

29 October 2009

Proposal relating to cyclosporin A, octreotide LAR and zoledronic acid

PHARMAC and Novartis New Zealand Limited have entered into a provisional agreement relating to the supply of Neoral (cyclosporin A 25 mg, 50 mg and 100 mg capsules and 100 mg per mL oral liquid), Sandostatin LAR (octreotide LAR 10 mg, 20 mg and 30 mg prefilled syringes) and Zometa (zoledronic acid solution for infusion 4 mg per 5 mL). In summary,

in relation to Neoral (cyclosporin A) the proposal would result in:

- a reduction in the listed price and subsidy;
- a further reduction of up to 35% in the effective price and subsidy, through a rebate arrangement;
- delisting and subsidy protection;

in relation to Sandostatin LAR (octreotide LAR) the proposal would result in:

- a reduction in the effective price and subsidy through a rebate arrangement;
- delisting and subsidy protection;

In relation to Zometa (zoledronic acid) the proposal would result in:

- a reduction in the effective price of Zometa through a rebate arrangement; and
- delisting protection.

Further details of the proposal can be found on the following page.

Feedback sought

We welcome your feedback on this proposal. To provide feedback please submit an email, fax or letter by **4 pm, Thursday 12 November 2009** to:

Jackie Evans
Therapeutic Group Manager
PHARMAC

Email: jackie.evans@pharmac.govt.nz
Fax: (04) 460 4995
Post: PO Box 10-254, Wellington 6143

All feedback received before the closing date will be considered when a decision is made on this proposal by PHARMAC's Board (or Chief Executive under delegated authority).

Details of the proposal

Neoral (cyclosporin A)

- From 1 January 2010 the prices and subsidies for Neoral in Section B and Part II of Section H of the Pharmaceutical Schedule would be reduced as follows:

Presentation	Pack size	Current Price and subsidy	Proposed Price and subsidy
Cyclosporin A 25 mg capsule	50	\$85.00	\$59.50
Cyclosporin A 50 mg capsule	50	\$169.34	\$118.54
Cyclosporin A 100 mg capsule	50	\$338.69	\$237.08
Cyclosporin A 100 mg per mL oral liquid	50 mL OP	\$377.38	\$264.17

- from 1 January 2010 the current rebate applying to all Neoral community subsidies and hospital dispensings would be amended such that the effective price would be reduced by up to 35% off the proposed list price; and
- Neoral would have protection from subsidy reduction and delisting until 30 June 2012.

Sandostatin LAR (octreotide LAR)

- The prices and subsidies for Sandostatin LAR, as currently listed in Section B and Part II of Section H of the Pharmaceutical Schedule, would remain unchanged;
- From 1 January 2010 the current confidential rebate applying to all Sandostatin LAR expenditure in the community and DHB hospital markets would be increased; and
- Sandostatin LAR would have protection from subsidy reduction and delisting until 31 December 2011.

Zometa (zoledronic acid)

- The price for Zometa in Part II of Section H of the Pharmaceutical Schedule would remain unchanged;
- From 1 January 2010 the current confidential rebate applying to all Zometa expenditure in the DHB hospital markets would be increased; and
- Zometa would have protection from delisting and manufacturer's price reduction until 30 June 2012.

Background information

This proposal is a result of Novartis New Zealand Limited submitting to PHARMAC a commercial proposal as an alternative to tendering. A request for alternative commercial proposals was made to all pharmaceutical suppliers on 21 August 2009 as part of the consultation on the proposed 2009/10 Multi-product Tender. Cyclosporin A, octreotide LAR and zoledronic acid were proposed for inclusion in the 2009/10 Multi-product Tender. If this proposal is approved by PHARMAC's Board (or Chief Executive under delegated authority) they will not be included in the final 2009/10 Multi-product Tender.