

31 July 2009

Proposals regarding diabetes management products

Further to our notification letter dated 8 June 2009 regarding new and amended listings for diabetes management products, PHARMAC is seeking feedback on the following additional proposals:

- The listing of the On Call Plus Advanced brand of blood glucose diagnostic test meters and blood glucose diagnostic test strips (as supplied by Diabetes Supplies) instead of the On Call Plus brand;
- The funding of lancets in combination with the supply of the CareSens brand of blood glucose diagnostic test strips (as supplied by Pharmaco); and
- In relation to the Accu-Chek Performa brand of blood glucose diagnostic test meters and blood glucose diagnostic test strips (as supplied by Roche Diagnostics):
 - A subsidy and price reduction; and
 - Subsidy and delisting protection until 30 June 2011.

Further details of the proposals can be found on the following pages.

Feedback sought

PHARMAC welcomes feedback on this proposal. To provide feedback, please submit it in writing by 5 pm on **Friday 14 August 2009** to:

Mike Bignall	Email: mike.bignall@pharmac.govt.nz
Therapeutic Group Manager	Fax: 04 460 4995
PHARMAC	Post: PO Box 10 254, Wellington 6143

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 proposals

In relation to the listing of On Call Plus Advanced

- The blood glucose diagnostic test meter set out below would be listed in Section B and in Section H of the Pharmaceutical Schedule at the following price and subsidy (ex-manufacturer, excluding GST) as soon as practical following a satisfactory outcome from an independent and formal evaluation by the Christchurch Diabetes Centre:

Chemical	Form and Strength	Brand	Pack size	Price and subsidy
Blood glucose diagnostic test meter	Meter	On Call Plus Advanced	1	\$9.00

- The blood glucose diagnostic test strips set out below would be listed in Section B and Section H of the Pharmaceutical Schedule at the following price and subsidy (ex-manufacturer, excluding GST) as soon as practical following a satisfactory outcome from an independent and formal evaluation by the Christchurch Diabetes Centre:

Chemical	Form and Strength	Brand	Pack size	Price and subsidy
Blood glucose diagnostic test strip	Blood glucose test strips	On Call Plus Advanced	50	\$18.95

- Subsidy and delisting protection would apply to On Call Plus Advanced until 30 June 2011.

In relation to lancets

- Lancets would be listed (in a combination pack with CareSens blood glucose diagnostic test strips) in Section B and Section H of the Pharmaceutical Schedule at the following price and subsidy (ex-manufacturer, excluding GST) from 1 October 2009:

Chemical	Form and Strength	Brand	Pack size	Price and subsidy
Blood glucose diagnostic test strip	Blood glucose test strips and lancets	CareSens	50 test strips + 5 lancets	\$19.60

- The price of CareSens would drop (as follows) if it obtains 30% market share of the blood glucose diagnostic test strip market:

Chemical	Form and Strength	Brand	Pack size	Price and subsidy
Blood glucose diagnostic test strip	Blood glucose test strips and lancets	CareSens	50 test strips + 5 lancets	\$19.40

In relation to the listing of Accu-Chek Performa

- The blood glucose diagnostic test meter set out below would remain listed in Section B of the Pharmaceutical Schedule and be listed in Section H of the Pharmaceutical Schedule at the following price and subsidy (ex-manufacturer, excluding GST) from 1 October 2009:

Chemical	Form and Strength	Brand	Pack size	Price and subsidy
Blood glucose diagnostic test meter	Meter	Accu-Chek Performa	1	\$19.00

- The blood glucose diagnostic test strip set out below would remain listed in Section B of the Pharmaceutical Schedule and be listed in Section H of the Pharmaceutical Schedule at the following price and subsidy (ex-manufacturer, excluding GST) from 1 October 2009:

Chemical	Form and Strength	Brand	Pack size	Price and subsidy
Blood glucose diagnostic test strip	Blood glucose test strips	Accu-Chek Performa	50	\$21.65

- A confidential rebate would apply to Accu-Chek Performa blood glucose diagnostic test meter, which would reduce the net subsidy and price.
- A confidential rebate would apply to Accu-Chek Performa blood glucose diagnostic test strips, which would reduce the net subsidy and price. This rebate would be back-dated to 1 July 2009 and would also apply to all sales of Accu-Chek Performa from 1 October 2009.
- Subsidy and delisting protection would apply to Accu-Chek Performa until 30 June 2011.

Background to the Proposals

General

On 23 April 2008, PHARMAC issued a Request for Proposals for the supply of diabetes management products. Submissions closed on the 23 May 2008. As mentioned in our 8 June 2009 notification, some of the proposals as originally consulted on in our letter dated 18 March 2009 are still under consideration (namely the proposed listing of On Call Plus and reference pricing of the Accu-Chek Performa brand).

The RFP did not provide for market exclusivity (i.e. no sole supply status) meaning that, should this proposal proceed, the current brands would remain listed on the Pharmaceutical Schedule.

In relation to On Call Plus

PHARMAC has now provisionally agreed to fund and Diabetes Supplies Limited has agreed to supply a different blood glucose diagnostic test meter and strip than originally consulted on. This meter differs to the On Call Plus brand that was originally consulted on in that it requires less blood (0.8uL rather than 1.0uL) and gives quicker results (5 seconds rather than 10 seconds). The meter also contains other various additional features.

The Diabetes Subcommittee recommended that, before any new brand is listed on the Pharmaceutical Schedule, a formal evaluation (finger tip blood versus venous blood sampling with at least 50 patients) be undertaken. The Christchurch Diabetes Centre is currently undertaking this evaluation and the results will be presented to PHARMAC's Board along with all responses to this consultation.

In relation to lancets

Pharamco has agreed to supply 5 lancets with every box of 50 test strips. These lancets are compatible with the lancing device that is supplied with CareSens II and CareSens POP meter starter packs.

Patients wanting to obtain funded lancets would need to change to the CareSens brand. We understand Pharmaco would offer a free meter swap out for such patients.

We note that the originally notified listing date for the CareSens brand of blood glucose meters and strips would be delayed by one month as a result of this proposal.

In relation to Accu-Chek Performa

The provisional agreement with Roche Diagnostics would do away with the proposal to reference price this brand of blood glucose diagnostic test meter and blood glucose diagnostic test strip.