Inpharmation
Pharmaceutical Management Agency
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Brand changes to affect more than 350,000 New Zealanders

Changes to the funded brands of some commonly-used medicines will affect tens of thousands of New Zealanders in coming months.

Although the brand or supplier of the medicine will change, the medication itself will remain fully funded.

Brand changes have become a common feature of the pharmaceutical landscape in recent years. These are usually accompanied by information for patients and health professionals and that will be the case with the changes currently occurring. It's also possible that pharmacists – depending on the outcome of the current national pharmacy contract discussions – will receive Brand Switch payments to help patients adjust to the changes.

The brand changes are consistent with PHARMAC's role to maximise health gains through getting the best value possible from pharmaceutical funding. In all cases the changes are the result of commercial deals that lower the cost of medicines, releasing funds for PHARMAC to reinvest in other medicines.

Heart Medicines

The brands of three popular heart medicines are changing: metoprolol, candesartan and felodipine. Altogether these medicines are taken by more than 250,000 New Zealanders (some patients will take two or more of these medicines). The brand changes are expected to release about $62 million over three years. The changes are summarised below:

Medicine	Reference pricing (patient change begins)	Sole supply from	Approx no. patients	Projected savings (over 3 years)
Metoprolol (AFT)	1 June	1 September	230,000	$14.4 million
Candesartan (Candestar)	1 Aug	1 November	50,000	$39.1 million
Felodipine (Plendil)	1 September	1 December	80,000	$7.6 million

PHARMAC will cease funding the AstraZeneca brands of metoprolol and candesartan which are the most commonly-prescribed brands of these medicines. PHARMAC has, however, accepted an AstraZeneca bid to be the sole subsidised supplier for felodipine, a calcium channel blocker used to treat raised blood pressure and angina. The decision will return funding to the Plendil brand, which was the funded felodipine brand until 2004. The agreement with AstraZeneca includes a 72% price reduction on the 2.5mg strength.

Access to candesartan, an angiotensin II antagonist used to treat raised blood pressure, will also be widened through the removal of several prescription restrictions.

Oral Contraceptives

Approximately 240,000 women take funded contraceptive pills, with 20 brands listed on the Pharmaceutical Schedule – some of which are fully funded and some partly funded. About 100,000 of those women will be affected by PHARMAC's decision to move to sole supply for one type, where six brands will reduce to two. Women will have to change brands if they want to have a fully-funded option.

Arrow Pharmaceuticals will become the sole supplier of these pills (ethynloestradiol with levonorgestrel), under its Ava brand. The changes will release $3.4 million over the next three years.

A feature of the changes is that a low-dose version of the combination pill will become fully funded for the first time. About 16,000 women currently take this low-dose pill (Loette or Microgynon), and pay a part-charge.

The new pills are the same size, shape and, in some cases, colour, as the pills they are replacing.

Because oral contraceptives are prescribed six-monthly, there will be an extended transition to the new brands, which is currently underway.

PHARMAC FORUM 2012

More than 100 of our stakeholders attended the third PHARMAC Forum, held in February 2012 in Wellington.

Opened by Associate Minister of Health Peter Dunne, the day-long Forum included representatives of consumer groups, clinical and pharmacy groups, academics, pharmaceutical suppliers and the Government sector.

The Forum featured three types of discussion. There were interactive presentations with feedback from participants on these topics:

- Challenges and opportunities in New Zealand's pharmaceutical scene – speakers Steffan Crausaz (PHARMAC), Kevin Sheehy (Medicines NZ), Dalton Kelly (NZ Cancer Society), Ken Whyte (University of Auckland).
- Hospital medicines and medical devices – where are we going? – Andrew Davies (PHARMAC).
- Reviewing our Operating Policies and Procedures – what should be covered? – Bryce Wigodsky (PHARMAC).

Three `breakout' sessions were held:

- Where PHARMAC fits in relation to Maori health – Marama Parore (PHARMAC).
- When patients need unfunded drugs – Named Patient Pharmaceutical Assessment – Dilky Rasiah (PHARMAC).
- The role of pharmacy and the patient experience – hearing from the front line – Kate Russell (CAC Chair; Cystic Fibrosis NZ), Karen Crisp (Pharmacy Guild).

A panel discussion was held:

- Is waste an ethical issue? – Andi Shirtcliffe (pharmacist, Wellington), Paul Hansen (economist, University of Otago), John Campbell (School of Medicine, University of Otago).

A feature of the Forum was the inclusion of external speakers bringing their perspective to issues. One of the key themes raised by external speakers was the challenges and opportunities from PHARMAC taking a wider role in procuring hospital medicines and medical devices. Discussion on medical devices raised questions over the scope of any project, the pace of change in medical devices, and whether PHARMAC would be sufficiently resourced to manage devices without compromising its focus on pharmaceuticals.

We have recorded feedback from the Forum and will be feeding it back to participants. In addition we will be analysing and incorporating the comments we received into our current and future work including hospital medicines and medical devices work, implementation of the Named Patient Pharmaceutical Assessment and the review of our Operating Policies and Procedures.

Overall feedback was positive, and many of the comments encourage PHARMAC to continue with the Forum concept. Feedback and our analysis of the Forum is available on the PHARMAC website **http://www.pharmac.govt.nz/patients/haveyoursay/PHARMACforum.**

Diabetes products

Our consultation on funding blood glucose testing strips and meters for diabetes management elicited an unprecedented response. We received nearly 3000 responses to consultation, with a wide range of issues raised. We also heard people's thoughts at five public meetings we organised, plus our staff attended a patient-organised meeting in Auckland.

We are proposing to move from funding six types of strips and meters from four suppliers, to funding three meters and two strips from one supplier. That supplier is Pharmaco NZ Ltd, which would supply products under its CareSens brand.

In making the proposal, we considered a contracted sole supplier, with a range of products, would have a number of benefits over the current arrangements:

- market certainty would provide an incentive for the supplier to maintain ongoing supply
- There would be protection for patients in the form of a requirement for the supplier to maintain no less than four months worth of stock in the country
- The arrangement would be flexible, to allow the supplier to provide new technology as it became available
- A clear training and implementation programme would be developed and communicated clearly following any decision.

Information and issues raised in consultation are being used to inform our thinking on the proposals.

We are assessing whether any changes can be made to the proposals that would address concerns raised in consultation. We are also continuing our dialogue with patient groups, clinicians and other stakeholders. If the proposal is accepted, we will talk with representatives from key patient, clinical and population groups to create a cohesive and multi-disciplinary implementation plan.

Overall we want to give New Zealanders with diabetes fully funded access to sophisticated modern meters at a reasonable cost. The proposal to replace the current meters and strips with the CareSens range is forecast to release $10 million per year. This is funding PHARMAC could use to fund other medicines or healthcare.

Our timeframe for making a decision on this proposal is being guided by the need to analyse and fully consider the issues raised in consultation. The earliest we would be in a position to announce any decision is likely to be July 2012.

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The Named Patient Pharmaceutical Assessment (NPPA) was introduced 1 March 2012 to replace the three Exceptional Circumstances Schemes. The scheme provides individual patients access to medicines, in certain circumstances, that aren't funded through the Pharmaceutical Schedule.

During the first month, 109 funding applications were received. Of these 49 have been approved, and eight declined. Decisions on the remaining applications were pending. In addition, 19 Exceptional Circumstances renewal applications were received and approved.

By comparison, in March 2011 we received 89 EC applications (62 approved, 22 declined) and 32 EC renewal applications (27 approved, two declined).

Approvals to date cover a wide range of conditions. They include:

- Antibiotics to treat multi-drug resistant infections;
- Alternatives to funded treatments for strokes, multiple myeloma and cerebral palsy; and
- A treatment for chronic myeloid leukaemia for a patient intolerant to the two funded treatments.

This information is publicly available for the first time, because we are publishing summaries of decisions on the PHARMAC website. Publishing this information aims to enhance the transparency of the scheme, and to act as a guide for applying clinicians to show which applications are likely to succeed.

International report confirms NZ has lowest drug prices

A new report by a US-based health policy organisation has found New Zealand has some of the lowest medicine prices in the world – reflecting the value PHARMAC provides to New Zealand's health system.

The Commonwealth Fund report, Explaining High Health Care Spending in the United States: An International Comparison of Supply, Utilization, Prices, and Quality, examined a range of health indicators including pharmaceutical prices.

The authors took a basket of the 30 most-prescribed drugs in 2006-07, and created an index with US usage as the reference point. For generic (off-patent) medicines, New Zealand's prices were the lowest, 10% lower than the US. British prices were 1.75 times higher than the US, while Australia's prices were two and a half times higher than in the US. Germany, with nearly four times the price of US generics, paid the highest prices.

For branded medicines, New Zealand prices were found to be a third (33%) of those paid in the US. Of the countries sampled, only France (32%) was lower than New Zealand. However, the prices sampled were based on "list" prices (those published in the Pharmaceutical Schedule or similar publications in other countries), and did not take account of rebates or other mechanisms that act to lower the actual price paid. New Zealand prices, taking into account rebates, would be lower still than the 33% figure cited.

New Zealand's overall pricing, 34% of US pricing, was the lowest among the nine countries sampled.

The full report can be found on the Commonwealth Fund website.

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