

13 October 2009

## Consultation on a proposal to reference price subsidised aromatase inhibitors

### *Summary of Proposal*

Following the announcement of the decision to award the Tender for letrozole (see notification letter dated 13 October 2009), PHARMAC now proposes to apply reference pricing to other subsidised aromatase inhibitors (anastrozole and exemestane) listed in the Pharmaceutical Schedule from 1 February 2010.

**Under this proposal at least one brand of both letrozole and anastrozole would be fully funded.**

However, some patients may have to pay a manufacturer's surcharge if the suppliers of exemestane and the Arimidex brand of anastrozole did not reduce their prices to match the proposed reference price. Alternatively, if their prescriber agreed, these patients would have the option to switch to fully funded letrozole or another brand of anastrozole.

This proposal, if implemented, would save the pharmaceuticals budget approximately \$14 million (NPV) over the next 5 years, savings which could be used to fund other medicines or areas of health need.

Further details and background information can be found on the following pages.

### *Feedback sought*

We welcome your feedback on this proposal. To provide feedback please submit an email, fax or letter by **4 pm, Friday 30 October 2009** to:

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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 proposal***

From 1 February 2010, PHARMAC proposes to form a therapeutic subgroup containing anastrozole, letrozole and exemestane and apply reference pricing, where contractual obligations permit, to these subsidised aromatase inhibitors listed in the Pharmaceutical Schedule as follows:

<b>Date of proposed change</b>	<b>Chemical and presentation</b>	<b>Brand (Supplier)</b>	<b>Pack size</b>	<b>Current price and subsidy</b>	<b>Proposed subsidy (and current price)</b>
1 February 2010	Letrozole tab 2.5 mg	Letara (Douglas)	30	NA	\$26.55 (\$26.55)
1 February 2010	Anastrozole tab 1 mg	Arimidex (AstraZeneca)	30	\$146.46	\$26.55 (\$146.46#)
1 February 2010	Exemestane tab 25mg	Aromasin (Pfizer)	30	\$175.00	\$26.55 (\$175.00#)
1 July 2011*	Anastrozole tab 1 mg	DP-Anastrozole (Douglas)	30	29.50	\$26.55 (29.50#)

\* DP-Anastrozole has protection from subsidy reduction until 1 July 2011, therefore the price and subsidy for this brand of anastrozole would remain unchanged until at least 1 July 2011.

# Suppliers of these products may choose to reduce the price to match the proposed subsidy.

### ***Possible patient surcharges***

Under this proposal, from 1 February 2010 patients prescribed exemestane would have to pay a manufacturer's surcharge unless the supplier, Pfizer, reduced the price to match the proposed subsidy. Alternatively, if their prescriber agreed they would have the option to switch to one of the other fully funded aromatase inhibitors (letrozole or the DP-Anastrozole brand of anastrozole (up to at least 30 June 2011)).

From 1 February 2010 patients who wish to be treated with the Arimidex brand of anastrozole would have to pay a manufacturer's surcharge unless the supplier, AstraZeneca, reduced the price to match the proposed subsidy; alternatively if their prescriber agreed they would have the option to receive fully funded letrozole or the DP-Anastrozole brand of anastrozole (up to at least 30 June 2011).

From 1 July 2011 patients who wish to be treated with the DP-Anastrozole brand of anastrozole would have to pay a manufacturer's surcharge unless the supplier, Douglas, reduced the price to match the proposed subsidy; alternatively if their prescriber agreed they would have the option to receive fully funded letrozole.

It should be noted that although the Arimidex and DP-Anastrozole brands of anastrozole contain the same active ingredient (anastrozole 1 mg), and DP-Anastrozole has been approved by Medsafe as being bioequivalent to Arimidex, the Medsafe approved indications for these two products differ.

## ***Background***

The Pharmacology and Therapeutics Advisory Committee (PTAC) and its Cancer Treatments Subcommittee (CaTSoP) consider that all the aromatase inhibitors demonstrate the same or similar therapeutic effect.

There are currently three aromatase inhibitors listed in the Pharmaceutical Schedule – anastrozole (Arimidex and DP-Anastrozole), letrozole (Femara) and exemestane (Aromasin). Anastrozole and exemestane are currently fully funded without restriction whilst letrozole is fully funded under Special Authority for higher subsidy for patients with hormone receptor positive early breast cancer or patients with intolerance/contraindication to tamoxifen.

PHARMAC has awarded the 2008/09 tender for sole supply in the community and in DHB Hospitals to Douglas Pharmaceuticals Limited's brand of letrozole tab 2.5 mg (Letara). As a result, from 1 February 2010, letrozole (Letara) will be fully funded without restriction.

We are proposing to form a therapeutic sub-group of Aromatase Inhibitors, and apply reference pricing where contractual obligations permit. See PHARMAC's Operating Policies and Procedures for further information regarding reference pricing and therapeutic (sub)groupings at <http://www.pharmac.govt.nz/2005/12/22/231205.pdf>