

6 July 2009

Volatile Anaesthetics

PHARMAC is pleased to announce that the approval of an agreement with Baxter Healthcare Limited for Hospital Supply Status of three volatile anaesthetic agents. This was the subject of a consultation letter dated 18 May 2009. In summary, the effect of the decision is that:

- Baxter Healthcare's brands of the three volatile anaesthetics will be listed in Part II of Section H of the Pharmaceutical Schedule from 1 August 2009;
- Baxter's brands of sevoflurane, desflurane and isoflurane will have Hospital Supply Status from 1 November 2009 until 30 June 2012;
- Baxter will arrange with DHB Hospitals to provide and install new vapourisers, as required, to deliver each of the three anaesthetics according to the needs of the relevant departments; and
- Baxter will provide a service programme associated with the vapourisers.

Details of the proposal

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

Chemical	Presentation	Brand	Pack size	Price
Sevoflurane	Liquid	Baxter	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 will be in contact with each DHB Hospital to make arrangements with respect to vapourisers, in an effort to ensure the transition occurs with the minimum of disruption.
- Baxter will have Hospital Supply Status from 1 November 2009 until 30 June 2012 for all three anaesthetics with a discretionary variance limit of 1%.
- Abbott brands of sevoflurane and isoflurane will be delisted 1 January 2010.

Feedback received

We appreciate all of the feedback that we received and acknowledge the time people took to respond. All consultation responses received by 12 June 2009 were considered in their entirety in making a decision on the proposed changes. The following issues were raised in relation to specific aspects of the proposal:

Theme	Comment
Some consultation responders expressed concerns around continuity of supply.	<p>We note that no supply situation is free from risk, however the proposal does not significantly alter the supply risk in this market.</p> <p>Baxter has a good supply record and has systems in place to minimise risk of supply failure. As part of this agreement Baxter will maintain significant stocks of the three pharmaceuticals in New Zealand, and has additional stocks in Australia to insulate against any unforeseen supply risks.</p>
Some consultation responders queried the maintenance arrangements for the vapourisers under the proposal.	<p>Baxter will provide DHB Hospitals with sufficient vapourisers to meet DHB Hospitals' needs and under this arrangement must fill all reasonable requests from DHB Hospitals for additional vapourisers.</p> <p>Baxter will provide a replacement vapouriser within 48 hours if a fault occurs. DHB Hospitals will continue to be responsible for the annual leak check.</p>
Several consultation responders noted the cost differential between sevoflurane and desflurane under the proposal.	<p>As is currently the case, there will continue to be a cost differential between desflurane and sevoflurane under the proposal, however the magnitude is dependent on the gas flow used by the anaesthetist.</p> <p>This arrangement gives DHB Hospitals the ability to determine the mix of usage of these two products to suit their clinical and financial needs.</p>
Some consultation responders queried the effect on competition in this market in the longer term.	<p>There is a significant private market in New Zealand for these products, and the DHB Hospital market alone is worth several million dollars per annum. We consider there is significant incentive for all competitors to maintain an interest in the New Zealand market.</p>

More information

If you have any questions about this decision, you can call our toll free number (9 am to 5 pm, Monday to Friday) on 0800 66 00 50.