

27 February 2009

Proposed changes to the funding of nicotine replacement therapy (funded via prescription – changes to pharmacist reimbursement)

Proposal Summary

Currently nicotine replacement therapy (NRT) is listed on the Pharmaceutical Schedule but is only subsidised on a “Quitcard”, and not on a prescription. We would like to enable NRT to be funded on presentation of a Quitcard or a prescription.

In summary, the effects of this proposal would be:

- subsidised NRT would be fully funded on a prescription;
- subsidised NRT would remain available via Quitline Exchange Cards;
- there would be changes in the way that Quitcards are dispensed;
- there would be changes in the payments that pharmacies receive when dispensing NRT on a Quitcard;
- there would be changes in the patient co-payments when receiving NRT via Quitcards; and
- a maximum dispensing quantity rule would be assigned to NRT.

We note that the Ministry of Health and the Pharmacy Guild have been consulted on this proposal and that it has their support.

Feedback sought

We would welcome your feedback on this proposal. To provide feedback please submit an email, fax or letter by **5 pm, Friday 13th of March 2009** to:

Stephen Woodruffe
Therapeutic Group Manager
PHARMAC
PO Box 10-254
Wellington 6143

Email: stephen.woodruffe@pharmac.govt.nz

Fax: (04) 460 4995

If you require further information about this proposal you can contact Stephen Woodruffe as above or on (04) 916-7555.

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 would like to enable relevant practitioners (medical practitioners, midwives or nurse prescribers) to be able to prescribe NRT on a prescription; this would remove the current requirement that they become Quitcard providers. However, due to the current coding of NRT in the Ministry of Health's pharmacy payment system it is not possible to achieve this while retaining the Quitcard system in its current form (this includes the payment structure).

To enable NRT to be funded via both prescription and Quitcard we are therefore proposing a number of changes as follows (these include altering the current payment system):

Changes to the Pharmaceutical Schedule

- The "Only on a Quitcard" restriction on NRT products would cease to apply so that it can also be obtained via prescription.

This change would enable NRT to be funded when on a prescription. The coding of the prescriptions and the co-payments would occur according to standard practice; this would mean a change in the co-payment structure for patients to reflect current prescription co-payments.

- The current quantities of NRT products dispensable per Quitcard would be more formally recognised through a maximum quantity rule noted in the Pharmaceutical Schedule. We note that the quantities would not change.

The quantity restrictions would be:

Patches:	Maximum of 8 boxes per prescription or 4 boxes per Quitcard
Lozenges:	Maximum of 12 boxes per prescription or 6 boxes per Quitcard
Gum:	Maximum of 8 boxes per prescription or 4 boxes per Quitcard

Quitline Cards and changes to the Toniq and LOTS Dispensing Software

NRT would continue to be funded via Quitcards; however the following changes would be required:

- Quitline cards will be coded as A4 (this would be printed on the Quitcards). This would mean that the maximum co-payment would be \$3.00 (down from \$5.00).
- The current C3 coding would be removed from the Toniq and LOTS systems to ensure that incorrect coding could not occur.
- The prescriber would continue to be entered as "Dr Quitline" for Quitcards generated via the Quitline. However, a universal prescriber identifying number representing "Dr Quitline" would be entered at the point of dispensing (this number will be stated on the Quitcards). The universal prescriber identifying number would only apply to Quitcards and the NZMC number would be used for prescriptions. We note that we would prefer to have individual identifying numbers for the providers of Quitcards and that we are working towards this.

Patient Co-payments and Pharmacy Fees

The following table illustrates the current and proposed patient co-payments, mark-up and dispensing fees:

	Patient co-payment (inclusive of GST)	Mark-up	Dispensing fee (exclusive of GST)
Current – Quitcard	\$5	5%	\$5.72
Proposal – Prescription	\$3	4%	\$5.16
Proposal – Quitcard	\$3	4%	\$5.16

Pharmacy income per Quitcard would decrease as a result of the 1% reduction in mark-up and \$0.56 reduction in dispensing fee as follows:

Product	Pharmacist loss under proposal per Quitcard	Pharmacist loss per pack under the proposal	Number of packs dispensed in 2008
7 mg patch	\$0.98	\$0.245	27,351
14 mg patch	\$1.03	\$0.256	91,398
21 mg patch	\$1.05	\$0.263	259,076
2 mg gum	\$1.16	\$0.290	47,494
4 mg gum	\$1.36	\$0.340	57,005
lozenge	\$1.22	\$0.204	Not listed long enough

Based on the 2008 dispensing data above, this would result in a loss to the pharmacy sector relating to the dispensing of Quitcards of \$132,000.

We are aware that a higher mark-up and dispensing fee for NRT Services through NRT Exchange Cards (Quitcards) is included in the Pharmacy Services Agreement (to cover such things as the manual processing of NRT Exchange Cards and clinical advice).

Because of this, we are proposing that a one off payment is paid to each pharmacy based on the number of Quitcards that are dispensed during the period of 1 July 2009 until 30 February 2010 (when the pharmacy contract expires) to compensate pharmacies for any potential revenue loss and additional advice provided to NRT patients until the new Pharmacy Services Agreement is renegotiated. This payment would be made around July 2010.

Background

Smoking is a major public health problem in New Zealand. In New Zealand smoking kills around 4300 people each year from a range of different smoking-related diseases.

Stopping smoking provides substantial benefits including reduced morbidity and mortality.

Current products funded to assist people stop smoking include nortriptyline (via prescription) and NRT (via Quitline Cards).