

PHARMAC Performance 2013/14 Performance data to 30 September 2013

Pharmaceutical budget management

Combined Pharmaceutical Budget (CPB) 2013/14: \$795 million.

The current forecast of CPB expenditure for the 2013/14 financial year is \$800.19 million. Under this forecast DHBs would receive a pay-out from PHARMAC's Discretionary Pharmaceutical Fund (DPF) of \$5.1 million, leaving \$7.95 million as the 2013/14 financial year closing balance. This would require DHBs to top up the DPF at the beginning of the next financial year to bring it to its minimum balance.

PHARMAC has also committed to DHBs that the value of new investments in hospital pharmaceuticals will not exceed the value of savings from hospital pharmaceuticals. Based on three year average forecast expenditure, at 30 September 2013, savings transactions have totalled \$2.24 million and investment decisions have totalled \$0.18 million. This leaves a further \$2.01 million available for new investments.

Note these figures have been calculated from date of implementing a decision and as such do not represent expenditure for the financial year. We expect that there may be significant variance around these figures due to the variation in quality of hospital data.

PHARMAC's Impact: Access to medicines

In the three months to 30 September 2013, PHARMAC added 16 pharmaceuticals to the Pharmaceutical Schedule and widened access to 27 others so they are accessible to more patients. We estimate that these decisions will lead to \$18.7 million of gross expenditure and at least 44,292 patients receiving these medicines in the 2014/15 financial year, the first full year following the medicines being funded.

From 1 July 2013, the Hospital Medicines List (HML) came into effect. In this first quarter, PHARMAC has added two new listings and widened access to one pharmaceutical listed on the HML. Additional expenditure and savings were made through various tender and NPPA decisions

PHARMAC Outputs

Output Class 1: Decision-making

Measure: All funding decisions are supported by evidence and made using PHARMAC's nine decision criteria.

Status: On track. All PHARMAC funding decision papers (to PHARMAC Board or its delegate) include information on how the decision aligns with the nine decision criteria.

Measure: Decisions on more than 90% of line items (excluding bids held open while awaiting Medsafe registration) will be made within 6 months of the tender closing.

Status: On track. The tender is due to be released in early November

Measure: *Clinical engagement consultation on proposal completed. Gross savings: \$9.42m. Savings net of PHARMAC's costs returned to DHBs: \$3.77 m*

Status: On track. PHARMAC projects \$1.4 million in savings for DHB Hospitals from contracts entered for hospital pharmaceuticals, that it does not anticipate being invested in new medicines.

PHARMAC has issued and received responses for a wound care registration of interest, and is working through proposals with a view to entering some agreements by end of December 2013.

Measure: *New investments made in hospital pharmaceuticals within financial limits agreed with DHBs, with all funding decisions supported by evidence and made using PHARMAC's nine decision criteria.*

Status: On track. Savings and investments in hospital medicines being tracked and all PHARMAC funding decision papers (to PHARMAC Board or its delegate) include information on how the decision aligns with the nine decision criteria.

Output Class 2: Influencing medicines use

Measure: *Amount of campaign materials distributed is greater than previous year.*

Status: On track. In the first quarter of 2013/14, there were 295 orders for campaign materials, with an average of 2.6 different 'products' per order.

Measure: *Surveys of attendees show at least 90% of surveyed attendees rate their satisfaction with the Seminars at least four out of five.*

Status: PHARMAC hosted six seminars in the period 1 July to 30 September 2013. Feedback from 94% of respondents rated the seminars at least four out of five.

Measure: *Respond to low medicine stock reports, communicate effectively and take action as necessary to ensure patient needs for medicines are met.*

Status: There were 31 new stock reports in the first quarter. 22 stock issues were resolved within the quarter (which included existing issues from the previous financial year). At the end of the first quarter PHARMAC is monitoring or actively managing 32 low stock reports.

Output Class 3: Providing policy advice and support

Measure: *All fund use is in accordance with PHARMAC policy.*

Status: On track. A payment of \$16 million was made to DHBs in relation to Combined Pharmaceuticals on 30 August 2013.