

24 August 2020

Ken Clark  
Acting Medical Director  
PHARMAC

By email: [tender@pharmac.govt.nz](mailto:tender@pharmac.govt.nz)

**A proposal relating to modifying PHARMAC's approach to competitive procurement as part of the 2020/21 invitation to tender consultation process**

Dear Ken,

Thank you for inviting the New Zealand Medical Association (NZMA) to provide feedback on the above proposal. The NZMA is New Zealand's largest medical organisation, with more than 5,000 members from all areas of medicine. The NZMA aims to provide leadership of the medical profession, and to promote professional unity and values, and the health of all New Zealanders. Our submission has been informed by feedback from our Board and Advisory Councils.

We note that PHARMAC is proposing awarding Principal Supply Status rather than Sole Supply Status or Hospital Supply Status in the draft 2020/21 tender. We understand this would mean that the principal supplier's brand would be the main brand funded in the community and/or bought by DHB hospitals, and there would be an allowance for a certain volume of alternative brands to also be funded and/or used by DHB hospitals.

We note that PHARMAC's preliminary view is that alternative brand funding might be needed in the following three different circumstances: i) if a patient has previously experienced adverse clinical outcomes as a result of a brand change; ii) if a patient has unique clinical circumstances that would put them at heightened risk of adverse clinical outcomes as a result of a brand change; iii) if a patient's circumstances mean that they require a temporary delay to the brand switch.

We are supportive of the proposal to award Principal Supply Status rather than Sole Supply Status in the 2020/2021 tender. In addition to the three different circumstances PHARMAC has identified where alternative brand funding might be needed, we believe a fourth circumstance should be where there is a lack of efficacy of a particular medicine and a loss of control of a patient's symptoms / clinical parameters. This could apply to medicines used to treat epilepsy, dyslipidaemia, hypertension, arrhythmias, diabetes, etc. Similar drug levels do not necessarily mean similar efficacy due to other factors such as tissue avidity.

We also believe that having alternative funded brands available is important to ensure continued medicine supply where there are supply chain issues as has been the case with a number of medicines in New Zealand in recent years.

Finally, we note that while the tender does not put a cap on the number of patients for whom PHARMAC might fund an alternative brand, the consultation suggests a 5% threshold beyond which a principal supplier would be reimbursed for lost market share. We have concerns at what a 5% allocation of market share for alternative brands will mean in practice. For example, we question whether pharmaceutical companies will be inclined to tender for an alternative brand allowance that is just 5% of what is already a very small market in New Zealand?

We look forward to learning the outcome of this consultation.

Yours sincerely

A handwritten signature in blue ink that reads "K. Baddock". The signature is fluid and cursive, with a large initial "K" and a long, sweeping underline.

Dr Kate Baddock  
NZMA Chair