

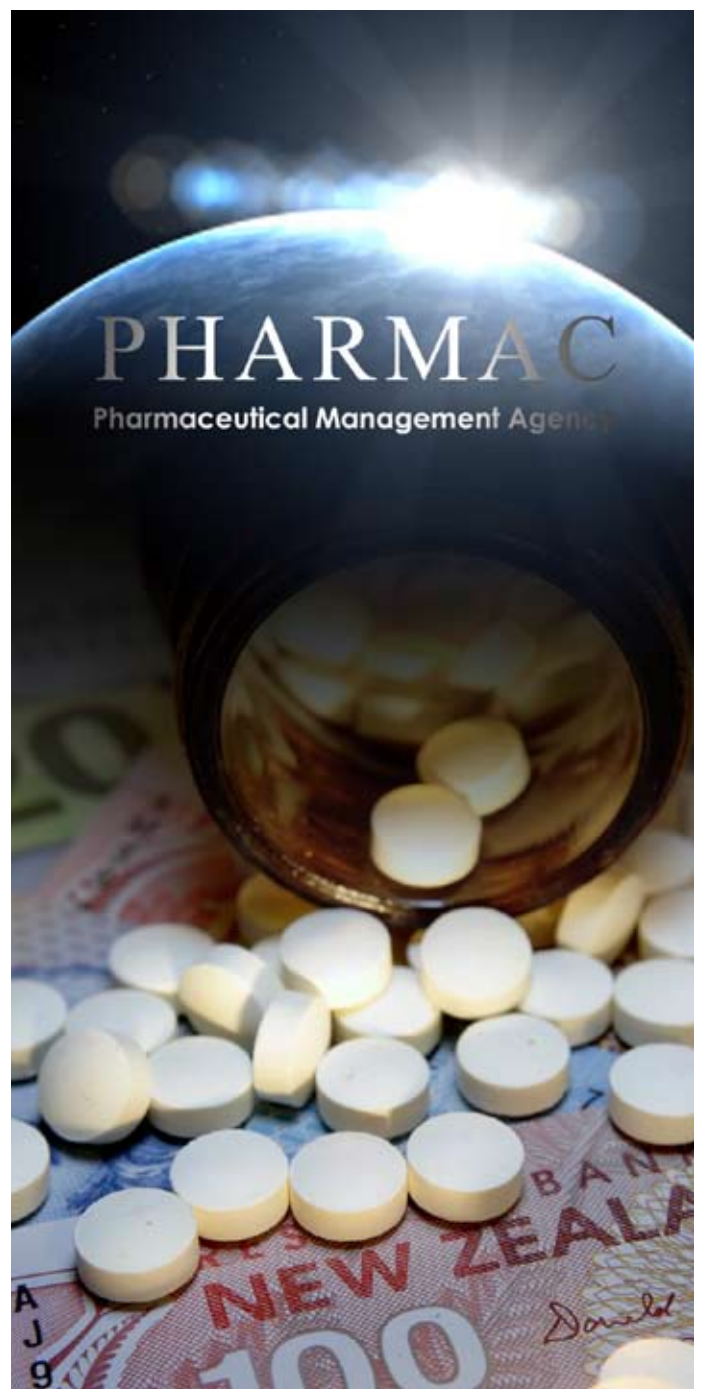
# The look of future PHARMAC

**Following the release of the Ministerial Review Group report in 2009, work is continuing to explore a wider role for PHARMAC. This would be additional to its usual role in deciding which medicines are funded in the community as well as pharmaceutical cancer treatments.**

Cabinet has agreed in principle to PHARMAC assuming a greater role in managing hospital medicines, vaccines and in purchasing medical devices. The Minister has appointed Auckland DHB's Chief Medical Officer, Dr David Sage, to lead consultation with doctors on the proposed role expansion.

The detail of what PHARMAC may ultimately take on and how it might operate as a result of any additional work are still to be worked through. However, improving the efficiency of spending and procurement in health is one of our key skills. Should Government require PHARMAC to take on additional roles, we would extend our ability to apply our combination of skills – combining clinical and economic assessment with commercial procurement – to any new work that might ultimately come our way.

We have also been contributing submissions and providing feedback to the review of High Cost Highly Specialised Medicines. The panel appointed by the Minister to conduct the review released its preliminary report prior to Christmas, and we have been taking part in the discussions that have followed.



# Medicine funding

## Tramadol 50mg tender decision painkiller

Our annual tender has led to us funding further analgesic treatment for severe pain. Tramadol – which will be funded as Arrow-Tramadol – is a useful alternative to the already wide range of pain relief treatments that are funded. At this stage only the 50mg tablets will be funded from 1 June this year. However, we remain open to funding other dosage strengths and presentations as well.

## Aromatase inhibitors reference pricing

We've applied reference pricing to the aromatase inhibitors class of breast cancer medicines – three of which are funded. As a result of the reference pricing decision and subsequent commercial agreements, the three aromatase inhibitors - letrozole, anastrozole and exemestane – will remain fully funded.

The price reductions achieved will lead to savings of \$10.3 million over five years, which PHARMAC can use to fund other, newer medicines.

# Health professionals survey

In December 2009 we asked health professionals for their views on how we could improve our communications. This is the latest step we have taken to better understand the views of health professionals about how we can improve our communications with them. It follows on from the 2006 Stakeholder Survey, a 2007 survey in relation to the Pharmaceutical Schedule, and the PHARMAC Forums.

Main findings of the latest survey were:

- Most health professionals are happy with our communications with them, but some think we communicate too much with them.
- Health professionals prefer electronic to hard copy material.
- PHARMAC's clinical advisory committee PTAC was identified as a way to provide input to PHARMAC by 84% of respondents – but comments indicate knowledge of how PTAC operates may not be as high.
- Health professionals feel PHARMAC impacts on their workload, in particular the number of changes to funding rules, and the Special Authority system.
- Some clinicians seek greater interaction with PHARMAC face to face.
- Specialists seem to have a lower level of knowledge about PHARMAC and its processes than general practitioners.

We appreciate the time health professionals took to complete the survey, and will be using its findings to improve the way we work with and interact with health professionals.



## One Heart Many Lives and boot camp

The One Heart Many Lives heart disease programme continues to gain strength in the communities where it is active. One of the pillars of the programme is the active involvement of the community and the way the programme has changed the lives of men at risk of, or living with, heart disease.

PHARMAC brought together some of the men that have been involved in the programme (its 'heart heroes') to share their experience, gain strength from each other, and discuss ways they could continue to grow the programme in their communities. Styled as a 'boot camp', the two-day event at Te Aute College in Central Hawke's Bay included discussion on where the programme is headed, nutrition tips; healthy boil up; Maori games - Ki o Rahi and Mau Rākau - and sharing successes and seeking inspiration from each other.

One Heart Many Lives is active and supported by District Health Boards and PHOs in Northland, Hawke's Bay and Lakes (Rotorua) DHB regions. Over the summer, PHARMAC has also been co-ordinating heart checks at community days in areas where there are men the campaign is seeking to target. This has included Lower Hutt's Te Ra o te Raukura event, the Pasifika Festival at Western Springs, Auckland, and the Creekfest festival in Porirua.



Prime Minister John Key visits the One Heart Many Lives stand at Auckland's Pasifika festival.

# Special Foods consultation

Special Foods are funded for young babies and children with food allergies, and for adults who find swallowing difficult, such as those recovering from surgery. In recent years, spending growth has increased dramatically – up to 38% per year for some types of Special Food.

The growth is partly due to parents getting infant formula on prescription (although it is often cheaper in supermarkets) and – according to anecdotal reports – rest homes using subsidised liquid feeds to supplement meals for residents. Infant feed costs and oral feeds cost \$12.5 million annually; two-thirds of the spending on all prescription Special Foods.

We have completed our consultation on a proposal to change some of the funding criteria for Special Foods. Our proposals would bring New Zealand's infant formulae criteria into line with Australia, where cheaper alternatives must be tried before the more popular, and costly, products are prescribed. If implemented as proposed, these steps would halt the growth in spending and reduce expenditure by up to \$7.4 million annually, with five-year savings of \$23.3 million.

We will ensure Special Foods will continue to be subsidised for people with clinical needs; for this reason we may broaden the range of clinicians who can prescribe special foods, which may lead to even wider use – and increased expenditure if spending reduction steps are not taken.

## CAC Terms of Reference consultation

The Consumer Advisory Committee provides PHARMAC with input from a patient, or health consumer, point of view. While not representative of all consumers, it works to ensure that PHARMAC looks for and builds consumer views into the decisions it ultimately makes.

In line with the recommendations of Medicines New Zealand, the Government's medicine strategy, and as part of our wider role in examining how PHARMAC interacts with consumers, we have completed consultation on a revised Terms of Reference for the Committee.

The re-drafted Terms of Reference include proposed changes aimed at clarifying the role of the committee and its relationship to PHARMAC, including:

- the Committee's key role to provide PHARMAC with advice on how it can best access and consider consumer views, rather than the Committee being representative of all consumers;
- the Committee not having a role in assessing medicine funding applications;
- how members are appointed and the length of tenure; and
- members' responsibilities and performance assessment.

In addition to the draft Terms of Reference, we issued a rationale document that outlined the reasons for the proposed changes and a response form as a guide to providing feedback; which are available on our website at <http://www.pharmac.govt.nz/CACTOR>.

PHARMAC is the Government agency responsible for deciding which medicines are subsidised for New Zealanders.

It manages spending on pharmaceuticals for the District Health Boards, and ensures that a comprehensive list of medicines (the Pharmaceutical Schedule) is subsidised for New Zealanders, and that the list of medicines continues to grow to meet the needs of patients.

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