

27 May 2008

Proposal for sole supply arrangement for citalopram hydrobromide

Proposal summary

PHARMAC and Arrow Pharmaceuticals (NZ) Ltd have reached a provisional agreement for the supply of Arrow-Citalopram, one of the three brands of citalopram hydrobromide currently funded by PHARMAC. This proposal would result in Arrow-Citalopram becoming the only subsidised brand of citalopram hydrobromide from April 2009 to July 2011.

Under the agreement with Arrow Pharmaceuticals, from 1 November 2008 an 84-tablet pack of Arrow-Citalopram would be listed on the Pharmaceutical Schedule at a price and subsidy of \$3.78, subject to Medsafe approval of this pack size.

As part of the proposed sole subsidised supply arrangement, all other brands and pack sizes of citalopram hydrobromide would be reference priced to the 84-tablet pack of Arrow-Citalopram from 1 January 2009 and would be delisted from 1 April 2009.

A patient surcharge could apply to other brands of citalopram hydrobromide between January and April 2009, and from April 2009 patients who wished to continue on any brand of citalopram hydrobromide except for Arrow-Citalopram would need to meet the cost of the medication themselves.

It is estimated that the proposal would save approximately \$5.5 million over the period to July 2011, which would be able to be invested in areas of health need. Further details of the proposal can be found on the following pages.

Feedback sought

We welcome your feedback on this proposal. To provide feedback please submit an email, fax or letter by **4 pm, Friday 13 June 2008** to:

Geraldine MacGibbon
Therapeutic Group Manager
PHARMAC
PO Box 10-254
Wellington 6143

Email: geraldine.macgibbon@pharmac.govt.nz
Fax: (04) 460 4995

All feedback received before the closing date will be considered by PHARMAC's Board (or Chief Executive acting under delegated authority) prior to making a decision on this proposal.

The details of the proposal

We issued a Request for Proposals in which suppliers were asked to compete to be the sole subsidised supplier of citalopram hydrobromide tablets for up to 2.5 years. Following completion of that process we have entered into a provisional agreement with Arrow Pharmaceuticals (NZ) Limited to list an 84-tablet pack of citalopram hydrobromide 20 mg (Arrow-Citalopram) in the Selective Serotonin Reuptake Inhibitors (Antidepressants) section of Section B of the Pharmaceutical Schedule from 1 November 2008 (subject to Medsafe approval of this pack size), at a price and subsidy of \$3.78 per pack.

From 1 January 2009 until 31 March 2009 the subsidy for all brands of citalopram in the 28-tablet pack size would be reduced to the per-tablet subsidy for Arrow-Citalopram in the 84-tablet pack size (i.e. \$1.26 per 28-tablet pack). This would mean that if the suppliers did not reduce price of the 28-tablet packs, patients would need to pay a surcharge for citalopram if they are not taking Arrow-Citalopram dispensed from the 84-tablet packs. The surcharge would be approximately \$4.15 (including GST and anticipated pharmacy markup) per 28 tablets.

From 1 April 2009, all brands and pack sizes of citalopram except for Arrow-Citalopram in the 84-tablet pack size would be delisted from the Pharmaceutical Schedule, and Arrow-Citalopram would be the only subsidised brand of citalopram until July 2011. If patients wished to continue on Celapram or Citalopram-Rex, the cost of the medication would be approximately \$6.50 per 28 tablets (including GST and pharmacy markup), assuming the price remained the same as it is now, and assuming these brands would continue to be available for purchase.(which would not be guaranteed).

Prices, subsidies and timelines are summarised in the following table:

Date	Brand	Pack size	Subsidy per pack	Fully subsidised?
1 Nov 2008 to 31 Dec 2008	Arrow-Citalopram Celapram Citalopram-Rex	28	\$3.50	Yes
	Arrow-Citalopram	84	\$3.78	Yes
1 Jan 2009 to 31 March 2009	Arrow-Citalopram Celapram Citalopram-Rex	28	\$1.26	No. Unless the suppliers reduce their price to match the subsidy there would be a partial subsidy and patients would need to pay a part charge (as determined by the supplier).
	Arrow-Citalopram	84	\$3.78	Yes
1 April 2009 to 30 June 2011	Arrow-Citalopram Celapram Citalopram-Rex	28	Delisted	No. There would be no subsidy for the Celapram or Citalopram-Rex brands, and Arrow-Citalopram would only be subsidised if dispensed from the 84-tab pack.
	Arrow-Citalopram	84	\$3.78	Yes

The 84-tablet pack of Arrow-Citalopram would also be listed in Part II of Section H of the Pharmaceutical Schedule from 1 November 2008 at a price and subsidy of \$3.78 per pack. From 1 January 2009 the Arrow-Citalopram 84-tablet pack would have Hospital Supply Status until 30 June 2011, with Discretionary Variance (DV) limits for citalopram hydrobromide 20 mg tablets as specified in the following table:

Pharmaceutical	Hospital Supply Status Brand	Form and Strength	DV Limit	DV Pharmaceuticals Brand name (Supplier)
Citalopram hydrobromide	Arrow-Citalopram	20 mg tablets	1%	Apo-Citalopram (Apotex NZ Ltd) Celapram (Pacific Pharmaceuticals Ltd) Cipramil (Lunbeck) Citalopram-Rex (Rex Medical Ltd)