

8 February 2008

PHARMAC Consultation

Sole supply proposal for omeprazole

PHARMAC is seeking public feedback on a proposal to award sole supply to Dr Reddy's Omeprazole (capsules, injection and infusion). Omeprazole is a proton-pump inhibitor used for various conditions including reflux oesophagitis, duodenal and gastric ulcers.

If the proposal goes ahead, the subsidy paid for existing brands of omeprazole would be reduced from 1 July 2008 and these brands would no longer be subsidised from 1 January 2009.

This proposal does not alter the availability or subsidies for other proton-pump inhibitors that are currently funded.

Proposal Summary

Following a competitive process asking suppliers to bid for the opportunity to secure sole supply for omeprazole for a limited time period, PHARMAC and Affordable Healthcare Limited have entered into a provisional agreement to:

- list Dr Reddy's Omeprazole 10 mg, 20 mg and 40 mg capsules in a 30 capsule pack size (bottle) in Section B and Part II of Section H of the Pharmaceutical Schedule.
- reduce the price and subsidy of the current pack (28 capsule blister) of Dr Reddy's Omeprazole 10 mg, 20 mg, and 40 mg capsules in Section B and Part II of Section H of the Pharmaceutical Schedule.
- list, following regulatory approval by Medsafe, Dr Reddy's Omeprazole 40 mg injection and 40 mg infusion in Part II of Section H of the Pharmaceutical Schedule.
- list, following regulatory approval by Medsafe, Dr Reddy's Omeprazole 40 mg injection in Section B of the Pharmaceutical Schedule.
- reference price other brands of omeprazole listed on Section B of the Pharmaceutical Schedule from 1 July 2008 to the subsidy of Dr Reddy's Omeprazole, with the exception of Losec due to its contract protection from reference pricing.
- award Sole Subsidised Supply and Hospital Supply Status to Dr Reddy's Omeprazole from 1 January 2009 until 30 June 2011.

PHARMAC is now seeking feedback on this proposal.

Feedback sought

We welcome your feedback on this proposal. Please submit your feedback in writing by **5 pm, Friday 29 February 2008** to:

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What will happen then?

All of the submissions we receive before the deadline will be considered by PHARMAC's Board when making a decision on whether to implement this proposal.

If the proposal is approved, it is anticipated that the proposed changes would take effect from 1 May 2008 at the earliest. Listing of Dr Reddy's Omeprazole injection and infusion would occur as soon as possible following necessary regulatory approvals being obtained.

Details of the proposal

Keys aspects of the proposal are summarised below:

Pharmaceutical	Form and Strength	Pack Size	Brand	Current price and subsidy	Proposed price and subsidy	Proposed date of change
Omeprazole	10 mg capsule	28	Dr Reddy's	\$2.99	\$2.00	1 May 2008
		30	Omperazole	-	\$2.14	
Omeprazole	20 mg capsule	28	Dr Reddy's	\$4.27	\$2.85	1 May 2008
		30	Omperazole	-	\$3.05	
Omeprazole	40 mg capsule	28	Dr Reddy's	\$5.01	\$3.35	1 May 2008
		30	Omperazole	-	\$3.59	
Omeprazole	40 mg injection	1	Dr Reddy's Omperazole	-	\$8.22	Following regulatory approval
Omeprazole	40 mg infusion	1	Dr Reddy's Omperazole	-	\$7.73	Following regulatory approval

- The other brands of omeprazole would be reference priced to Dr Reddy's Omeprazole from 1 July 2008 as follows:

Pharmaceutical	Form and Strength	Pack Size	Brand	Current price and subsidy	Proposed price and subsidy	Proposed date of change
Omeprazole	10 mg capsule	30	Omezol	\$6.28	\$2.14	1 July 2008
Omeprazole	20 mg capsule	30	Omezol	\$6.28	\$3.05	1 July 2008
Omeprazole	40 mg capsule	30	Omezol	\$9.50	\$3.59	1 July 2008
Omeprazole	10 mg capsule	30	Losec	\$17.37	\$17.37	-
Omeprazole	20 mg capsule	30	Losec	\$24.81	\$24.81	-
Omeprazole	40 mg capsule	30	Losec	\$29.05	\$29.05	-

- Omezol and Losec would be delisted from Section B and Part II of Section H of the Pharmaceutical Schedule from 1 January 2009;

- All products would have Hospital Supply Status from 1 January 2009 until 30 June 2011 as follows:

Form and Strength	DV Limit	DV Pharmaceuticals Brand name (Supplier)	DV Limit applies from
10 mg capsule	1%	Losec (AstraZeneca) Omezol (Pacific)	1 January 2009
20 mg capsule	1%	Losec (AstraZeneca) Omezol (Pacific) Probitor (Novartis) DP-Omeprazole (Douglas)	1 January 2009
40 mg capsule	1%	Losec (AstraZeneca) Omezol (Pacific)	1 January 2009
40 mg injection	1%	Losec (AstraZeneca)	1 January 2009*
40 mg infusion	1%	Losec (AstraZeneca)	1 January 2009*

*Subject to registration being obtained prior to implementation of Hospital Supply Status.

The proposed changes for omeprazole would mean that in order to receive a subsidy for this medicine, all patients who are prescribed omeprazole from 1 January 2009 would need to receive the Dr Reddy's Omeprazole brand. Other brands of omeprazole may continue to be available for purchase however these would not be subsidised.