

18 July 2008

Proposal for sole supply arrangement for respiratory devices

Summary

PHARMAC and Air Flow Products have signed a provisional agreement for the supply of respiratory devices (peak flow meters, medium volume spacers and masks). The proposal would result in Air Flow Products' brands of these products being the only subsidised brands for a three year period.

The agreement would result in largely unchanged access for these currently funded products, although prices would be reduced. An additional medium volume spacer device would become available and would be used in most instances instead of the existing spacer.

The two spacer devices are identical with the exception of a colour difference, and that the current product is capable of being sterilised in an autoclave, whereas the new product is not. Where clinicians require an autoclavable product, the older product would remain available to them. Subsidised paediatric masks are able to be attached to both spacer devices.

Proposal

PHARMAC sought proposals for the sole subsidised supply of peak flow meters, spacer devices and masks for use with spacer devices last year. As a result of this request for proposals, PHARMAC and Air Flow Products Limited have reached a provisional agreement for the listing of the following products at the following prices, with effect from 1 October 2008:

| Chemical | Formulation | Brand | Current price and subsidy | Price and subsidy |
|------------------------|-------------------------|---------------------------------|---------------------------|-------------------|
| Peak flow meter | Low range | Breath-Alert | \$14.90 | \$13.75 |
| Peak flow meter | Normal range | Breath-Alert | \$14.90 | \$13.75 |
| Spacer device | 230 mL (autoclavable) | Space Chamber | \$12.50 | \$11.60 |
| Spacer device | 230 mL (single patient) | Space Chamber | - | \$8.38 |
| Mask for spacer device | Size 2 | Foremount Child's Silicone Mask | \$4.10 | \$3.28 |

Note that the descriptions above vary slightly from the current descriptions in the Pharmaceutical Schedule, although this is for increased clarity only; the products supplied are unchanged.

Under the proposal, Air Flow Products would have sole supply status for peak flow meters, medium volume spacer devices and masks for spacer devices until 1 October 2011.

Because of the significant price difference between the autoclavable and the new non-autoclavable (single patient use) spacer devices, the autoclavable product would be subject to the following endorsement restriction:

Available where the prescriber requires a spacer device that is capable of sterilisation in an autoclave and the WSO is endorsed accordingly.

Feedback sought

PHARMAC welcomes feedback on this proposal. To provide feedback please submit it in writing by 4 pm on **Friday 8 August 2008** to:

Sean Dougherty
Therapeutic Group Manager
PHARMAC
PO Box 10 254
Wellington 6143

Email: sean.dougherty@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.