

18 May 2009

Proposal to list and apply Hospital Supply Status to Baxter Healthcare's brands of desflurane, sevoflurane and isoflurane

PHARMAC is seeking feedback on a proposal to list Baxter Healthcare's brands of desflurane (Suprane), sevoflurane (Baxter-sevoflurane), and isoflurane (Aerrane) in Part II of Section H of the Pharmaceutical Schedule. Baxter would have Hospital Supply Status from 1 November 2009 under the proposal.

In summary, this proposal would result in:

- Hospital Supply Status for Baxter's brands of sevoflurane, desflurane and isoflurane from 1 November 2009 until 30 June 2012;
- Baxter would provide and install new vapourisers to DHB Hospitals, as required, to deliver each of the three anaesthetics according to the needs of the relevant departments; and
- A service programme associated with the vapourisers.

Feedback sought

PHARMAC welcomes feedback on this proposal. To provide feedback, please submit it in writing by **10 June 2009** to:

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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.

Details of the proposal

Under the proposal Baxter Healthcare's brands of three volatile anaesthetics would be listed in Section H of the Pharmaceutical Schedule from 1 August 2009 as follows:

Chemical	Presentation	Brand	Pack size	Price
Sevoflurane	Liquid	Baxter - sevoflurane	6 x 250 mL bottle	\$1230 (\$205 per bottle)
Desflurane	Liquid	Suprane	6 x 240 mL bottle	\$1230 (\$205 per bottle)
Isoflurane	Liquid	Aerrane	6 x 250 mL bottle	\$540 (\$90 per bottle)

- Baxter would have Hospital Supply Status from 1 November 2009 until 30 June 2012 for all three anaesthetics with a discretionary variance limit of 1%, meaning the Abbott brands of sevoflurane and isoflurane would be delisted 1 January 2010.
- There would be a confidential rebate on DHB Hospital purchases.
- Baxter would provide sufficient vapourisers to meet DHB hospitals' needs in delivering these anaesthetic agents. The intention is that Baxter would provide a one-for-one replacement of current vapourisers for sevoflurane and isoflurane, and any reasonable request from a DHB for additional vapourisers would also be fulfilled.
- Baxter would not be able to withdraw vapourisers during the Hospital Supply Status period without the DHB hospitals' agreement.
- Baxter would provide some servicing of vapourisers, however DHB hospitals would continue to be responsible for annual leak checks. Baxter intend to make contact with each anaesthesia department within DHB hospitals following release of this letter to provide details of its implementation plan, and seek some preliminary information that would allow a smooth transition. We invite DHB Hospitals to make submissions on how appropriate the plan is, and what improvements could be made (if any).

Background

The Hospital Supply Status currently applicable to the Abbott brands of sevoflurane and isoflurane is due to expire in July 2009, so PHARMAC ran a request for proposals (RFP) process offering up to a further three years of Hospital Supply Status to the successful supplier.

As part of the RFP assessment process we sought clinical advice from anaesthetists nominated by the Australian and New Zealand College of Anaesthetists. They considered that brand changes in the private sector had been well managed by Baxter, and advised that any arrangement should ensure that DHBs retained control over the number of vapourisers available in DHB hospitals. Advisors also noted there would be a significant per treatment cost difference between desflurane and sevoflurane under the proposal.