

30 June 2010

Approval of proposal to list Dr Reddy's Quetiapine and to apply reference pricing to Seroquel

PHARMAC is pleased to announce the approval of funding for a new brand of quetiapine tablets (Dr Reddy's Quetiapine) from 1 August 2010 through an agreement with Dr Reddy's New Zealand Ltd.

In addition, the PHARMAC Board has approved the application of reference pricing across different brands of quetiapine from 1 October 2010, where such reference pricing is possible in light of the contractual arrangements PHARMAC has with the different suppliers.

These decisions were the subject of a consultation letter dated 18 May 2010.

In summary, the decisions will result in:

- the listing of Dr Reddy's Quetiapine, fully funded, from 1 August 2010; and
- the subsidy for the Seroquel brand of quetiapine being reduced to the level of the subsidy for Dr Reddy's Quetiapine from 1 October 2010.

The Quetapel brand of quetiapine will remain fully funded. We note that Quetapel has protection from subsidy reduction until 1 July 2012; therefore, no changes to the subsidy for Quetapel could occur before 1 July 2012 without agreement from the supplier (Mylan New Zealand Ltd).

If the supplier of Seroquel (AstraZeneca) does not reduce its price to match the new subsidy for Seroquel, patients could either pay a manufacturer's surcharge to remain on the Seroquel brand or could switch to any other funded brand of quetiapine to remain on a fully funded product.

Details of the decision

Listing of Dr Reddy's Quetiapine

Dr Reddy's Quetiapine will be listed in Section B and in Part II of Section H of the Pharmaceutical Schedule from 1 August 2010 at the following prices and subsidies (ex-manufacturer, excluding GST):

Pharmaceutical	Brand	Form and Strength	Pack Size	Price and subsidy
Quetiapine	Dr Reddy's Quetiapine	Tab 25 mg	60	\$7.00
Quetiapine	Dr Reddy's Quetiapine	Tab 100 mg	60	\$14.00
Quetiapine	Dr Reddy's Quetiapine	Tab 200 mg	60	\$24.00
Quetiapine	Dr Reddy's Quetiapine	Tab 300 mg	60	\$40.00

Dr Reddy's Quetiapine will have protection from subsidy reduction and delisting until 1 August 2011.

Reference pricing of quetiapine

From 1 October 2010 the subsidy for the Seroquel brand of quetiapine will be reduced, via the application of reference pricing, in Section B of the Pharmaceutical Schedule to the level of Dr Reddy's Quetiapine as follows (prices and subsidies expressed ex-manufacturer, excluding GST):

Chemical	Presentation	Brand	Pack size	Current price and subsidy*	New subsidy
Quetiapine	Tab 25 mg	Seroquel	60	\$46.20	\$7.00
Quetiapine	Tab 100 mg	Seroquel	60	\$92.40	\$14.00
Quetiapine	Tab 200 mg	Seroquel	60	\$158.76	\$24.00
Quetiapine	Tab 300 mg	Seroquel	60	\$267.12	\$40.00

*A confidential rebate currently applies to Seroquel, which reduces the net subsidy paid by the Funder.

Feedback received

We appreciate all of the feedback that we received and acknowledge the time people took to respond. All consultation responses were considered in their entirety in making a decision on the proposed changes.

Some responders raised concerns around the possible consequences of a brand change in particular subgroups of patients that receive quetiapine. We appreciate these concerns and can confirm that this issue was carefully considered before the Board made its decision.

We note that all funded brands of quetiapine contain the same amount of quetiapine and have been registered by Medsafe as being safe and effective. We are also aware that brand switching already occurs frequently in this market, due to the availability of more than one fully funded brand, and we consider this is likely to continue regardless of whether or not the subsidy for Seroquel is reduced.

More information

If you have any questions about this decision, you can call our toll free number (9 am to 5 pm, Monday to Friday) on 0800 66 00 50.