Preparing for the challenges ahead

Last month the Associate Minister of Health Peter Dunne released Medicines New Zealand, the New Zealand medicine strategy.

The document comes after an in-depth review of the medicines landscape in New Zealand, which largely found that the system works well. Medicines New Zealand has identified opportunities for further improvement, some of which will require work from PHARMAC.

We will certainly be fronting up to the mark over the next few months. In fact, some of the work we have been doing in learning more about our stakeholders’ views has put us in a good position to respond to Medicines New Zealand. For example, we are already developing work to better listen to our stakeholders, and the PHARMAC Forum on 3 December was an important step along the way.

We’ll also be looking at ways in which we can give people greater opportunity to have their say in our decision-making, and develop our work on optimal use of medicines. More about that later in this issue of inPharmation.

The development of Medicines New Zealand has been a very valuable exercise and has reinforced our thinking about our workplan for the coming year. PHARMAC is just one player in the medicine system, and greater co-operation between the different parts of the system is important to produce greater benefits. We look forward to making improvements to our work, and to doing our bit to improve co-operation, so the medicines system functions better for New Zealanders.
Engaging with our stakeholders

Last year PHARMAC conducted a survey of stakeholders to get in-depth feedback about what they thought of PHARMAC and its performance. Interviews were held with representatives of the pharmaceutical industry, medical groups, prescribers and pharmacists, and consumer groups.

The survey report, by research company TNS, was released in November and confirms that PHARMAC is regarded as a successful organisation with high-quality staff, but must do better in some areas. Some groups, particularly consumer organisations and health professionals, feel at arm’s length from PHARMAC with no clear lines of communication.

All our relationships are important, but we have particular work to do to improve our relationships with pharmacists, prescribers and consumer groups. The survey has revealed that relationships are weakest with these groups.

The inaugural PHARMAC Forum on 3 December was an important step towards improving these relationships across the board, and we’ll be building on that platform this year as we work on the actions outlined in the Medicines New Zealand strategy.

The Forum was attended by over 120 people from a range of stakeholder groups, with discussion focused in three areas:

- Stakeholder relationships
- Pharmaceutical Funding
- Optimal use of medicines

The feedback we’ve received indicates that people found it a valuable opportunity to exchange views. There were also a lot of good ideas for PHARMAC to learn from, and to take action to address.

We intend to make the Forum a regular occurrence, and are developing our plans to respond to what we heard at the 2007 event.

2006-07 in review

Our Annual Review, published in late November, reports that PHARMAC made 39 new investments in medicine, while the number of subsidised prescriptions grew by 11.8% to 31.92 million. In all, some 2.69 million New Zealanders received subsidised medicines, and pharmaceutical spending has been managed within budget.

PHARMAC’s also continuing to make contributions to the broader health sector through nationwide procurement work on behalf of DHBs. These projects underline the special relationship between DHBs and PHARMAC and are a way that PHARMAC can help find efficiencies in hospital spending.

Optimal use of medicines is likely to be an important theme in 2008 and beyond. There is often a focus on new medicines, but every year a significant amount of money is essentially ‘off the table’ because it is allocated to already-funded medicines. It is important that people get the best from this pre-allocated spending of more than $600 million. PHARMAC has an established track record in this area through such campaigns as One Heart Many Lives and Wise Use of Antibiotics, and will continue to develop projects over the coming year.

More funding for cancer medicines

In May the Minister of Health allocated an additional $9 million specifically targeted to cancer medicines. Three funding decisions, made as part of PHARMAC’s work in assessing cancer medicines on behalf of DHBs, complete the allocation of this additional funding.

PHARMAC and DHBs had earlier allocated new funding to Herceptin for early HER2-positive breast cancer, and to capecitabine for colorectal cancer.

The three further decisions provide wider access to

- vinorelbine
  (for early stage operable non-small cell lung cancer)
- oxaliplatin (for stage III operable bowel cancer), and
- to provide open access to paclitaxel
  (used for many different cancers).

Together, the decisions represent a considerable investment by DHBs, and will benefit some 1500 people every year.
Optimal use work

Formerly called ‘demand side’, this is about making the best use of available medicines, and is highlighted as a key work area in the release of Medicines New Zealand. Optimal use work is all about ensuring medicines aren’t overused, underused, or misused. This is an area where co-operation across the medicines system is critical and needs to be increased. Our work will develop further in 2008 with new projects in childhood asthma, and in polypharmacy (where people are prescribed multiple medicines, some to manage side-effects of other medicines).

In some of these campaigns, particularly One Heart Many Lives, PHARMAC works closely with DHBs to establish and help manage the campaign.

In Hawke’s Bay, One Heart Many Lives has made considerable progress and led to a number of community-based programmes initiated through the DHB, and success stories have emerged. The campaign has highlighted the journey of Hastings man Tamati Davis, who has lost over 100kg and become an inspiration to people around him. His story recently featured on the TVNZ Close Up programme.

At the start of December, Tamati helped us celebrate One Heart Many Lives One Year On in Hawke’s Bay. The occasion included the launch of a short documentary capturing Tamati’s journey back to health.

Herceptin

The breast cancer drug Herceptin continues to be in the news, particularly around the 9-week concurrent course funded by DHBs. The funding decision, which took effect from 1 July this year, is an investment of $6 million per year by DHBs.

The decision is subject to judicial review proceedings brought by a group of breast cancer patients. The hearing is scheduled to occur in February 2008. The women had earlier sought interim orders from the court for PHARMAC to fund a 12-month treatment for them, which the Court did not grant.

We’ve also developed a brochure for patients to help them understand this complex issue. The brochure won a Plain English award in late 2007.

Debate continues internationally on how best to use Herceptin. This was recently highlighted at a breast cancer conference in Rotorua, which included a presentation by visiting US expert Dr Susan Love.

Wayne’s gone fish(eries)ing

Wayne McNee, PHARMAC’s CEO who has been on secondment to the Department of the Prime Minister and Cabinet, has been appointed Chief Executive of the Ministry of Fisheries. Matthew Brougham will continue as Acting Chief Executive of PHARMAC while the Board conducts an appointment process.

Wayne leaves with PHARMAC’s best wishes and with a high level of appreciation for his significant contribution to PHARMAC over 11 years (more than seven as Chief Executive).
Medicines funding transactions

PHARMAC is continuing to be busy with changes to medicines funding. Some recent areas of interest include:

**Betaloc:** We raised the subsidy paid for this widely-used heart drug, and added a rule requiring doctors to endorse prescriptions to obtain full subsidy. Pharmacists can now also annotate prescriptions so that eligible people can have Betaloc fully funded. This decision is an interim one while we await the outcome of Medsafe’s assessment of a generic alternative. Should the generic be approved, it will provide the opportunity to save $13 million per year on this medicine alone, which can then be spent on other medicines.

Raising the subsidy means spending some $4 million more on Betaloc per year. The move will affect our ability to make investments in new medicine in the short term.

**Ritalin:** Ritalin is a treatment for attention deficit hyperactivity disorder. We received advice from Medsafe that some people’s reactions to a brand change for this medicine had caused concern. PHARMAC responded to Medsafe’s request and made funding available for Ritalin SR for people who had suffered adverse clinical effects. Approximately 6000 people are using Rubifen SR, which indicates that most people have successfully changed brands. However, for some people the brand change has led to some undesirable side effects, which we have recommended people report to the Centre for Adverse Reactions Monitoring.

We will continue to take advice from Medsafe on future funding of Rubifen SR following their review of the registration.

**Condoms** – we’re funding a wider range of condoms, a move that includes a 10% price reduction on the current subsidised price. At present, condoms account for about $800,000 of spending.

Some people questioned whether it’s appropriate to include flavoured condoms in the Schedule. New Zealand has high rates of unplanned pregnancies and sexually transmitted diseases and we believe that a wider range of condoms will encourage safer sex practices. The price reduction will also create opportunities to fund other treatments.