



## Annual Review highlights more medicine for more New Zealanders

Our Annual Review was released in December, and highlights a surge in pharmaceutical spending in recent years. PHARMAC funded 39 new medicines in 2010/11 financial year and widened access to 43. In the previous year, it provided new or widened access to 45 medicines – a total of 127 medicines with new or widened access in two years.

This is the heaviest and most sustained period of pharmaceutical investment in PHARMAC's 18-year history.

Spending on community medicines (the portion PHARMAC is responsible for) rose to \$706.1 million in 2010/11, and this funded 39.7 million prescriptions. In all, PHARMAC estimates more than 260,000 people will benefit from decisions made during 2010/11 in a full year.

Over the past two years the Government has allocated more funding to pharmaceuticals, and this has combined with PHARMAC's long-term savings programmes to create significant 'headroom' for new spending.

### Key decisions included:

- First funded medicine for Alzheimer's Disease – **donepezil**
- New-generation cancer treatments funded – targeted to specific cancers and in pill form that patients can take at home – **sunitinib** and **erlotinib**
- The **Jadelle** implant, a long-term reversible contraceptive giving up to 5 years' contraception, funded
- A new-generation anticoagulant, **rivaroxaban**, funded for major orthopaedic surgery
- Two new treatments, **darunavir** and **etravirine**, funded for HIV
- **Bortezomib**, a new type of cancer therapy, funded for multiple myeloma.

The funding of some cancer medicines, in particular sunitinib and erlotinib, continues a trend of moving cancer treatment from hospitals to the community. Both sunitinib and erlotinib are medicines that patients can take at home, and frees up hospital resources that can be used for other patients. This helps reduce cancer patient waiting time, a key Government health priority. From July 2011, pharmaceutical cancer treatments and community pharmaceuticals have been managed within the Combined Pharmaceutical Budget.



PHARMAC will also continue to look for efficiencies in hospital medicines and in developing its work with medical devices.

The Annual Review, available at [www.pharmac.govt.nz](http://www.pharmac.govt.nz), also includes articles from external writers on assessing health need, some of the forces affecting the future of the pharmaceutical sector, and a consumer view on PHARMAC.

## Assessing individual patients' needs - NPPA

PHARMAC will soon implement a new scheme that will assess clinician-made applications for individual patients seeking access to medicines not funded on the Pharmaceutical Schedule at all, or not funded for the patient's clinical circumstances. The scheme, called Named Patient Pharmaceutical Assessment (NPPA), will replace the Exceptional Circumstances schemes and takes effect from March 2012.

The revised exceptions scheme abandons the need for patients to have rare conditions to be considered for funding. Applications will be considered for patients whose condition would significantly deteriorate or who would miss the opportunity for significant improvement during the usual time taken to assess a Pharmaceutical Schedule application.

PHARMAC expects the revised scheme to be more permissive and to more closely align exceptions funding to the Schedule.

It's likely that one of the results of the change will be that more conditions experienced by small groups of patients will be considered for funding. Rather than rarity, which is the focus of the current Community Exceptional Circumstances scheme, the focus of the new scheme will be on patients with unusual clinical circumstances or those whose condition is urgent and serious.

### Other features of NPPA include:

- PHARMAC will be able to fund some medicines through NPPA while they are under consideration for Schedule listing (unlike previously)
- Cancer and community treatments will be considered under the same scheme – likely to lead to more nationally consistent decisions
- Greater clarity and enhanced transparency for clinicians of what might be funded, because PHARMAC will publish the outcome of funding applications.

Funding for NPPA will continue to be drawn from the overall pharmaceutical budget.

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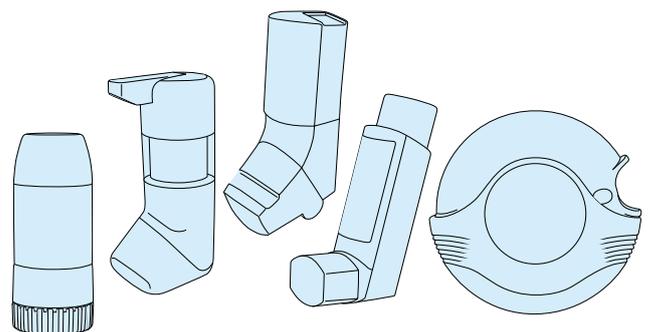
## Changes to asthma medicine funding

PHARMAC has successfully defended action brought by AstraZeneca in the High Court, which challenged PHARMAC's decision to apply parity pricing to funded asthma inhalers from 1 February 2012. Justice Stephen Kós ruled that PHARMAC's decision was in accordance with its obligations, allowing the subsidy changes to proceed.

Successfully defending the case means that PHARMAC will be able to achieve the savings forecast from its original proposal. And following an agreement with AstraZeneca, its combination inhaler products Symbicort Turbuhaler and Vannair will remain fully subsidised for patients. This will result in savings to the Combined Pharmaceutical Budget of around \$19 million and will ensure that about 20,000 patients will not have to switch brands or pay a manufacturer's surcharge.

Oxis Turbuhaler and Foradil will have a manufacturer's surcharge from 1 February 2012, however these are less commonly used. We will continue to monitor the use of this product and the impact on patients. Fully funded alternatives include Serevent and Serevent Accuhaler.

Also under the changes, fluticasone powder for inhalation (Flixotide Accuhaler) will become fully funded.



## Talking to our stakeholders – the 2012

### PHARMAC **FORUM**

The PHARMAC Forum is being held in Wellington on 20 February 2012. Bookings for the Forum are now full; however, if you wish to be waitlisted for an opening to attend email us at [forum@pharmac.govt.nz](mailto:forum@pharmac.govt.nz), or call 0800 660 050 or visit [www.pharmac.govt.nz/forumregister](http://www.pharmac.govt.nz/forumregister)

## Former PHARMAC Chair awarded for services to New Zealand

Richard Waddel, PHARMAC Board Chair from 2000-2010, was named an Officer of the New Zealand Order of Merit in the recently announced New Year Honours List 2012.

During his time at PHARMAC, Richard helped transition us from a Crown company to a formal Crown Entity and oversaw our significant growth in size and responsibility. Under Richard's guidance, pharmaceutical spending grew from \$521 million to \$694 million and the Community Pharmaceuticals Budget was always met, cumulative savings of nearly \$4 billion were achieved, and a number of key PHARMAC programmes were introduced. These programmes include One Heart Many Lives, Space to Breathe, He Rongoa Pai, the Seminar Series, Gut Reaction and Wise Use of Antibiotics.



Richard Waddel,  
ONZM

Those who have worked with Richard are appreciative of his firm but kind leadership and mentoring. This award is well deserved and PHARMAC is proud to have been led by Richard.



## Iron Māori

IronMāori is a growing half ironman event based in Napier that PHARMAC's One Heart Many Lives programme is becoming an integral part of. The 2011 event was held on 3 December.

The event brings together first timers, non-athletes and the super-fit in a way no other ironman or half ironman competition does. And it's all done in the spirit of helping each other and promoting better health and lifestyle. It's more than just an event, it's a movement.

IronMāori started as a local community event, one where people just sought to achieve an ambition, and now draws top athletes from around the country.

Our One Heart Many Lives team is one of the event's sponsors. On the day, the team also offered free heart health checks, targeted at Māori and Pacific men aged 35 and over. These men die up to 14 years earlier than other New Zealanders, one of the main drivers behind the PHARMAC heart health campaign.



## Supporting research into asthma in children

PHARMAC is funding research in Auckland looking at whether early childhood education programmes can help young children better manage asthma.

Space to Breathe is a health programme that looks at appropriate asthma management in pre-school children. After a pilot in the Taranaki region in 2009, the programme is now running as a clinical trial in Waitemata. Programme activities included providing resources and education for those caring for children with asthma.

The Taranaki pilot found that the information was helpful for teachers and parents, but it was not clear whether the education helped stop pre-school children with asthma having asthma 'attacks' – that's what the trial in Waitemata is looking at.

Specifically, it's looking to see if pre-school children's asthma is better controlled by providing asthma education to caregivers and children with asthma, as well as a clinical assessment. This will be delivered through early childhood centres such as playcentres, kōhanga reo or kindergartens.

The study will recruit about 800 pre-school children with asthma until about June 2012, with each child being followed for the next 12 months to see how well their asthma is being managed.

For further information you can contact Bridget Macfarlane on (04) 916 7528 and if you live in the Waitemata region and are interested in being involved in the trial, please send a text to 021 366 861 with your name and contact details, or enrol online at [www.spacetobreathe.co.nz](http://www.spacetobreathe.co.nz).

