

INFORMATION FROM PHARMAC's 2006 HIGH COST MEDICINES REVIEW

RELEASED AS CONTRIBUTION TO GOVERNMENT'S WORK ON 'HIGH-COST HIGHLY SPECIALISED' MEDICINES

Summary

The Government has recently established an independent review panel to investigate improving access to 'high-cost highly specialised' medicines.

PHARMAC undertook a review of high cost medicines in 2006 and is releasing this summary of its review process and findings to feed into the panel's work.

PHARMAC recognises that the framework for the panel's work is broader than the parameters of the PHARMAC review. However, we consider the review work may usefully inform the panel's consideration of high cost medicines issues and may be of use to stakeholders as they participate in the review of high-cost highly specialised medicines. PHARMAC looks forward to participating in the review.

This document describes the scope and process of the PHARMAC review and the conclusion that PHARMAC reached. Links to the information that informed the review are included throughout this document.

Introduction

PHARMAC, on behalf of New Zealanders, is responsible for making decisions about which community medicines, including those that are high cost, receive taxpayer funding. Medicines funding decisions are complex and high cost medicines raise issues that we and medicines funders internationally are grappling with.

Review scope

With this in mind, PHARMAC reviewed how it makes funding decisions about high cost medicines. We sought perspectives on two questions:

- How and on what basis should PHARMAC make decisions on funding 'high cost' medicines?
- In particular, do high cost medicines require a different approach to their funding?

Review process

We began the review process by seeking expert views from:

- Dr Paul Hansen¹, Associate Professor in the Department of Economics at the University of Otago
- Professor Raanan Gillon, emeritus professor of medical ethics at Imperial College, London.

We then asked nine people representing a range of perspectives to peer review the reports.

¹ Dr Hansen is also a member of the independent panel, along with Dr Paul McCormack (Chair) and Joy Quigley.

The findings from this process formed the basis of a preliminary view on how we might approach funding high cost medicines in the community. This view was that there were no persuasive arguments for treating the funding of high cost medicines differently to other medicines. That is, the same analytical tools and decision making framework were appropriate for all medicine funding decisions.

Consultation

We tested this preliminary view through public consultation in December 2006.

A link to the original reports, the peer reviews, and the consultation document can be found here:

www.pharmac.govt.nz/2006/12/15/HCM.pdf

We received nine submissions reflecting a range of views on the questions posed in consultation, and on broader issues associated with medicines funding. Our summary of these submissions and copies of the individual submissions are available on PHARMAC's website:

www.pharmac.govt.nz/2009/06/04/Summary%20of%20Submissions%20and%20Copies%20of%20Submissions.pdf

Wyeth-sponsored Affordable Access to High Cost Highly Specialised Medicines in New Zealand Forum

We attended the Wyeth-sponsored Affordable Access to High Cost Highly Specialised Medicines in New Zealand Forum in June 2008. PHARMAC considered the Forum report and recommendations, particularly with regard to the implications of these for PHARMAC's view regarding funding of high cost medicines.

Conclusion

Having considered the submissions and Forum report, PHARMAC affirmed its initial conclusion that high cost medicines should continue to be assessed using the same decision criteria and process that apply to all other medicines.

PHARMAC reached this view on the basis of factors including:

- It is difficult to define what constitutes a 'high cost' medicine; the dollar value at which many would consider a medicine is high cost is increasing over time.
- There is no generally-accepted method, or set of principles, which is used to assess high cost pharmaceuticals as distinct from others.
- Many of the expert reviews commented that all pharmaceutical should be assessed in the same way.
- High cost medicines cannot be considered in isolation from other pharmaceuticals. Making decisions about what will be funded in the context of a capped pharmaceutical budget involves comparing the opportunity cost of making different funding choices.
- All medicines, including those that are high cost, need be assessed in the context of PHARMAC's legislative objective: to secure best health outcomes that are reasonably achievable from pharmaceutical treatment and from within the funding provided.

In addition, there was nothing in the consultation responses that altered our preliminary view. Those who directed their comments specifically at decisions about high cost medicines considered that there were arguments for assessing them in the same way as other medicines. Comments ranged from clear support for treating all medicines in the same way, to those who were not as supportive but could see the arguments through to one respondent who considered we unfairly advantaged high profile, expensive medicines. In essence there was nothing specific to the cost of the medicine per se that suggested that they should be assessed using different processes.

Some consultation responses included comments (included in the summary of submissions) on the decision-making process and criteria which were outside the scope of the questions being considered in the review.

Relevance to current work

PHARMAC recognises that ongoing work in the area of high cost medicines is important. The conclusion that PHARMAC reached was not intended to be an end to discussion and debate on these issues. We see it as a contribution to the Government's current work on a difficult topic.