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Media release

PHARMAC welcomes increase in pharmaceutical budget

Government drug funder PHARMAC is welcoming the increase in the pharmaceutical budget, which it says will help ensure people continue to have improving access to medicines.

Health Minister Tony Ryall has approved the community pharmaceutical budget – for medicines used in the community – for 2009/10 at \$694 million. This is a 6.3% increase on the previous year's budget. The \$41 million increase is made up of a \$31 million funding top up, plus \$10 million of funding transferred from District Health Board budgets. In addition, DHBs gain an extra \$9 million to top up spending on cancer medicines, making up the \$40 million committed to medicines in the 2009 Budget.

PHARMAC's chief executive Matthew Brougham says New Zealanders' use of medicines continues to grow, which reflects an ageing population, easier access to doctors, wider access to funded medicines and lower dispensing fees. All of these factors help drive an increase in the volume of medicines prescribed, which in turn drives pharmaceutical expenditure.

"Given significant growth in the use of medicines, we need increased funding so the significant funding increase for medicines provided by the Government is most welcome," says Matthew Brougham.

"Combined with our ongoing savings programmes, the funding increase will help ensure we can continue to fund the medicines already available, while also being able to make significant investments in new medicines."

Matthew Brougham says PHARMAC is already well advanced in allocating how the money will be spent.

"It was welcome to have an early signal from the Government about the likely size of the budget for this year," he added. "This enabled us to move quickly to identify which medicines we wanted to fund and get on with negotiating the best possible terms for their supply."

Consequently, PHARMAC has already committed new funding for a number of medicines in 2009/10. These include treatments for cystic fibrosis, hepatitis B, leukaemia, auto-immune disorders and smoking cessation.

Matthew Brougham says PHARMAC is always faced with difficult decisions and will continue to take a careful approach to managing the budget. PHARMAC will make

further investments later in the year if its forecast of expenditure indicates these are possible from within the budget.

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