

23 September 2011

Proposal to re-apply reference pricing across brands of risperidone and quetiapine

PHARMAC is seeking feedback on a proposal to re-apply reference pricing across different brands of risperidone tablets and oral liquid and across different brands of quetiapine tablets from 1 July 2012.

In summary, this proposal would result in:

- the subsidy for the Risperdal brand of risperidone tablets and oral liquid being reduced to the level of the subsidy for all other funded brands of risperidone tablets and oral liquid (as applicable) from 1 July 2012; and
- the subsidy for the Quetapel brand of quetiapine tablets being reduced to the level of the subsidy for all other funded brands of quetiapine tablets from 1 July 2012.

If the suppliers of Risperdal (Janssen) and Quetapel (Mylan) did not reduce their prices to match the new subsidies, patients could either pay a manufacturer's surcharge to remain on these brands or switch to any other funded brand to remain on a fully funded product.

All other funded brands of risperidone (Apo-Risperidone, Dr Reddy's Risperidone, Ridal and Risperon) and quetiapine (Dr Reddy's Quetiapine and Seroquel) would remain fully funded. Risperidone orally-disintegrating tablets (Risperdal Quicklet) and injection (Risperdal Consta) would also remain fully funded.

Details of the proposal and background information can be found on the following page.

Feedback sought

PHARMAC welcomes feedback on this proposal. To provide feedback, please submit it in writing by **5 pm on Friday, 7 October 2011** 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 July 2012 the subsidy for the Risperdal brand of risperidone tablets and oral liquid would be reduced in Section B of the Pharmaceutical Schedule to the level of all other funded brands of risperidone tablets and oral liquid (as applicable) as follows (prices and subsidies expressed ex-manufacturer, excluding GST):

Chemical	Presentation	Brand	Pack size	Current price and subsidy	Proposed subsidy
Risperidone	Tab 0.5 mg	Risperdal	20	\$5.20	\$1.17
Risperidone	Tab 1 mg	Risperdal	60	\$30.77	\$6.00
Risperidone	Tab 2 mg	Risperdal	60	\$61.53	\$11.00
Risperidone	Tab 3 mg	Risperdal	60	\$92.32	\$15.00
Risperidone	Tab 4 mg	Risperdal	60	\$123.05	\$20.00
Risperidone	Oral liq 1 mg per ml	Risperdal	30 ml	\$45.92	\$18.35

From 1 July 2012 the subsidy for the Quetapel brand of quetiapine tablets would be reduced in Section B of the Pharmaceutical Schedule to the level of all other funded brands of quetiapine tablets as follows (ex-manufacturer, excluding GST):

Chemical	Presentation	Brand	Pack size	Current price and subsidy	Proposed subsidy
Quetiapine	Tab 25 mg	Quetapel	90	\$16.78	\$10.50
Quetiapine	Tab 100 mg	Quetapel	90	\$32.59	\$21.00
Quetiapine	Tab 200 mg	Quetapel	90	\$56.70	\$36.00
Quetiapine	Tab 300 mg	Quetapel	90	\$95.40	\$60.00

Background

PHARMAC previously applied reference pricing across different brands of the antipsychotics risperidone and quetiapine from 1 June 2010 and 1 October 2010, respectively, where such reference pricing was possible in light of the contractual arrangements PHARMAC had with the different suppliers. At the time, reference pricing was not applied to Janssen's brand of risperidone (Risperdal) or Mylan's brand of quetiapine (Quetapel) due to these brands having protection from subsidy reduction until 1 July 2012.

More information can be found in the consultation documents for the previous decisions at: www.pharmac.govt.nz/2010/02/15 and www.pharmac.govt.nz/2010/05/18

Of note, all funded generic brands of risperidone and quetiapine are registered by Medsafe and have demonstrated bioequivalence to the innovator brands (Risperdal and Seroquel, respectively), so we expect that patients would receive the same therapeutic benefit from any funded brand.

If approved, this proposal would save approximately \$2.5 million per year, which could be re-invested in other pharmaceuticals.