number of prescriptions are recorded in PHARMAC's 2006 Annual Report.

DHBs CEO spokesman David Meates says there was a continued rise in the volume of medicines dispensed (4% increase in subsidised prescriptions), while PHARMAC made 41 new investments in pharmaceuticals. As a result of these decisions, nearly quarter of a million new patients will receive subsidised medicines next year.

14 new drugs were listed and these range from high cost medicines for relatively small patient groups – such as temozolomide for brain tumours and adalimumab for arthritis – to low cost treatments for very large numbers of patients, such as low dose aspirin for heart disease.

David Meates says the report outlines the agency's continued outstanding performance. PHARMAC manages the community pharmaceutical budget on behalf of DHBs, and undertakes other work on their behalf such as national contracting for products used in hospitals, influenza vaccine and some haemophilia products.

David Meates, the Wairarapa DHB Chief Executive, says the decisions made by PHARMAC make a valuable contribution to DHBs' overall objectives.

"For instance, the decision to subsidise low-dose aspirin means that a very large number of New Zealanders – over 130,000 – now receive this medicine fully subsidised. This is an important medicine to reduce people's risk of cardiovascular disease, New Zealand's No.1 killer and a top priority for DHBs nationwide," David Meates says.

"These decisions add to those made in previous years and mean that, in 2006, about 2.5 million New Zealanders – about 62% of all New Zealanders – received a subsidised prescription during the year."

In addition to new medicines, PHARMAC continued to produce savings in products used by DHB hospitals. During the year, PHARMAC negotiated a nationwide contract for bulk intravenous fluids (used in hospital drips) that will produce \$1.3 million of savings over three years.

"These activities underscore PHARMAC's benefit to the health sector overall," David Meates says. "The projects developed in 2006 build on PHARMAC's success in national contracting and have led to DHBs asking PHARMAC to expand its national contracting role for DHB hospitals."

Projects PHARMAC will develop in the coming year include stents (used in cardiac surgery), antidotes and antivenoms, and wound care products such as dressings and fluids for irrigating and cleaning wounds.

David Meates says DHBs continue to recognise PHARMAC's effectiveness in managing pharmaceutical spending within the budget agreed with DHBs.

PHARMAC reported pharmaceutical spending at \$563.5 million, \$19.4 million within budget. This net figure includes one-off payments from pharmaceutical companies (settlements from previous disputes) and expenditure on pandemic influenza antibiotics. In reality, \$579 million was spent on pharmaceuticals alone.

PHARMAC's Acting Chief Executive Matthew Brougham describes the result for the year as "excellent", with expenditure managed within budget, a record number of prescriptions funded (28.5 million) and 14 new pharmaceuticals subsidised.

"Overall it has been a highly successful year," Matthew Brougham commented. "We now see a significant number of new patients on subsidised medicines as a result of our 2006 decisions, an increase in prescription volumes to record levels, and pharmaceutical spending managed within 2% of the budget figure excluding extraordinary items."

Matthew Brougham says PHARMAC is continuing to focus on its investment programme and has a \$600 million budget to manage on behalf of DHBs this year.

Key numbers from the 2006 Pharmac Annual Report:

- 14 – new medicines funded
- 41 - total new investments (new medicines and wider access)
- \$563.5 million -- total spending for the year \$19.4m within budget (less than 2% variance from budget excluding extraordinary items)
- 28.5 million – prescriptions funded in 2006
- 2.5 million – patients receiving funded medicine
- 236,000 – projected new patients to receive subsidised medicines in 2007

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