

1 February 2007

To All Pharmaceutical Suppliers, Medical Groups and Interested Parties

Consultation on a provisional agreement with AstraZeneca for the amendment of the terms of listing of omeprazole (Losec) and candesartan (Atacand) on the Pharmaceutical Schedule

PHARMAC and AstraZeneca Limited have entered into a provisional agreement to amend the terms of listing of omeprazole (Losec) and candesartan (Atacand) in Section B of the Pharmaceutical Schedule.

Key aspects of this proposal are as follows:

Losec

- The price and subsidy for Losec in Section B, and the price for Losec in Section H of the Pharmaceutical Schedule, would be as follows from 1 May 2007 (ex-manufacturer, excluding GST):

Form	Strength	Pack Size	Current price & subsidy	Proposed price & subsidy
Capsule	10 mg	30	\$17.37	\$17.37
Capsule	20 mg	30	\$24.81	\$24.81
Capsule	40 mg	30	\$29.05	\$29.05
Injection	40 mg per 10 ml	1	\$12.50	\$12.50

- The pharmaceutical Losec Hp7 OAC (omeprazole 20 mg capsules, amoxicillin 500 mg capsules, and clarythromycin 500 mg tablets) would continue to be listed on the Pharmaceutical Schedule at a price and subsidy of \$55.00 per pack.
- All subsidised units of Losec 10 mg capsules, Losec 20 mg capsules, Losec 40 mg capsules, and Losec 40 mg per ml injections dispensed in the community would be subject to a rebate of 81.5% for the period 1 May 2007 to 31 December 2008.
- All sales of Losec 10 mg capsules, Losec 20 mg capsules, and Losec 40 mg capsules to DHB hospitals would be subject to a rebate of 80% for the period 1 May 2007 to 31 December 2008.
- PHARMAC would not delist, or reduce the subsidy payable for Losec as listed in Section B of the Pharmaceutical Schedule before 1 January 2009.
- PHARMAC would not delist, or reduce the price payable for Losec as listed in Section H of the Pharmaceutical Schedule before 1 January 2009.
- AstraZeneca would not withdraw, or increase the price of Losec before 1 January 2009.

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Atacand

- The price and subsidy for Atacand in Section B, and the price for Atacand in Section H of the Pharmaceutical Schedule, would be as follows from 1 April 2007 (ex-manufacturer, excluding GST):

Form	Strength	Pack Size	Current price & subsidy	Proposed price & subsidy
Tablet	4 mg	30	\$23.78	\$16.22
Tablet	8 mg	30	\$28.31	\$19.30
Tablet	16 mg	30	\$34.53	\$23.54
Tablet	32 mg	30	\$42.80	\$38.50

- All subsidised units of Atacand, and all sales of Atacand to DHB hospitals, would be subject to a confidential rebate for the period 1 April 2007 to 30 June 2010.
- If expenditure on Atacand exceeds a defined level, PHARMAC may cease to approve any further Special Authority applications for Atacand.
- PHARMAC would not delist, or reduce the subsidy payable for Atacand as listed in Section B of the Pharmaceutical Schedule before 1 July 2010.
- PHARMAC would not delist, or reduce the price payable for Atacand as listed in Section H of the Pharmaceutical Schedule before 1 July 2010.
- AstraZeneca would not withdraw, or increase the price of Atacand, before 1 July 2010.

If you wish to make comments for the PHARMAC Board to consider when making its decision on whether to accept this proposal, please forward them to PHARMAC by **5:00 pm, 16 February 2007**. All comments submitted by this date will be considered.

Yours sincerely



Tommy Wilkinson
Therapeutic Group Manager