

# *Inpharmation*

Pharmaceutical Management Agency

September 2012

*“Our model for managing community medicines has been successful in growing New Zealanders’ access to funded medicines, while keeping spending within budget”*

## *From the Chief Executive*

I am very pleased to be able to lead PHARMAC into the future. PHARMAC’s record and the expanded role it is taking on have created heightened expectations around us. We will need to continue working closely with clinicians and other stakeholders to respond to this challenge. To be able to live up to those expectations PHARMAC will also need to be flexible and adaptable.

PHARMAC now has greater responsibility for managing hospital medicines and vaccines, in addition to the funding it manages for community medicines on behalf of District Health Boards. We have also been resourced to investigate funding and management of medical devices, along with other Government agencies. Cabinet has now agreed to an accelerated plan for PHARMAC to assume responsibility for procurement of some medical device categories immediately, as a first step to full PHARMAC management (assessment, prioritisation, and procurement) of these categories within the Pharmaceutical Schedule.

Our model for managing community medicines has been successful in growing New Zealanders’ access to funded medicines, while keeping spending within budget. However, this model will be adjusted for the work we are now taking on. PHARMAC in three years’ time will look and act quite differently from PHARMAC in 2012.

Integrating hospital medicines into our work is relatively straightforward. We’ve been contracting for some hospital medicines (off-patent medicines) since 2002. In relation to the expanded work, we’ve already reached a couple of milestones, negotiating our first contract for a hospital only medicine (outside of our usual tender process), and beginning consultation that will lead to the development of a national list of preferred medicines to be used in our public hospitals.

Management of vaccines has also shifted to PHARMAC this year. The national immunisation schedule remains intact, and decisions



on future changes or additions will be up to PHARMAC. While PHARMAC takes over the procurement and fund management role, the Ministry of Health will continue to deliver immunisation programmes.

Hospital medical devices is a more complex area and currently involves several Government agencies. We’ve progressed funding of a small number of medical devices over several years including, most recently, our decision to fund insulin pumps and consumables from 1 September 2012. It’s fair to say that we’re learning more about the right approaches to this work so we can apply it to the hospital setting in which most medical devices are used.

While all this work is going on, we will also remain focussed on our core role in managing spending on medicines. The Pharmaceutical Budget this year has risen to \$784 million, and we expect that number to rise further in coming years, along with the range of funded medicines and the overall number of prescriptions. New Zealanders will continue to see access to medicines improving in coming years.

We know none of this can happen in isolation and that we need to keep working hard at our relationships with the pharmaceutical industry, health professionals, consumers and consumer groups, and across the Government sector. This focus on improving and expanding relationships will underpin our work in coming years.

## PHARMAC's expanded role

From 1 July PHARMAC took over national management of vaccines funded by Government. The Pharmaceutical Schedule now lists these products alongside the community and hospital cancer medicines also managed by PHARMAC.

Most vaccines are supplied by the same companies that supply community pharmaceuticals, so managing vaccines is a good fit with PHARMAC's existing structure.

PHARMAC is also well advanced in hospital medicines work. The aim is to build a nationally-consistent list of hospital medicines used in all District Health Board hospitals. We can then gain information on how much of these products are used, the amount spent on them, and then begin managing funding and access to new products.

Consultation on the first hospital medicines lists began in August (cardiovascular and rheumatology). Further therapeutic groups will follow in coming months with the aim of constructing the overall national list in 2013.

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## Hiwinui Heke scholarships

Two Otago University students have been awarded Hiwinui Heke Māori Pharmacy Student Scholarships for 2012.

This year's scholarship winners are Andy Davis (Ngā Rauru) of Porirua, and Abbie Copinga (Ngati Raukawa) of Dunedin. Andy Davis has been awarded the top scholarship of \$5000, while Abbie Copinga has been awarded a \$2500 scholarship.

The awards are jointly presented by PHARMAC and Nga Kaitiaki o te Puna Rongoa o Aotearoa (Māori Pharmacists Association or MPA). They are aimed at students enrolled at pharmacy schools and so have committed to studying pharmacy.

PHARMAC developed the scholarships with the MPA as a way to encourage more Māori students to complete their pharmacy studies.

## Changes to dispensing frequency rule

PHARMAC has made changes to the Dispensing Frequency rule, published in the Pharmaceutical Schedule, so it falls into line with the direction of the new community pharmacy contract between DHBs and community pharmacies.

The new contract recognises the role of pharmacists in managing patients' medicine. The new contract includes a Long-Term Conditions service, which funds pharmacy to provide compliance and adherence support to patients who need additional support to manage medicines. Under the previous arrangements – the Close Control rule - pharmacy was only funded to provide additional dispensings.

The Dispensing Frequency rule provides pharmacy with a greater ability to tailor dispensing periods to suit individual patient needs, while retaining the ability for prescribers to determine more frequent dispensing for certain patient groups.

The new funding model is designed to be patient-centred and allows pharmacists to better tailor medicines adherence and compliance services to patients, particularly those with multiple co-morbidities and taking many medicines. The direction of the contract encourages pharmacists to work with doctors and nurses and become part of the health care team.



The scholarships are named after Hiwinui Heke (Te Arawa), who was one of the first Māori to graduate from a New Zealand pharmacy school in 1955.

## Medicine funding

### **Gefitinib for lung cancer**

Funded treatment options for New Zealand's most common form of cancer have improved with the funding of gefitinib (Iressa), a targeted treatment for lung cancer, from 1 August.

PHARMAC is funding gefitinib as a first line treatment for non-squamous advanced non-small cell lung cancer, the most common form of lung cancer in New Zealand. A test will be required to help determine which patients will most benefit from treatment with gefitinib, or erlotinib, another similar drug already funded by PHARMAC. Erlotinib is currently funded as a second-line treatment option.

The test, called epidermal growth factor receptor (EGFR) mutation testing, is currently available in some DHBs. Where DHBs do not have the test they may send samples to Australia for testing.

Gefitinib and other drugs of its type (tyrosine kinase inhibitors) are more targeted than the current first-line treatment for non-small cell lung cancer, which is platinum-based chemotherapy. In addition to being able to be targeted through using the EGFR test, gefitinib is a tablet that patients can take at home, making treatment more convenient.

PHARMAC expects that, with targeting, about 100 patients per year will receive funded gefitinib treatment. While PHARMAC expects to spend up to \$1.6 million per year on the drug, overall the agreement will save DHBs money as the currently funded treatments are more expensive.

### **Montelukast for childhood wheeze and exercise-induced asthma**

PHARMAC is funding a treatment for pre-schoolers with recurrent wheezing despite using other therapies, and for people with exercise-induced asthma. Funding for montelukast began on 1 August.

Montelukast is a pill that treats respiratory conditions like asthma. Inhalers will continue to be the standard first-line treatment for respiratory conditions like childhood wheeze and exercise-induced asthma. However, PHARMAC estimates that up to 7500 children each year will be treated with montelukast for recurrent wheezing, with a further 2000 people treated for exercise-induced asthma.

Overall, PHARMAC expects to spend \$2.3 million on montelukast over five years.

### **Ivermectin for severe scabies**

Ivermectin, a tablet people can take to treat the severe skin infection scabies, is also funded from 1 August.

Ivermectin is an additional treatment to those that are currently available for scabies, which can be a particular problem in rest homes. It is funded for people who have difficulty with the current treatments which are mainly topical creams. Ivermectin is a pill that is taken as two doses a week apart.

PHARMAC estimates that about 10,000 patients each year will receive funded ivermectin for these indications at a cost of \$1.4 million over five years.

## Diabetes testing equipment

On 1 September insulin pumps became nationally funded for the first time, and PHARMAC also began funding changes for diabetes test meters and strips.

The changes improve access to safe and effective diabetes management products, provide choice and greater security of supply for New Zealand patients and, at the same time, achieve savings to reinvest in other health initiatives.

Previously insulin pumps were funded by some DHBs and not by others. National funding will lead to more consistent access. PHARMAC is targeting funded access to patients most needing the pumps. To give further choice, PHARMAC has also begun a process to source a second pump supplier.

In addition, PHARMAC has begun funding three blood glucose testing meters and their testing strips from Pharmaco NZ Ltd's CareSens range: CareSens II, CareSens N and CareSens N POP. The three meters all have different levels of functionality to meet patients' needs.

Funding changes will be phased in over six months, supported by a comprehensive implementation programme involving training for pharmacists, clinicians and patients.

Community feedback was an important element in our decision-making, leading to changes from our initial consultation: we have added a higher-specified meter (N POP), and have agreed some patients may continue with their current devices (the Accu-Chek Performa Combo meter with the Combo insulin pump, and the Freestyle Optium blood glucose and blood ketones testing meter), provided acceptable agreements can be reached with the suppliers.

Our implementation programme will include nationwide training events for health professionals and patients, and provide an environmentally sensitive means to dispose of old meters. The programme will be supported by written materials, online resources and 0800 numbers. Our objective is to ensure that, to the greatest extent possible, patients and health professionals are well-trained and confident users of the newly-funded devices.

The decisions provide greater access to technologies and medicines for diabetes. Funding insulin pumps is an investment of \$4 million while the changes to blood glucose testing strips and meters releases \$10 million annual funding that can be used to invest in other medicines or technologies.

Detailed information on PHARMAC's decisions, including summaries of responses to submissions and answers to common questions, are available at [www.pharmac.govt.nz/diabetes](http://www.pharmac.govt.nz/diabetes).

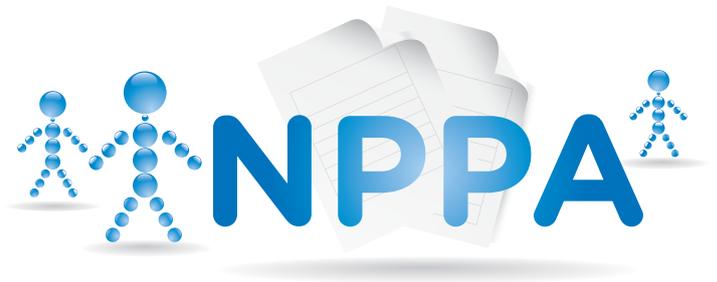
## NPPA implementation

NPPA is PHARMAC's policy for giving individual patients access to treatments that aren't listed on the Pharmaceutical Schedule. Applications are made individually and assessed according to the patient's personal circumstances.

Since beginning in March 2012, there has been an increase in applications to NPPA, compared to the Exceptional Circumstances policy it has replaced. This is largely because the criterion of rarity that underpinned the community Exceptional Circumstances scheme has been removed.

As part of the policy, PHARMAC is also publishing a list of the outcomes of NPPA applications on its website. This is to help give clinicians a sense of the type of applications that have been successful.

Details of NPPA, and a link to the list of applications, is available at <http://www.pharmac.govt.nz/healthpros/nppa>.



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## Innovation in the pharmaceutical industry

New research published in the British Medical Journal has questioned claims about innovation within the pharmaceutical industry.

In the BMJ paper, authors Donald Light and Joel Lexchin comment on the 'innovation crisis' in the pharmaceutical industry. They describe claims of a reduction in the number of new chemicals and therapeutic products being developed as "a myth", and say the real problem is that the industry has an incentive to produce new medicines that are only incrementally better, or simply "me toos" of existing products.

Light and Lexchin suggest a number of steps that they say would help produce safer and more cost effective new medicines. This could start with a new model where medicines are tested against existing treatments, rather than placebo, so that they are shown to truly be advances over current treatments.

Read the BMJ paper at <http://www.bmj.com/content/345/bmj.e4348?etoc=>.