



5 July 2007

Hon Peter Dunne
Associate Minister of Health
Parliament Office
Parliament Buildings
PO Box 18-041
WELLINGTON

Thank you for your participation in the recent Ministry of Health consultation meetings on the new medicines strategy and the commitment you have shown to this process. The ATM looks forward to continued work on this and is keen to participate in further work on the strategy framework.

We note from those recent meetings a high level of interest from stakeholder groups for many of the major themes contained in our submission, as evidenced for example by the wide support for separating out the several conflicting roles of Pharmac, especially keeping the expert role of PTAC entirely separate from the rationing role of Pharmac, and also the separation of budget setting functions from budget management and price negotiation. It is apparent to us that these significant conflicts of roles are key factors that lead to so much discontent with the current system.

The total level of funding allocated for medicines is another distinct problem that leads to the clearly unsatisfactory outcomes for so many groups of patients, and while there was a widely held view that this does need a significant boost, it is interesting to note also wide support for Pharmac retaining the role of negotiating with suppliers to achieve the best possible price for each product. There is clearly a mature response from a wide range of stakeholders that keeping what does work well, but changing what is faulty, is what needs to occur as the medicine strategy is developed.

We are aware from the consultation meetings that Pharmac considers it important to keep its many roles, on the basis of improving their negotiating power overall. We think they are wrong in terms of their objectives under the Act, as well as wrong in their assessment of the impact on their negotiating power. In order to develop this argument further we would like you to provide us with the following information:

1. How key performance indicators are factored into the performance reviews of Pharmac and also into the performance reviews of its staff?
This information will help assess how Pharmac's energies are placed in the performance of each of the different roles it currently has.

equitable and affordable Access To Medicines for all

Members: ADDvocate, Alzheimers New Zealand, Arthritis New Zealand, Asthma New Zealand, Balance, Breast Cancer Aotearoa Coalition, Cancer Society, Carers New Zealand, Continence Association, Cystic Fibrosis New Zealand, Diabetes New Zealand, Diabetes Youth, Epilepsy New Zealand, IDFNZ, Kidney Kids, LAM Trust, Leukaemia and Blood Foundation, Lysosomal Diseases New Zealand, Multiple Sclerosis Society of New Zealand, Myeloma Matters, New Zealand AIDS Foundation, New Zealand Organisation for Rare Disorders, Parkinsons New Zealand, Prader-Willi Syndrome, Prostate Cancer Foundation, Schizophrenia New Zealand.

2. How any bonus payments are built into staff rewards, not on an individual basis but on a general basis as to range and size of bonus, and the general criteria that applies to bonuses?

These pieces of information will help us to assess how the conflicting roles of Pharmac can skew its activities and lead to worse outcomes for patients.

In ATM's own case we still have many thousands of dollars of costs to meet for the preparation of our submission, despite heavily discounted rates from our consultants. We did approach both Pharmac and the Ministry of Health for assistance with these costs but both agencies declined to assist. In respect of this issue can you please also inform us of:

3. The total collective cost Pharmac paid for the papers produced by Professors Gillon and Hansen and the nine commentators?
4. The estimated total costs of Ministry of Health work on the medicines strategy from the time of the policy announcement up till the time submissions were closed?

We seek a grant from you of \$25,000 to enable ATM to continue our analysis of issues raised by other submitters, and to maintain our active stakeholder participation in these debates over the period of the strategy development. We note that every other interested group: government, Ministry, Pharmac, academia and industry, all have significant funds at their disposal to support their involvement in this process. An active and capable input from consumer interests should be a matter of strong interest to you and we hope you will support our role with funds to secure it.

Yours sincerely

John Forman
ATM Spokesperson