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Media release

Savings decisions to free up \$27 million

Savings on three pharmaceuticals achieved by PHARMAC will free up \$27 million for spending on new medicines over the next three years.

The savings decisions, which are for medicines to treat epilepsy and neuropathic pain, heart disease and diabetes, have been achieved through competitive processes for three-year sole supply contracts. These savings are important to help PHARMAC manage the medicines budget and free up funding for new medicines, says PHARMAC's Funding & Procurement Manager Steffan Crausaz.

In one case, PHARMAC has achieved price reductions on pioglitazone, a diabetes treatment, of over 90% over a range of doses. The reduction, one of the largest in percentage terms that PHARMAC has ever achieved, will save \$13 million over three years.

The price reduction also means that PHARMAC is able to widen access to pioglitazone for more patients with diabetes. PHARMAC expects the number of people taking the medicine to increase by about 30%.

Steffan Crausaz says the price reduction and access widening on pioglitazone reflects the continued benefits of tendering for off-patent medicines, which enables PHARMAC to promote competition among pharmaceutical companies to lower prices.

"This enables us to set very efficient subsidy levels and achieve prices for medicines that are among the lowest in the world," says Steffan Crausaz. "These savings are essential to enable the funding we have for pharmaceuticals to be spent as well as it possibly can be. And as can be seen, reducing the price also means we can provide greater access for patients."

Steffan Crausaz says without savings, PHARMAC would not be able to fund some of the medicines it has recently approved funding for. These include treatments for leukaemia, hepatitis, inflammatory conditions and cardiovascular disease.

The three medicines are gabapentin – used to treat epilepsy and neuropathic pain, felodipine – used to treat raised blood pressure, and pioglitazone. The decisions took effect from 1 July for felodipine and pioglitazone, and the gabapentin change occurs from 1 August.

Steffan Crausaz says while price reductions are important, they aren't the only factor PHARMAC takes into account when medicine brands change.

"We take clinical advice on potential brand changes, and before these medicines are funded we need to be sure that it has been approved as safe and effective by Medsafe," he says.

PHARMAC will take a careful approach to the brand changes and support them with information for health professionals and patients where required, he says.

Changing to sole supply for the generic brand of gabapentin (Nupentin) is estimated to save \$8.5 million over 3 years

For felodipine, a calcium channel blocker, the sole supply agreement will save \$5.4 million over three years. Under the agreement, the price per tablet will be approximately a third of the published price in Australia.

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