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Media release

## **Heart drug deals to save \$65 million**

PHARMAC has completed agreements with two companies for the heart drug metoprolol that will realise \$65 million of savings over the next five years.

Metoprolol, a beta-blocker, is used to treat raised blood pressure and heart failure. Until June this year it was only supplied by AstraZeneca as the Betaloc brand. It is currently used by about 200,000 people.

PHARMAC Acting Chief Executive Steffan Crausaz says the savings are the result of competition between pharmaceutical companies for supply of the same medicine.

“This gives us the opportunity to reduce prices, which in turn helps us to manage expenditure and fund more medicines,” says Steffan Crausaz.

“Where one supplier has a monopoly, prices are generally higher. When companies compete, prices generally reduce. This is what we have seen in the market for metoprolol.”

Betaloc, the original brand of metoprolol supplied by AstraZeneca, had not been subject to competition in New Zealand. However, earlier this year PHARMAC negotiated an agreement with AFT Pharmaceuticals, at a 52% discount to the Betaloc price, in return for its brand being subsidised. PHARMAC then proposed paying the same subsidy for both brands – a policy called “reference pricing” – which can lead to a patient shift to the new brand.

“We then agreed an alternate arrangement with AstraZeneca to lower the price on Betaloc, and another medicine goserelin,” says Steffan Crausaz.

Goserelin is used to treat prostate cancer, and access has been widened as a result of the agreement. In the case of Betaloc, a requirement for doctors to endorse prescriptions will also be removed, meaning doctors can prescribe it for anyone they wish.

“The net effect is a saving of around \$65 million, if the new prices are applied over the next five years,” Steffan Crausaz adds. “This makes it one of the largest savings achieved in dollar terms in PHARMAC’s history.”

“This really underscores the benefits that can be obtained through promoting competition. Sometimes these decisions lead to changes in the brands of medicines that we fund. However, in this case, the outcome is that no-one will have to change metoprolol brands unless they want to, while considerable savings are achieved.”

“This is a great outcome all round.”

ENDS

More information: 021 863 342