

30 November 2007

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To all Pharmaceutical Suppliers, Hospital Pharmacists, Medical
Groups and Interested Parties

**Consultation on a provisional agreement with Novartis Consumer Health Australasia
Pty Ltd regarding the listing of nicotine replacement therapy for smoking cessation**

The funding proposal

Following a recent Request for Proposals process for the sole supply of nicotine products PHARMAC and Novartis Consumer Health Australasia Pty Ltd New Zealand Limited have entered into a provisional agreement to:

- amend the current listings for the gum and patch (Habitrol) forms of nicotine replacement therapy from 1 January 2008; and,
- list the lozenge (Habitrol) form of nicotine replacement therapy following registration,

in the Pharmaceutical Schedule.

PHARMAC is now seeking feedback on this proposal.

How do I make a submission?

We are inviting feedback from anyone interested in this proposal. You can make submissions in writing to the addresses that follow. We welcome feedback by email, fax or post. The deadline for submissions is **4pm, Friday, 14 December 2007**.

By email: send to stephen.woodruffe@pharmac.govt.nz

By fax: send to +64 (0) 4 460 4995

By mail: send to Stephen Woodruffe, PHARMAC, PO Box 10-254, Wellington.

What will happen then?

All of the submissions we receive before the deadline will be taken into consideration by PHARMAC's Board, or Acting Chief Executive under delegated authority, regarding the proposal. The PHARMAC Board, or Acting Chief Executive under delegated authority, will then make a decision on this proposal.

What are the details of the proposal?

Key aspects of the proposal are as follows:

Nicotine Replacement Therapy (Habitrol)

The gum and patch forms of Nicotine replacement therapy (Habitrol) would continue to be listed in Section B and Part II of Section H of the Pharmaceutical Schedule from 1 January 2008 at the following prices and subsidies:

| Form | Strength | Pack Size | Current Price and subsidy | Proposed Price and subsidy |
|----------------------------|----------|-----------|---------------------------|----------------------------|
| Gum pellet (mint flavour) | 2 mg | 96 | \$14.97 | \$14.97 |
| Gum pellet (fruit flavour) | 2 mg | 96 | \$14.97 | \$14.97 |
| Gum pellet (mint flavour) | 4 mg | 96 | \$20.02 | \$20.02 |
| Gum pellet (fruit flavour) | 4 mg | 96 | \$20.02 | \$20.02 |
| Transdermal patch | 7 mg | 7 | \$10.53 | \$10.53 |
| Transdermal patch | 14 mg | 7 | \$11.63 | \$11.63 |
| Transdermal patch | 21 mg | 7 | \$12.32 | \$12.32 |

Prices and subsidies are ex manufacturer, ex GST.

The lozenge form of Nicotine replacement therapy (Habitrol) would be listed in Section B and Part II of Section H of the Pharmaceutical Schedule as soon as practicable following registration at the following prices and subsidies:

| Form | Strength | Pack Size | Proposed Price and subsidy |
|---------|----------|-----------|----------------------------|
| Lozenge | 1 mg | 36 | \$11.08 |
| Lozenge | 2 mg | 36 | \$11.08 |

Prices and subsidies are ex manufacturer, ex GST.

- The current restrictions for the gum and patch forms of nicotine replacement therapy would remain. These restrictions would also apply to the lozenge form of nicotine replacement therapy when it is listed as follows:
 - “Nicotine patches, gum and lozenge are only available/subsidised on presentation of a Quitline Exchange Card”
- Confidential rebates would apply to expenditure on nicotine replacement therapy.
- The Habitrol gum, patch and lozenge forms of nicotine replacement therapy would be available to providers of the National Smoking Cessation Campaign, who do not make use of Quitline cards, at the post-rebate price by arrangement with the Ministry of Health, PHARMAC and Novartis Consumer Health.
- Novartis Consumer Health would be the sole supplier of nicotine replacement therapy in Section B and Part II of H of the Pharmaceutical Schedule from 1 April 2008 until 31 December 2010. A DV limit of 10% would apply in Section H of the Pharmaceutical Schedule.

Where can I find more information?

You can seek further information by calling Stephen Woodruffe on (04) 916 7555 or by e-mail stephen.woodruffe@pharmac.govt.nz.

We look forward to receiving your feedback on this proposal.

Yours sincerely



Stephen Woodruffe
Therapeutic Group Manager