

Access to Medicines Coalition

Newsletter- December 2009

Bringing you an update on medicine access and funding issues, and the work of the ATM working group, during the 2009 year.

Dear ATM members,

After a period of reduced activity in the first half of the year, a number of positive things have since happened within the medicines arena in New Zealand. This newsletter will bring you up to date with the recent activity of the working group acting on your behalf and comment on actions taken by Pharmac and government during the year.

The impact of the new Government

At the end of 2008 with the change of government there were some welcome signs that ATM's hard work of the proceeding years towards the medicine strategy was not in vain. The incoming government stated they would be keeping the strategy and if anything strengthening it. The appointment of Hon. Peter Dunne as associate health minister responsible for medicines enables the momentum to be maintained without having to bring a new minister up to speed.

Review of CAC

Also announced was the intention for PHARMAC's Consumer Advisory Committee (CAC) to be reviewed. As a result of this in March 2009 ATM received an invitation to meet with the CAC to discuss our concerns. This was accepted and the working group met with the committee on July 3rd in Wellington.

In October a consultation document was released on consumer engagement with Pharmac, which includes the role of CAC. The Pharmac discussion document can be read at this link <http://www.pharmac.govt.nz/2009/10/12/Consumer%20Participation%20Discussion.pdf>

Members of the ATM working group met with Pharmac officials to provide feedback on this document in December and our submission covered these general points:

- The statutory role of CAC, and lack of clarity in the Act about its role and functions, complicate any assessment of its value.
- There is clearly a need for Pharmac to have good consultation with consumers and the groups that represent them. This needs to be distinguished from any role CAC might have in this. It should not be assumed that CAC is either representative of, nor represents, consumer perspectives. It may be more realistic for Pharmac and all others to regard CAC simply as a group of informed consumers that Pharmac seeks advice from, from time to time.

- There is a significant risk that as CAC is chosen and funded by Pharmac, it will become captured by the agency and there are some concerns that this has occurred in the past.
- In ATM's view there is an urgent need to clarify how new criteria written into the medicine strategy (ethics, equity, affordability, community values, etc) will be factored into the decision criteria, to counterbalance a perceived narrow emphasis on cost-utility and budget management. Consumer engagement will be important in this process.
- Another important priority area is to improve the process for deciding what the total budget allocation for medicines will be, before it is given to Pharmac to manage, and consumers have a strong interest in how this will be done.

The Term of reference for CAC are expected to be further considered by Pharmac and this is an area where we expect to have further input in 2010.

Medicine Funding

In May 2009 the government released its first budget and this included an additional \$40 million for the community pharmaceutical budget, nearly double the amount previously indicated for the year. While ATM welcomed the increase in overall spending on pharmaceuticals, and a series of Ministerial and Pharmac press releases showed that a total of eight new medicine were funded, and wider access granted for a further 55 medicines.

It also became apparent that Pharmac's central negotiating role had won savings of about \$150 million which was retained in the pharmaceutical budget and this helped considerably with the improved access to these medicines. ATM considers that its extensive work over the past 5 years was beginning to bear its first fruit in terms of improved funding and access to subsidised medicines.

The challenge ahead of us will be to ensure this momentum is maintained. There are continuing concerns that the financial situation might restrict future medicine funding and it may be that a decline in the number of medicines coming off patent could restrict Pharmac's ability to make savings through the introduction of generic medicines. However these concerns should not obscure the fact we made significant gains made during 2009.

Forum on high cost highly specialised medicines

In June an industry sponsored forum was held with the support of the minister and a range of other groups and agencies, to focus specifically on high-cost, highly specialised medicines. Attendees at the forum included ATM, other NGO's, PHARMAC (including Mathew Brougham CEO PHARMAC), Ministry, and pharmaceutical company representatives.

The meeting was opened by the Hon. Tony Ryall and closed by Hon. Peter Dunne and this show of ministerial support was a very positive indication of government intentions that this policy area should be sorted out. The day was a positive meeting with good robust discussion and serious attempts to resolve some of the significant issues surrounding this area. The panel members all participated fully so will have been left in no doubt of some

of the challenges they face. A summary report was submitted to the special panel on high cost, highly specialised medicines for their consideration.

High cost medicines review panel

Shortly after the budget Tony Ryall, Minister of Health, had announced the establishment of a review panel to recommend how to improve access to high-cost, highly specialised medicines in New Zealand. The panel consists of three members:

- Dr Paul McCormack (chair) - Former Managing Director Pegasus Health, Chch
- Joy Quigley - former MP, executive director of Independent Schools NZ
- Associate Professor Paul Hansen, Dept Economics, University Otago.

The panel will be reporting direct to the Minister in March 2010. In December 2009, after several months of discussion with a range of stakeholder groups in the health sector, the panel produced a 61 page interim report in for discussion and they welcome submissions on this. The ATM working group will ensure our interests are represented to this panel by the consultation closing date of 28 February 2010. The panel will be holding a discussion forum on 17 February on their report and all ATM coalition groups with an interest in this meeting are invited to register for this event. The link to the panel's interim report is [www.moh.govt.nz/moh.nsf/pagesmh/9638/\\$File/review-access-hchs-medicines-in-nz09.pdf](http://www.moh.govt.nz/moh.nsf/pagesmh/9638/$File/review-access-hchs-medicines-in-nz09.pdf)

It is fair to say that a number of people in the health sector have expressed disappointment with the panel's interim report, and this will motivate a close scrutiny of it by the ATM working group early in the New Year. We welcome any thoughts your group has on the interim report and ask that you send us these by the end of January 2010.

The Horn Report and the National Health Board - a signal of improved decision making for medicines?

At the end of July the Ministerial Review Group released their findings on enhancing sustainability and the patient and consumer experience within health and disability services in New Zealand. While this report focuses on many high level issues such as tertiary care provision, and a range of sector-wide issues like IT and Human Resource systems, it augers well for changes in how funding is allocated and utilised across the whole sector.

The report from the Horn committee and the Government's response, which establishes a National Health Board within the Ministry of Health, give strong indications that there will be improvements to of things which need central direction and co-ordination, rather than relying on 21 DHBs to get their act together. The report is at <http://www.beehive.govt.nz/release/ministerial+review+group+report+released>, and the Minister's press release about the establishment of the NHB can be found at <http://www.beehive.govt.nz/release/major+push+lift+public+health+performance>

There are clear directions about improving the efficiency of funding decisions so they are made at the appropriate district, regional or national level. In principle this strongly suggests a change to the way the medicine budget is set, though there is no specific mention of this. Instead the priority work for Pharmac seems to be its involvement in

managing funding of medical devices. This will inevitably impact on how DHB's manage their drug bills and consequently flow on to how PHARMAC operates.

The big question in terms of improving access to subsidised medicines in New Zealand in the next few years is whether the new regime will make any difference to the medicine budget setting process. This is the most fundamental issue that needs addressing. All subsequent decisions on particular medicines, their prices, prescribing restriction, etc, are of limited relevance if there has not been a reasonable allocation for the medicines budget in the first place.

ATM has long advocated for one agency to take charge of assessing the total medicine need of the population and making budget bids to the government. It could be a role given to Pharmac, or it could be taken up by the National Health Board, but there is nothing more certain than continuing problems if that responsibility is left with the 21 DHBs.

Summary

These small but significant events over the past year provide some progress towards advancing ATM's key aims:

- To improve access to prescription medicines in New Zealand by increasing the efficiency of approval and distribution processes;
- Ensure all New Zealanders have parity with regard to access to pharmaceutical treatments available in other OECD countries;
- That health outcomes are maximised by efficient and coordinated use of all health sector services;
- Make sure that health practitioners are provided with adequate and appropriate resources and supported by an infrastructure that encourages best practice.

The working group is cautiously optimistic that further gains may be seen in the near future, and we look forward to continued work on this agenda in the coming year.

Yours sincerely,

The ATM working group

December 2009