

20 November 2014

Price increase - Sustagen Hospital Formula

PHARMAC is seeking feedback on a proposal in relation to the standard supplement oral feed powder, Sustagen Hospital Formula. In summary, PHARMAC is proposing not to increase the community subsidy payable for this product to match the manufacturer's notified price increase.

If progressed, this proposal would result in the product ceasing to be fully subsidised in the community and a manufacturer's surcharge being placed on this product.

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

Feedback sought

PHARMAC welcomes feedback on this proposal. To provide feedback, please submit it in writing by **Friday, 5 December 2014** to:

Katie Appleby
Therapeutic Group Manager
PHARMAC
PO Box 10 254
Wellington 6143

Email: sustagenhospitalformula@pharmac.govt.nz

Fax: 04 460 4995

All feedback received before the closing date will be considered by PHARMAC's Board (or its delegate) prior to making a decision on this proposal.

Feedback we receive is subject to the Official Information Act 1982 (OIA) and we will consider any request to have information withheld in accordance with our obligations under the OIA. Anyone providing feedback, whether on their own account or on behalf of an organisation, and whether in a personal or professional capacity, should be aware that the content of their feedback and their identity may need to be disclosed in response to an OIA request.

We are not able to treat any part of your feedback as confidential unless you specifically request that we do, and then only to the extent permissible under the OIA and other relevant laws and requirements. If you would like us to withhold any commercially sensitive, confidential proprietary, or personal information included in your submission, please clearly state this in your submission and identify the relevant sections of your submission that you would like it withheld. PHARMAC will give due consideration to any such request.

Details of the proposal

Sustagen Hospital Formula, a brand of standard supplement oral feed powder, is listed in both Section B (the community) and in Part II of Section H (the Hospital Medicines List) of the Pharmaceutical Schedule.

PHARMAC has recently been notified by Nestle (the manufacturer of Sustagen Hospital Formula) of a price increase for this product from 1 February 2015.

This will result in a change of price from \$10.22 to \$14.90 for each 900 g can, and this will be recorded in both Section B and Part II of Section H of the Pharmaceutical Schedule. PHARMAC notes that this price increase will affect both the vanilla flavour and the chocolate flavour.

PHARMAC is proposing not to increase the subsidy for Sustagen Hospital Formula listed in Section B of the Pharmaceutical Schedule. This proposal would result in a manufacturer's surcharge on this product; the product would no longer be fully subsidised in the community.

A manufacturer's surcharge would result in increased costs being passed onto the patient. However, there are currently two other fully subsidised brands of oral feed powders listed in Section B of the Pharmaceutical Schedule. They are Ensure (chocolate and vanilla flavour) and Fortisip (vanilla flavour). If this proposal is progressed, patients using Sustagen Hospital Formula in the community, who wished to remain on a fully funded standard supplement oral feed powder, would need to change brands to Ensure or Fortisip.

Specific feedback requested

Prior to making a decision, PHARMAC wishes to seek feedback on this proposal, specifically in relation to patient groups for whom the alternative subsidised oral feed powders may not be appropriate. PHARMAC is seeking feedback in response to the following:

1. Are there any clinically identifiable patient groups who currently use Sustagen Hospital Formula for whom Ensure powder and Fortisip powder are not clinically appropriate alternative treatments?

If yes, please provide details of these patient groups, the size of the patient group and the reasons, and evidence to demonstrate, why Ensure and Fortisip are not appropriate alternative treatments for these patients.