

# Researched Medicines Industry Association of New Zealand Incorporated

# Submission on Bridging the Gap – a partnership between patients, doctors and DHBs to enhance access to unfunded treatments.

February 2010

### 1. Introduction

This submission is from the Researched Medicines Industry Association of New Zealand (RMI). Level 8, Prime Property Towers, 86 – 90 Lambton Quay, Wellington. Contact person: Kevin Sheehy 04 494 1153 or <a href="mailto:ksheehy@rmianz.co.nz">ksheehy@rmianz.co.nz</a>.

The RMI represents prescription medicines manufacturers in New Zealand and supports a healthcare system in New Zealand that is patient-centric and focused on achieving the best health outcomes for all New Zealanders. For a list of our members please see <a href="http://www.rmianz.co.nz/about\_members.php">http://www.rmianz.co.nz/about\_members.php</a>

### 2. Context

The Otago/Southland DHB Bridging the Gap initiative should be commended for recognising the need for a public private partnership to cope with the clinical and fiscal limitations of the public health system.

The Ministerial Review Group and the High Cost, Highly Specialised Medicines Panel have both identified multiple deficiencies in the provision of access to new medicines and medical technology in New Zealand. These groups also identify the increasing difficulty of public funding to provide all treatments to all people, meaning that rationing of access to treatment is the norm.

# 3. RMI position

The RMI strongly agrees that a public hospital should be able to offer additional, independently funded treatments to patients already receiving care in the public health system.

The RMI strongly agrees that patients who are receiving their care in the public health system should also be able to pay for additional unfunded treatments.

### 4. Discussion

- If the government is not able to fund every medicine or service available, and rationing is therefore an appropriate mechanism, then, not allowing people to purchase those products and services excluded from public funding, is infringing on peoples undeniable right to optimal treatment.
  - There is evidence that publicly funded access to innovative medicines in New Zealand is substantially delayed compared to other similar countries. There are also medicines which PHARMAC decides not to fund due to the perception that the benefits to the patient do not justify the cost to the taxpayer. This indicates a systemic bias towards fiscal restraint over positive health outcomes.

- Where a patient needs one of these medicines that are not currently publicly funded, the only way for them to gain access is to fund the medicines privately, as well as all the additional costs besides the medicine.
- Under the current system, if a patient elects to fund a medicine privately, they are able to do so if a GP has prescribed it, but if a hospital specialist recommends the medicine, the patient cannot access the medicine unless they pay for all of their treatment in private (i.e. including consultations, tests and treatments that would normally be publicly funded).
- 2. The principle of enabling the public to access medicines, devices and services is proscribed in the New Zealand Public Health and Disability Act 2000 as "the right to the best care or support for those in need of services".
  - The Act also requires that "the Crown and DHBs must endeavour to promote the integration of all health services".
  - The Act however, only requires that this care be provided "to the extent that they are reasonably achievable within the funding provided".

The RMI considers that the Bridging the Gap proposal is likely to improve the DHBs ability to implement the purposes of the New Zealand Public Health and Disability Act 2000.

- 3. The range of products not funded publicly is large and spans products such as:
  - formulations of life saving medicines
  - cancer treatments
  - treatments that have different side effect profiles than those subsidised
  - treatments that may prevent disability where those funded don't work or have intolerable side effects.

The treatments excluded from public funding include those used both in the community and in hospitals.

The corresponding range of costs of these unfunded medicines is also large, with some being relatively low cost and others very high cost.

- 4. Some of the reasons that people may need to purchase medicines privately are:
  - no funded version of life saving treatment available
  - no funded version of disability preventing treatment available
  - pending PHARMAC funding decision
  - concern about clinical adverse effects of funded medicines
  - products not registered in New Zealand due to rarity of condition and relative expense of Medsafe approval

- ➤ patient or prescriber concern about specific ingredients in funded alternative (eg. steroids).
- 5. If people who need an unfunded treatment are forced to get all their treatment (including the basic treatments that would normally be funded) in private, they are forced to pay a double burden, through taxation and then for private care.
  - An illustrative example would be that if a person had a condition for which the subsidised cost of treatment in a public hospital was \$1000 and the additional cost of unfunded medication was \$300. The current system would allow that person to purchase the \$300 medication only if they received all of their treatment in private, thus depriving them of the \$1000 public funding. Many people who could afford the \$300 for additional treatment could not hope to afford the \$1300 which they would effectively now have to pay. This is an inequitable situation and is arguably contrary to the purposes of the New Zealand Public Health and Disability Act 2000. (Dollar figures quoted are for instructive purposes only and do not reflect actual amounts concerned.)
- 6. Concern about people who purchase treatments privately jumping queues is unfounded, as the treatments do not necessarily have any impacts on access to other services.
  - At times, there are unfunded treatments which are likely to improve health outcomes to the point of reducing future need for hospitalisation or funded treatments. Therefore, there is a likelihood of privately purchased treatments taking people off waiting lists for other treatments and thus shortening access times for others.
  - Clinical governance structures are in place within the DHB system to ensure that resources are allocated equitably and these are likely to be sufficient to monitor any impacts of private funding on other treatments.
- 7. In order for clinicians to learn about the most up to date treatments, they need to be using them. This proposal would allow clinicians to keep their clinical skills up to date within the public system, potentially reducing the movement of clinicians to private services and overseas.
  - The Horn Report has identified one of the vulnerabilities of the New Zealand health system as being international mobility of the health workforce. The report also supports more innovation in workforce models, of which the provision of innovative, world class therapies would be an example with multiple benefits. A recognised staff retention strategy for health care workers is enabling clinicians to use up to date treatments alongside routine regimens.
  - The Director-General of Health's Commission on Competitive and Sustainable Terms and Conditions of Employment for Senior Medical and Dental Officers Employed by DHBs; has identified the need to

recognise the complementary and linked nature of private and public health care provision in order to improve and retain staffing levels of senior medical officers.

# 5. Summary

There are times where the public health service is not able to provide New Zealand patients with optimal access to treatments due to the constraints of the current system. This is contrary to international best practice and is certainly not a patient-centric approach.

The system also currently disadvantages those who could contribute to the costs of treatments not funded publicly, and may in fact, deny them optimal treatment.

The Bridging the Gap proposal is an innovative approach to optimising the interface between the private and publicly funded health systems in New Zealand.

There is no evidence that the proposal would negatively impact other people's access to treatment and good governance is likely to ensure the system remains able to provide the best possible public service to those who need it.

The RMI is supportive of an expedited review of this matter and an outcome which allows patients to receive the best possible treatment.

**Denise Wood** 

Chief Executive Officer Researched Medicines Industry Association 2 February 2010

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