

Media release

Proposal a step forward for access to off-patent medicines

People will be able to more easily access some off-patent medicines, if changes proposed by Government drug-funding agency PHARMAC are adopted.

The changes to PHARMAC's annual tender would introduce some flexibility to allow people access to alternative brands to the tender winners, on clinical grounds.

PHARMAC's Acting Chief Executive Matthew Brougham says the majority of people experience no difficulties in changing brands. With some medicines, a small proportion of people do experience genuine difficulties.

Under the proposed change, up to 1% of people would be able to remain on an existing brand provided they can demonstrate clinical need.

The change is a positive response that recognises not all people respond to medicine changes in the same way, says Matthew Brougham.

"The change we are proposing is a positive step and represents an evolution of the current policy. It introduces some flexibility for patients and doctors while continuing to offer incentives to companies to offer the best prices for off-patent medicines," says Matthew Brougham.

Tendering is widely used across both the public and private sector, and by the general public in areas such as the housing market. It is an effective way of encouraging competition to get medicines at the best possible value, which allows other investments to be made.

In some cases, price reductions of up to 90% have been achieved through the tender. Since 1998, the PHARMAC tender has produced savings in excess of \$300 million.

Currently, PHARMAC's tender awards all of the community market to the company that makes a successful bid.

"The tender has enabled us to obtain benefits in the form of significant savings that can be used to purchase other healthcare, and this helps Pharmac to meet its objective of obtaining the best health outcomes for New Zealanders from the available pharmaceutical funding," says Matthew Brougham.

"Its drawback is that it does not provide flexibility to take account of different responses to drug brand changes in individual patients. This has been highlighted in recent times around the brand change for methylphenidate."

"Even though medicines may be assessed as the same in terms of their make up and action, sometimes small numbers of people experience difficulty in changing brands. People are different and respond to change in different ways."

Matthew Brougham says the proposed changes would require doctors to provide information on clinical responses to brand changes before allowing access to a brand other than the one that had been awarded the tender contract.

Access to alternative brands would be granted on clinical grounds (inadequate or adverse response) through a Special Authority mechanism similar to that used for many other medicines.

“In looking at this change, we have to be careful not to throw the baby out with the bath water,” says Matthew Brougham. “Tendering is a very successful strategy for sourcing off-patent medicines, both in terms of achieving lower prices and securing supply through contracts.”

“In our current system, we are already careful to assess whether it is appropriate to include a medicine in the tender, and have removed some items from the tender in the past because clinical risks have been identified.”

“We see the proposed changes as an evolution to improve an already successful strategy.”

Feedback is being sought until 26 October 2007.

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