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**Better Health Outcomes for New Zealand**

**2010  
Annual Review**



Medicines  
New Zealand



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# About Us

Medicines New Zealand is the industry association representing companies engaged in the research, development, manufacture and marketing of prescription medicines.

## Medicines New Zealand works to:

- Demonstrate the value of medicines, within the context of the health care system
- Ensure optimal access to innovative medicines for all New Zealanders and their health care professionals

- Encourage and support continuing advancement in medical science and its application in health
- Ensure the industry, through Medicines New Zealand, is recognised by the health sector and the community generally as a key partner in maintaining the good health of all New Zealanders.

A central objective of Medicines New Zealand is to promote the benefits of a strong research based medicines industry in New Zealand.

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## Our Vision

To improve health outcomes for New Zealanders through equitable access to quality medicines.

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## Our Mission

To advocate for patients' needs by influencing public policy to achieve equitable access to quality medicines.

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# Chief Executive's Review



The past year has been one of change for Medicines New Zealand but one that has ultimately left us in a stronger position to move forward.

Rebranding the organisation to Medicines New Zealand in September 2010 was much more than a cosmetic step. It signalled both a change in outlook and approach, with a willingness to foster greater collaboration with others across New Zealand's health and innovation system.

The people of New Zealand and our industry share some unique challenges. A seemingly exclusive focus on cost saving in providing medicines access has left us lagging behind other developed nations in our willingness and ability to provide the best treatment options to those in need.

As an organisation we will be encouraging peoples' understanding that investment in innovative medicines is one aspect of future proofing New Zealand's productivity, enabling people to stay well with a better quality of life for longer and reducing the burden on other parts of the healthcare system. The need to invest in people's health is even more pronounced in an environment where Governments across the world are considering raising the age of retirement. More proactive investment in medicines may require a change in perspective for some

of our partners in health but it will be one that benefits New Zealand and its people in years to come.

We have several projects in the pipeline that we look forward to progressing or completing in the coming year, including combining the Healthcare Partnership Forum, the Value of Medicines Award and a political forum where health spokespeople from the main political parties will be invited to share their health manifestos and answer questions from Medicines New Zealand members.

It is our mandate to improve health outcomes for all New Zealanders and we believe improved access to quality medicines will be an integral part of achieving this.

**Kevin Sheehy**  
Chief Executive Officer (Acting)

# Access to Medicines – New Zealand and Australia

In the last four years the gap in access to new medicines between Australia and New Zealand has increased from 58 to 96 medicines. The gap still includes 42 of the original 58 medicines identified in a 2000-2006 analysis by Michael Wonder which remain unfunded in New Zealand.

While Australia widened access to 54 innovative medicines between 1 July 2006 to 30 June 2009 analysis shows New Zealand's pharmaceutical purchasing agency granted equivalent access to 19 (35%) of these medicines<sup>1</sup>.

Information available for the year ended 30 June 2010, indicates that Australia's PBS (Pharmaceutical Benefits Scheme) significantly widened access to at least 23 medicines in the last year. In contrast, by 30 June 2010, New Zealanders had the same level of access to 9 (39%) of those molecules.

The inevitable conclusion that can be drawn from these results is that patients in New Zealand are denied access

to a large number of innovative medicines when compared to their Australian counterparts. The medicines within this gap include treatments for a wide range of health problems including:

- Alzheimer's Disease<sup>2</sup>
- HIV AIDS
- Cancer
- Diabetes
- Renal disease
- Mental health disorders
- Osteoporosis
- Cardiovascular disease
- Epilepsy
- Rheumatoid arthritis
- Multiple sclerosis
- Ophthalmology

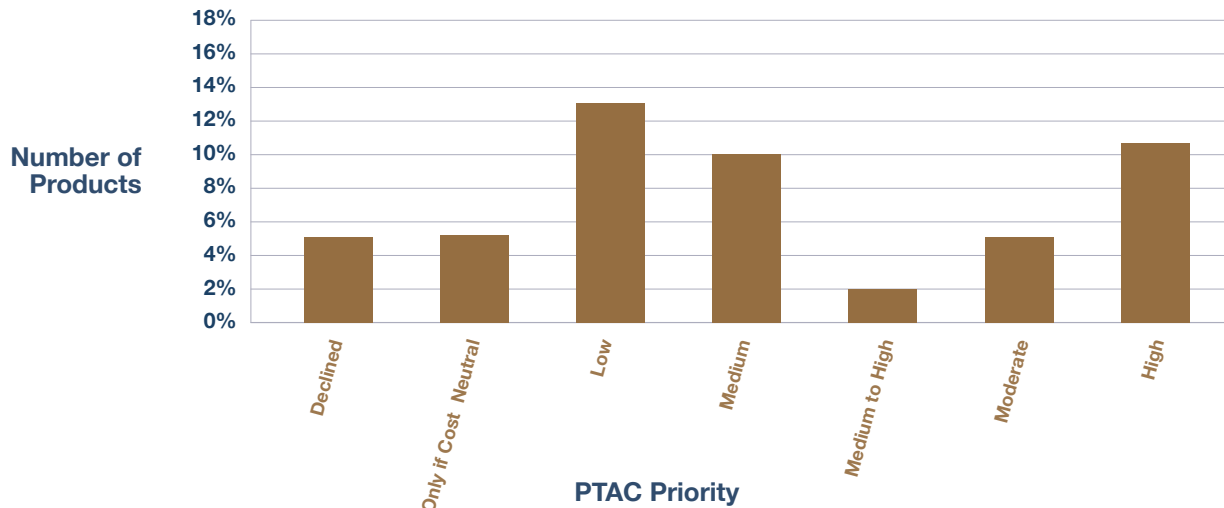
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**We believe that New Zealand would achieve substantial health improvements by working towards reducing this gap in medicines access.**

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1. Medicines New Zealand analysis of New Zealand Pharmaceutical Schedule and Australian Pharmaceutical Benefits List.  
2. PHARMAC has awarded sole supply status to an unregistered brand of the drug donepezil.

## PHARMAC Listings by PTAC Priority (Four years to 30 June 2010)



## PTAC Priorities & Pharmaceutical Schedule Listing

Many of the investments PHARMAC made over the last four years<sup>3</sup> had not been given a high priority by PTAC. PHARMAC recently listed more products that PTAC recommended to decline or assigned a low priority to, than those to which PTAC assigned a high priority. Those products for which PTAC assigned a low priority also frequently gained listings through therapeutic cross deals.

While the need to live within our means as a country is increasingly important, a seemingly exclusive focus on cost containment of pharmaceutical spending is likely to lead to poorer health outcomes and substantial costs to the health sector and society from ill health.

## Medicines New Zealand 2010 Highlights

Re-branding from RMIANZ to Medicines New Zealand with a launch event hosted at Parliament by Associate Health Minister the Hon Peter Dunne.

Launch of the Value of Medicines Award.

Launch of the Healthcare Partnership Forum.

Launch of the new Medicines New Zealand website [www.medicinesnz.co.nz](http://www.medicinesnz.co.nz)

The Medicines New Zealand Code of Practice, Edition 15, was released to guide the marketing of prescription medicines in New Zealand.

Two Code of Practice Workshops were well attended by Members and other companies, aimed at supporting the highest international standards of marketing.

Attendance at the 2011 PhRMA Asia Managers Area Conference with a TPP update provided by Medicines New Zealand's Vice Chair.

**New Zealand is likely to achieve better health outcomes if investments in medicines are made according to established health needs and clinical priorities.**

3. Insufficient PHARMAC data on investments prior to this date to make a reliable assessment for a longer period

## Submissions

We constructively engaged with the Government and its agencies through submissions to many consultations, including those by the Health Select Committee, High Cost Medicines Review Panel, PHARMAC and Medsafe.

The following submissions can be found on our website:

- Improving New Zealand's environment to support innovation through clinical trials (Health Select Committee, April 2010)
- High Cost Medicines Panel (February 2010)
- NZ Public Health and Disability Amendment Bill (Ministry of Health, June 2010)
- Bridging the Gap – a partnership between patients, doctors and DHBs to enhance access to unfunded treatments (February 2010, Otago/Southland DHB)
- Consultation on the Proposed Pharmacist Prescriber Scope of Practice (July 2010, Pharmacy Council of NZ)

We will continue to offer practical solutions to the many difficulties that the New Zealand health system faces and aim to be a credible partner in achieving the best possible health outcomes.

## Trans Pacific Partnership

As the organisation representing innovative pharmaceutical companies in New Zealand we hope that the ongoing Trans Pacific Partnership negotiations will lead to a high quality, comprehensive agreement that achieves the ambitions of all the parties involved. It is our belief that free trade leads to better global cooperation, competition and economic growth.

Contrary to speculation by some observers, it is absolutely not the case that the industry wants to see New Zealand's pharmaceutical purchasing agency dismantled. The industry works constructively with bulk purchasing agencies in many markets around the world and such models are common place. That said, we do believe if there was greater prioritisation of health outcomes in New Zealand – prevention, treatment and early intervention – through better access to innovative medicines, there would be savings across the health sector and all the other benefits of keeping people healthy, productive and able to enjoy a good quality life.

Medicines New Zealand has noted in the past that on average, OECD countries spend 18% of their health budgets on medicines. New Zealand's expenditure on medicines as a percentage of the total health budget – around 6% - places it almost at the bottom of the OECD. The result of this is that, in some instances, New Zealand patients do not have access to the most appropriate medicine to treat their condition or miss out on treatments altogether. The low level of spending is likely to be at least partly responsible for worse outcomes, with New Zealand performing poorly in mortality that is amenable to treatment (coming 14<sup>th</sup> out of 19 countries studied<sup>4</sup>).

New Zealand needs to formally acknowledge the role of medicines in reducing other costs in the healthcare system and the role of innovative medicines in delivering the best possible health outcomes. We would like to see procurement and pricing policies examined in that context.

The industry seeks an environment where New Zealand's pharmaceutical management agency is more accountable, transparent and more open to innovative medicines. We believe that small changes to the existing model, along the lines of those negotiated in other trade agreements would improve the situation.

## Media

Ensuring the industry's issues are articulated in the media is an important task and Medicines New Zealand affords great respect to the journalists and publications we work with. Building and maintaining relationships with media takes time and we are pleased to have worked with some very astute and dedicated journalists over the past year. It has been particularly rewarding to see the plight of patients who lack access to life enhancing or life saving innovative medicines being covered by mainstream media and to see these articles generate further public discussion. Increasing public awareness about the value of medicines in overall healthcare is a key aspect of our work in this area.

## NZ Market Update

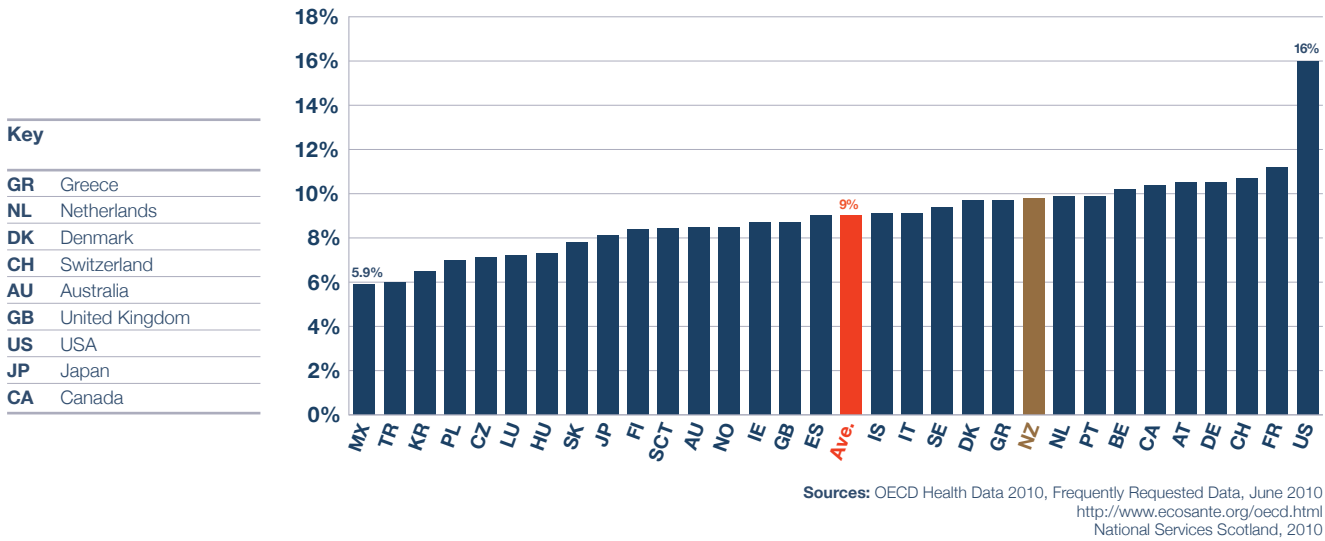
A report on international access to medicines prepared by Wyatt Health Management<sup>5</sup> compared the levels of access provided to patients in 25 OECD countries using data up to December 2009.

4. E. Nolte and C.M. McKee (2008), "Measuring the Health of Nations: Updating an Earlier Analysis", Health Affairs, January/February; OECD (2007), Health at Glance, OECD, Paris.

5. Patients Come First: [http://www.patientscomefirst.ca/inc/pdfs/RxD\\_InternationalReport\\_2010\\_en.pdf](http://www.patientscomefirst.ca/inc/pdfs/RxD_InternationalReport_2010_en.pdf)

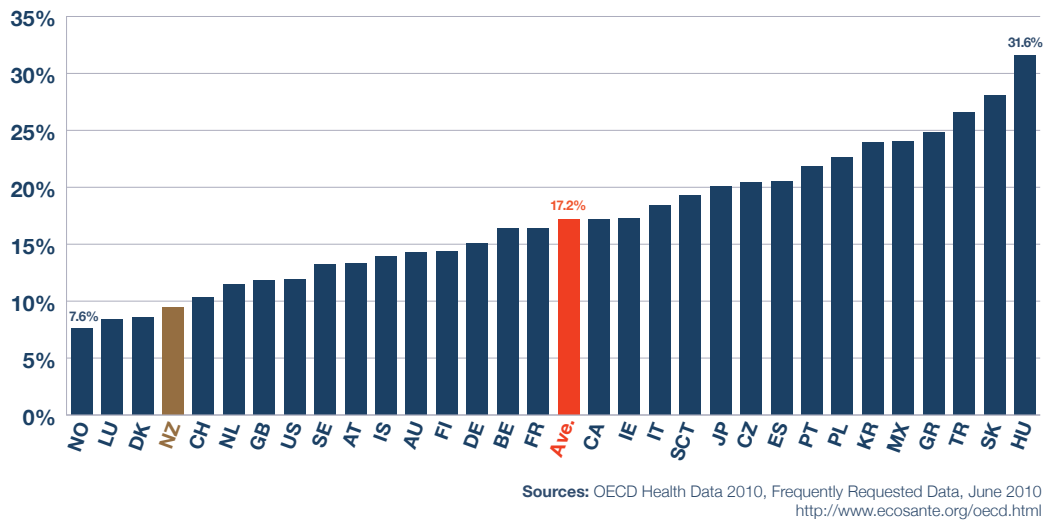


**Total Expenditure on Health as Percent of GDP** (2008 or latest year available)



The above graph illustrates the level of overall health care spending as a proportion of GDP. The high value that New Zealand places on health care can be seen by the higher than average amount spent as a proportion of GDP. For example we spend more per person than Australia, Great Britain or Japan.

**Percent of Total Expenditure on Health Spent on Pharmaceuticals** (2008 OECD)

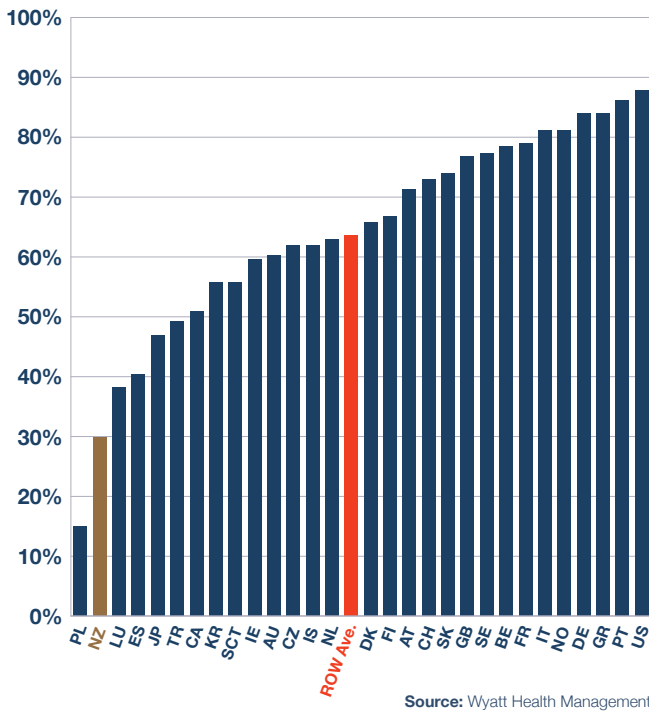


The graph above illustrates the low level of investment in medicines compared to the rest of the health budget. Considering the high quality of scientific evidence to support the effectiveness of medicines, compared to other health interventions, this low level of investment is not likely to be achieving the best possible health outcomes.

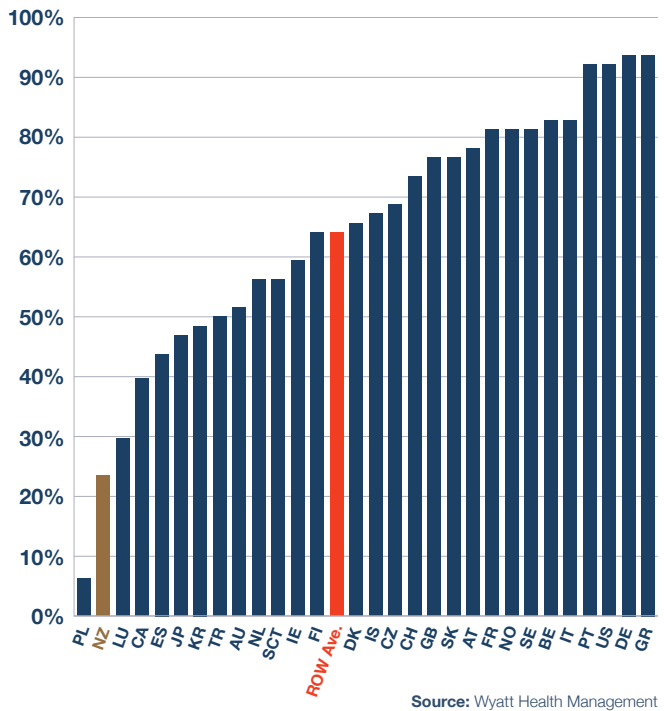
Literature, quoted by the OECD<sup>6</sup>, supports higher levels of investment in new medicines due to this generally being cost effective, in that health gains outweigh the additional costs incurred.

6. 2009 OECD Economic Surveys: New Zealand - Hsieh C, Sloan F, 2008 Adoption of Pharmaceutical Innovation and the Growth of Drug Expenditure in Taiwan: Is It Cost Effective?

### Proportion of Medicines Funded



### Proportion of First-in-Class Medicines Funded



## Proportion of Medicines Funded

The graph above shows the percentage of available medicines funded for 181 medical conditions in each of the countries.

It is clear that no country provides full access to all available products, however it is disappointing that New Zealand has access to only one in three of the 150 products for 181 conditions assessed.

## Proportion of First-in-Class Medicines Funded

People have in the past expressed the belief that New Zealand simply avoids paying for access to “me-too” medicines, this graph effectively excludes “me-too” products. It shows that New Zealanders’ access to “First-in-class” products is even lower than their overall access to medicines in all countries studied other than Poland. This analysis looked at 49 medicines used for treating 64 medical conditions.

## Key New Zealand Market Data

- Total Sales Growth Rate to Dec 2010 1.9%\*
- Retail Prescription Medicine dollar Sales Growth Rate to Dec 2010 2.5%\*
- Retail OTC dollar Sales to Dec 2010 -1.2%\*
- NZ Publicly Funded Health Expenditure as a Proportion of Total Health Expenditure (2007) 80.5%
- OECD Average Publicly Funded Health Expenditure as a Proportion of Total Health Expenditure 74%
- Medicines New Zealand Membership (2010): 16 Member Companies/2 Associate Member Companies.

\*IMS Health NZ Combined Audits, MAT December 2010

\*List price values in IMS audits exclude any confidential rebates

**We believe that an increased investment in medicines would permit earlier and wider access to innovation, resulting in substantial improvements to health.**



## Board of Directors 2010

Non Executive Chairman: Lex Henry  
Vice Chairman: Alan Carter, sanofi-aventis nz limited  
Geoff McDonald, GlaxosmithKline NZ Limited  
Stuart Knight, Roche Products (New Zealand) Limited  
Nick Leach, Abbot Laboratories NZ Limited  
Darcy Downey, Boehringer Ingelheim NZ Limited  
Frances Benge, Pfizer New Zealand Limited  
Chris Hourigan, Janssen New Zealand Limited  
Sean Evans, Novartis New Zealand Limited

## Secretariat

Kevin Sheehy, Acting Chief Executive Officer  
Christine Ross, Communications Manager  
Executive Assistant TBA

## Member Companies

**Abbott Laboratories NZ Limited** | [www.abbott.com](http://www.abbott.com)  
**Alcon New Zealand Limited** | [www.alcon.com](http://www.alcon.com)  
**AstraZeneca Limited** | [www.astrazeneca.com](http://www.astrazeneca.com)  
**Bayer Schering Pharma** | [www.bayer.com](http://www.bayer.com)  
**Biogen Idec New Zealand** | [www.biogenidec.com](http://www.biogenidec.com)  
**Boehringer Ingelheim NZ Limited**  
[www.boehringer-ingelheim.com](http://www.boehringer-ingelheim.com)  
**CSL Biotherapies (NZ) Limited**  
[www.cslbiotherapies.co.nz](http://www.cslbiotherapies.co.nz)  
**GlaxoSmithKline NZ Limited** | [www.gsk.co.nz](http://www.gsk.co.nz)  
**Janssen-Cilag (New Zealand) Limited**  
[www.jnjgateway.com](http://www.jnjgateway.com)  
**Merck Sharp & Dohme (New Zealand) Limited**  
[www.msd-newzealand.com](http://www.msd-newzealand.com)  
**Mundipharma New Zealand Limited**  
[www.mundipharma.net](http://www.mundipharma.net)  
**Novartis New Zealand Limited** | [www.novartis.com](http://www.novartis.com)  
**Pfizer New Zealand Limited** | [www.pfizer.co.nz](http://www.pfizer.co.nz)  
**Roche Products (New Zealand) Limited**  
[www.roche.co.nz](http://www.roche.co.nz)  
**sanofi-aventis new zealand limited**  
[www.sanofi-aventis.com](http://www.sanofi-aventis.com)

## Associate Members

**IMS Health (N.Z.) Limited** | [www.imshealth.com](http://www.imshealth.com)  
**Quintiles Pty Limited** | [www.quintiles.com](http://www.quintiles.com)

