

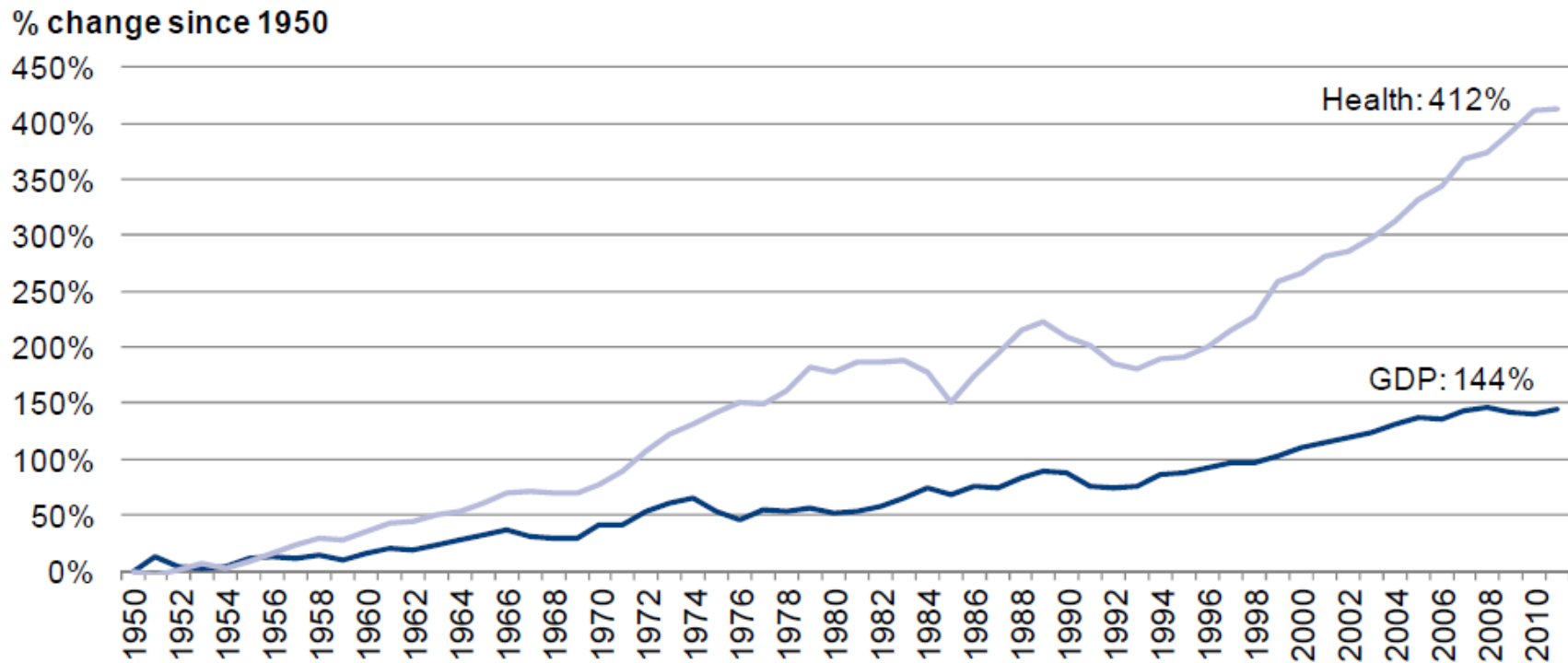
Delivering results: how can patients benefit from competition?

Steffan Crausaz, Chief Executive



Health expenditure vs GDP

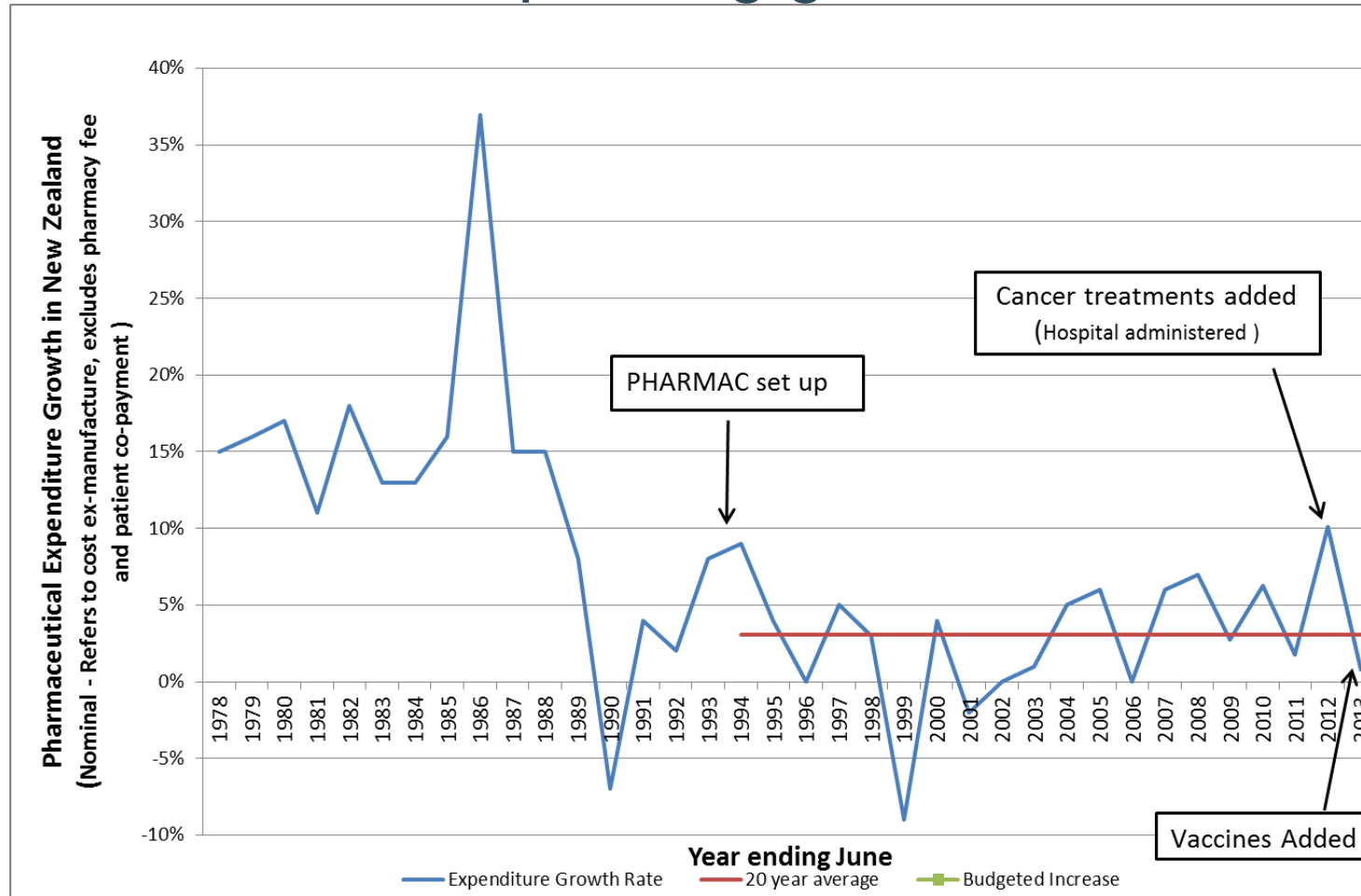
Figure 2: Core Crown health expenditure per capita and GDP per capita, indexed real growth, 1950-2011



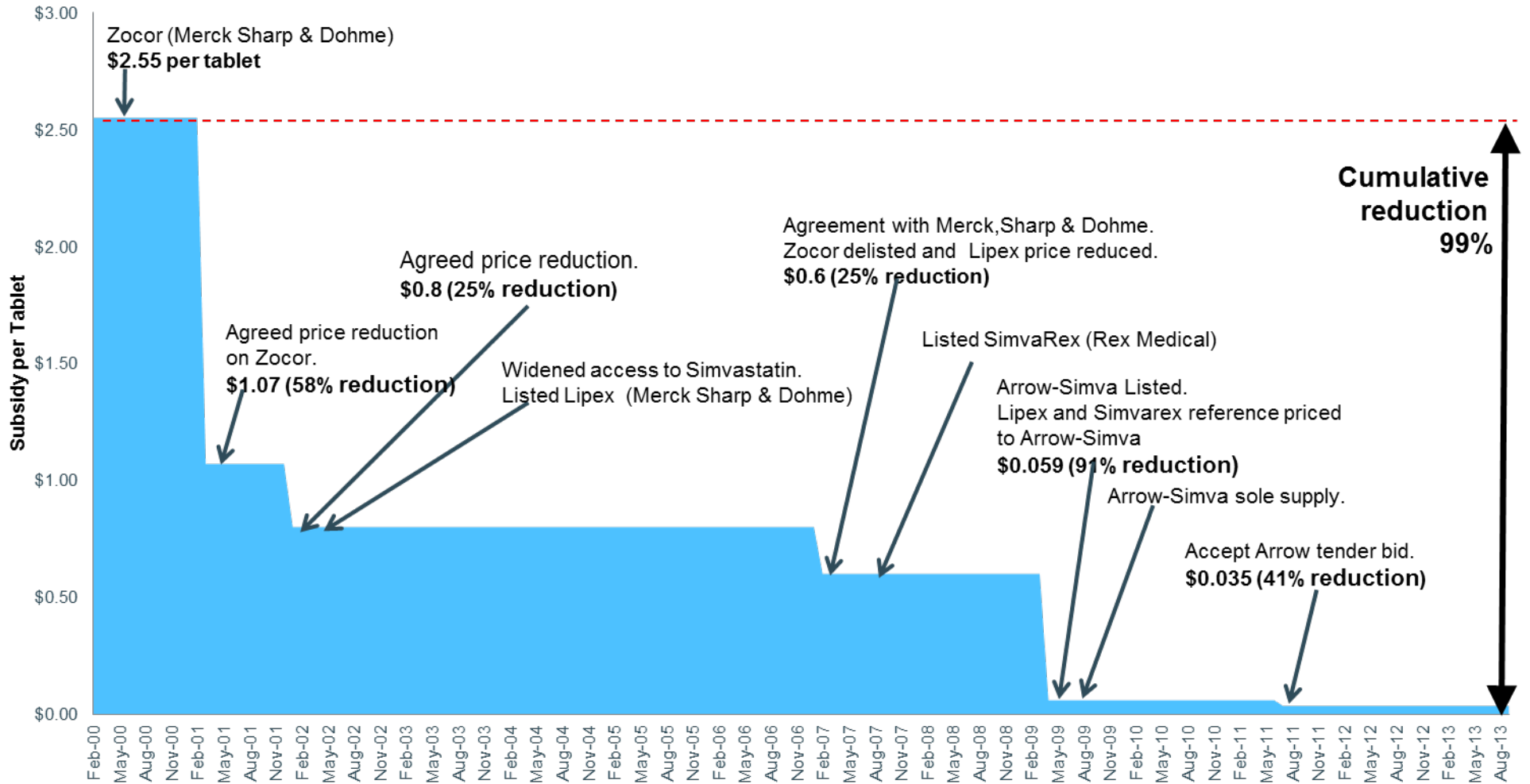
Source: The Treasury



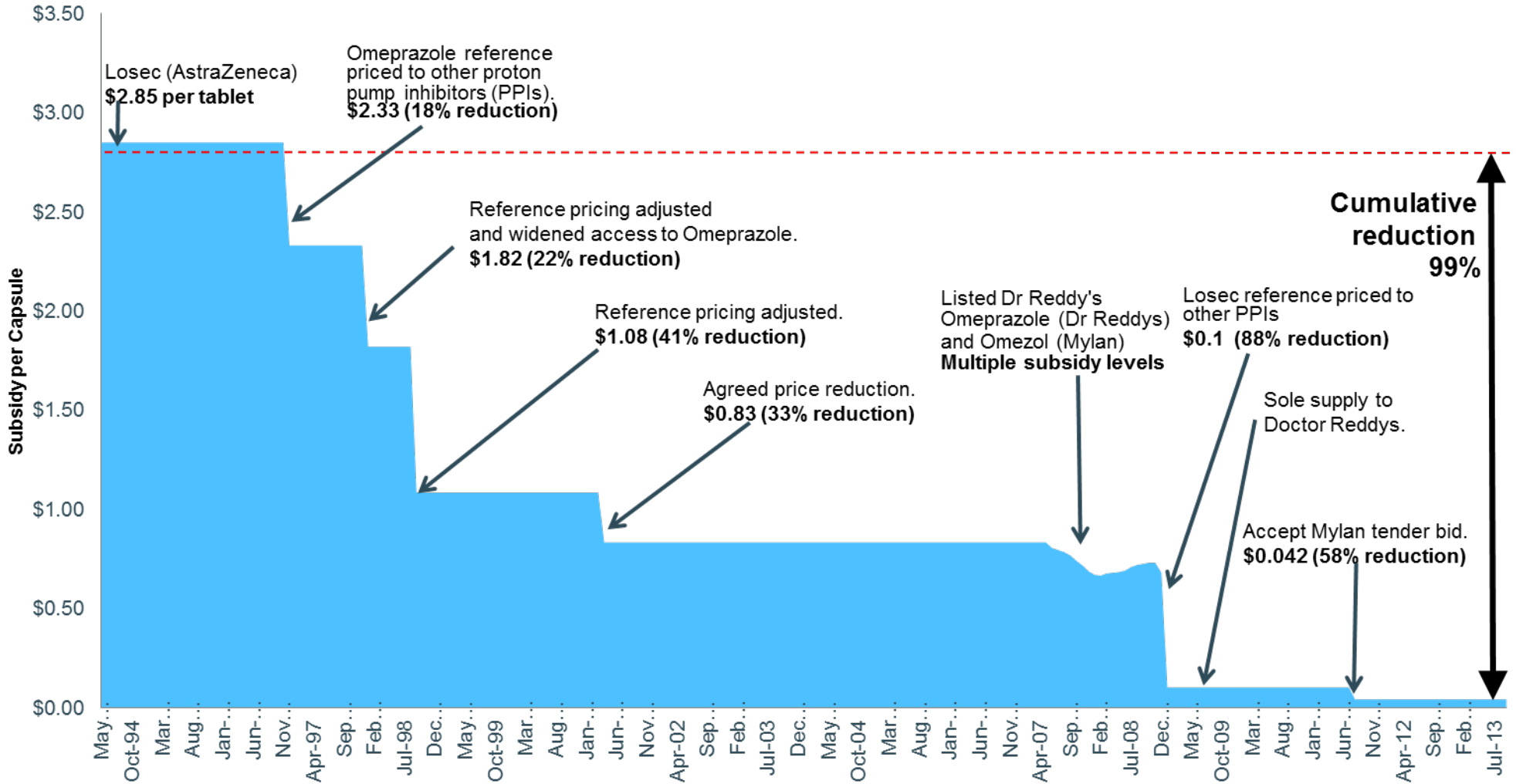
NZ Pharmaceutical spending growth



Average subsidy for Simvastatin 40mg Tablet



Average subsidy for Omeprazole 20mg Capsule



International comparisons

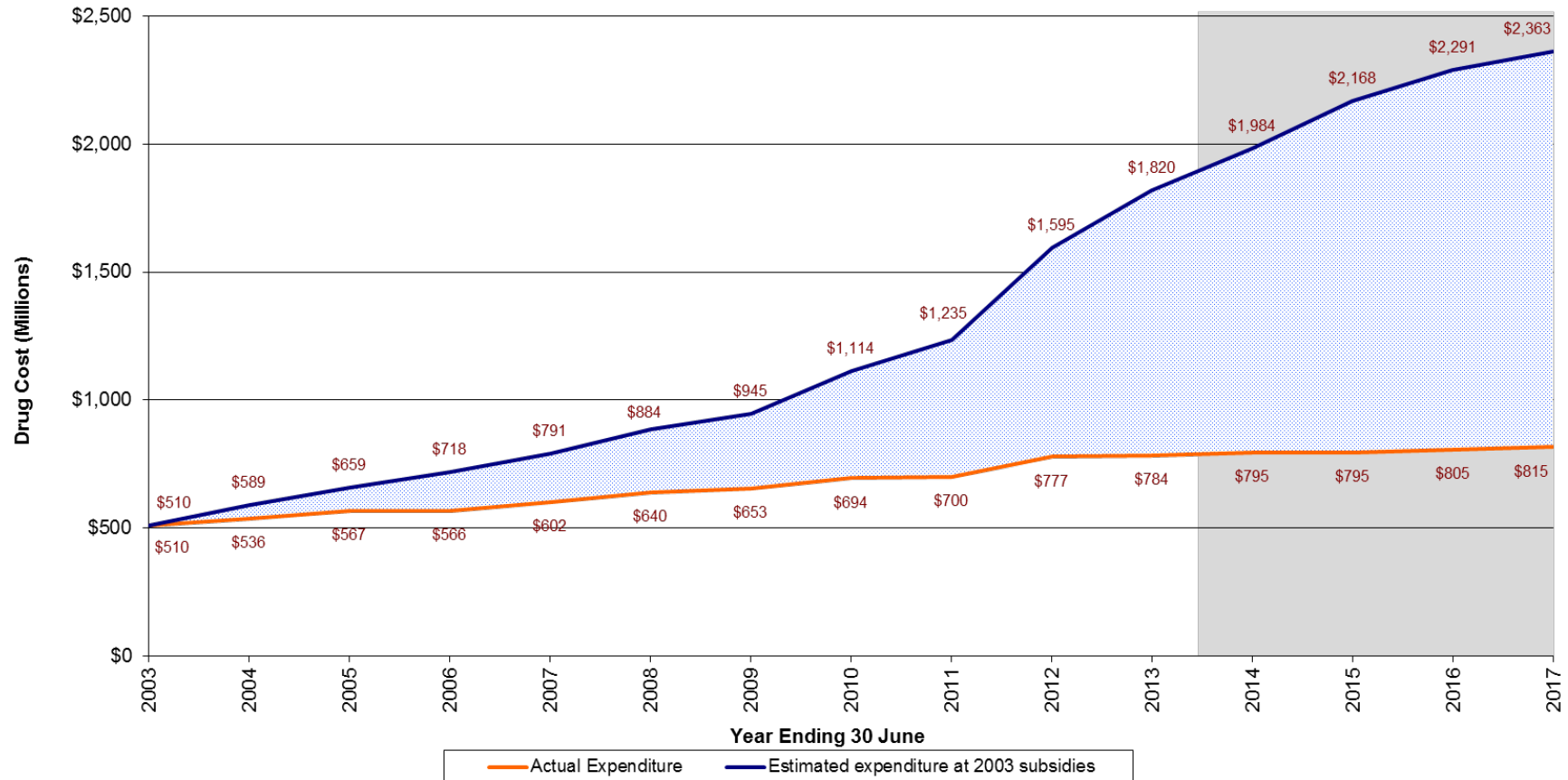
Drug prices in select OECD countries

	Prices for 30 most commonly prescribed drugs, 2006-07 (U.S. set 1.00) ^a		
	Brand name	Generic	Overall
Australia	0.40	2.57	0.49
Canada	0.64	1.78	0.77
France	0.32	2.85	0.44
Germany	0.43	3.99	0.76
Netherlands	0.39	1.96	0.45
New Zealand	0.33	0.90	0.34
Switzerland	0.51	3.11	0.63
United Kingdom	0.46	1.75	0.51
United States	1.00	1.00	1.00
Median (countries shown)	0.43	1.96	0.51

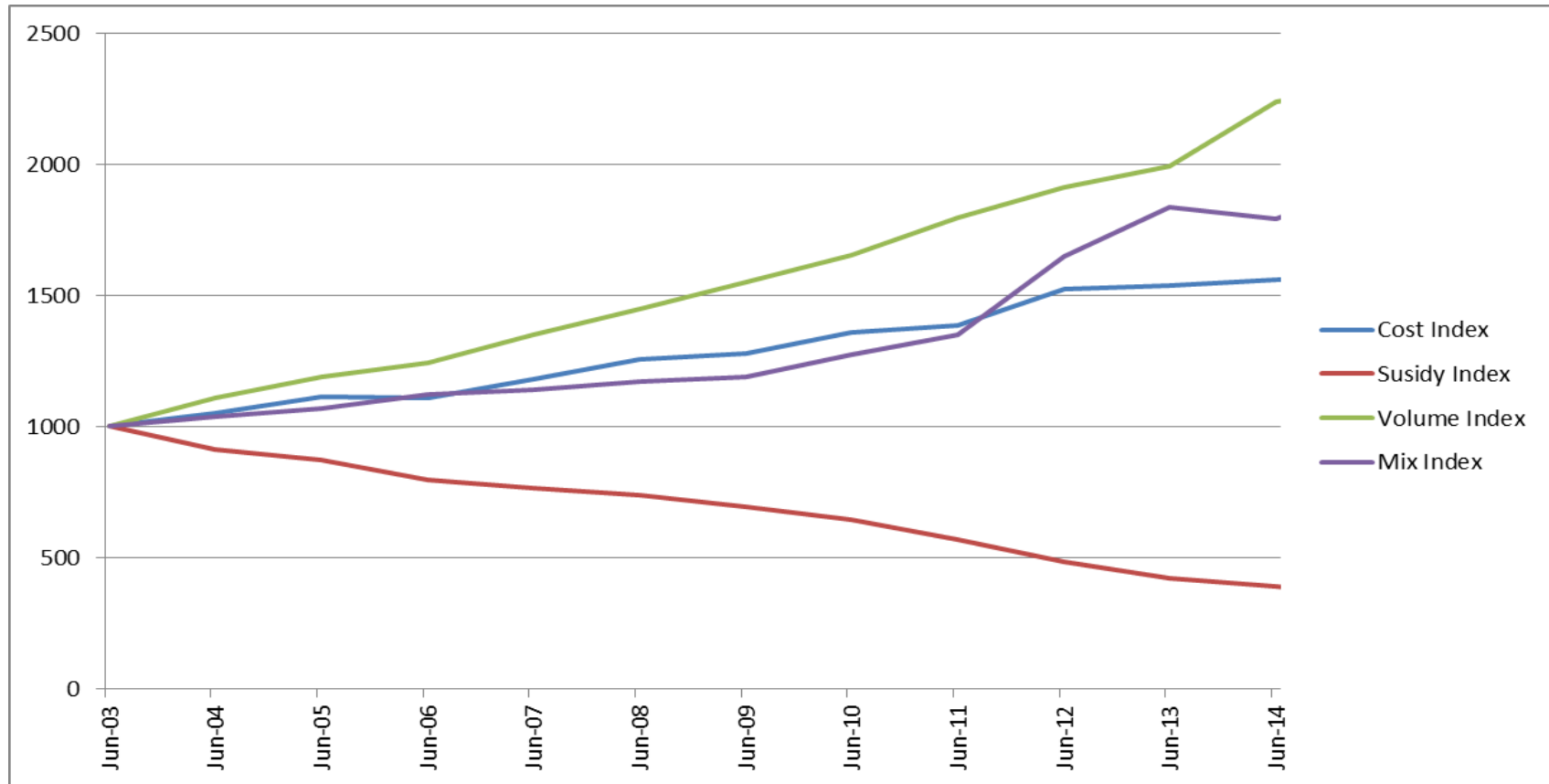
^a Source: Analysis by G. Anderson of IMS Health data.



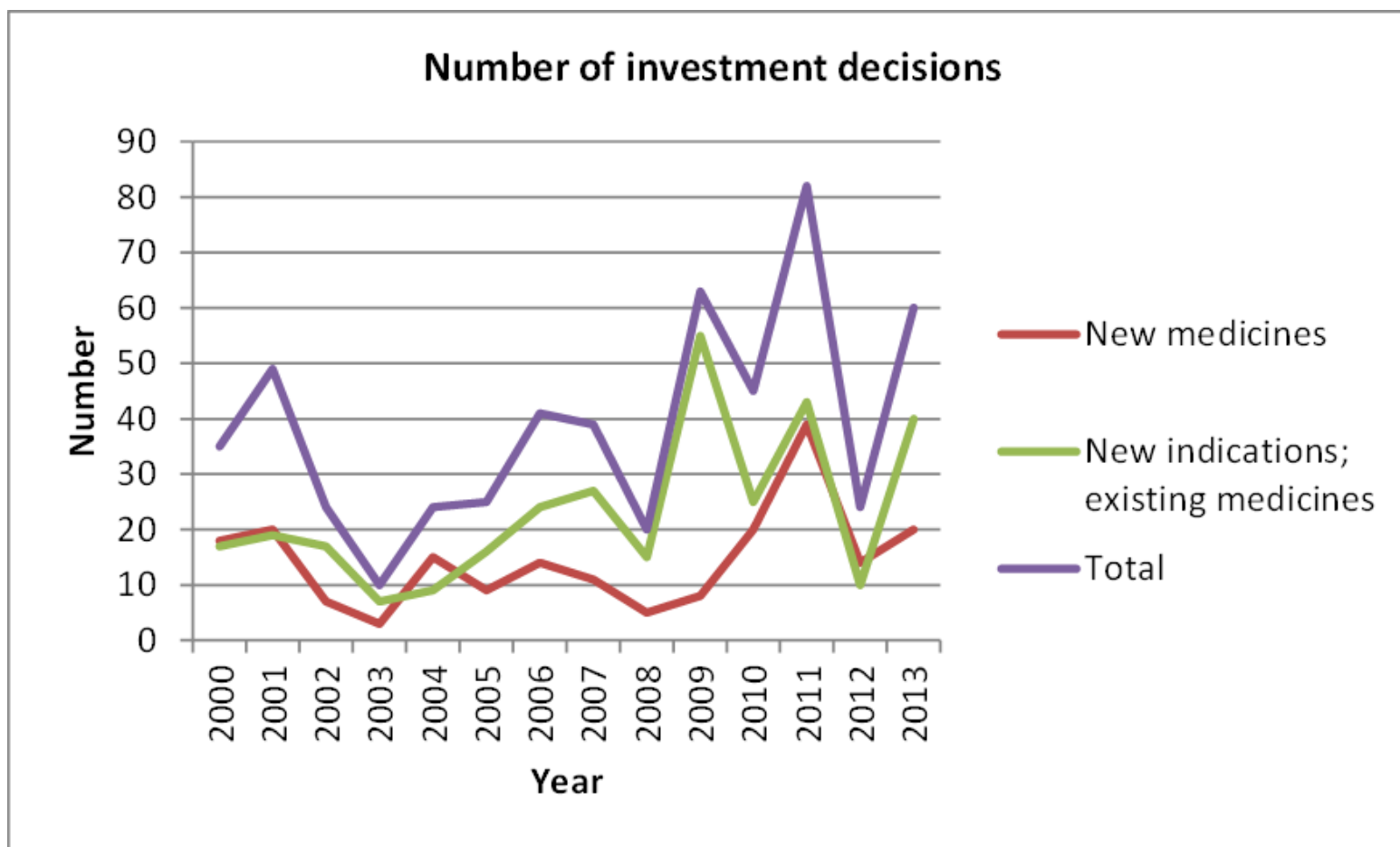
PHARMAC's long-term impact



Subsidy, Volume, Mix and Price Indices



New medicine investments



The funding process

Step 1: Receipt of Proposals

Consider evidence

Step 2: Medical Advice – PTAC

Step 3: Economic Assessment

Step 4: Prioritisation for funding

Assess relative value

Step 5: Negotiation

Step 6: Consultation

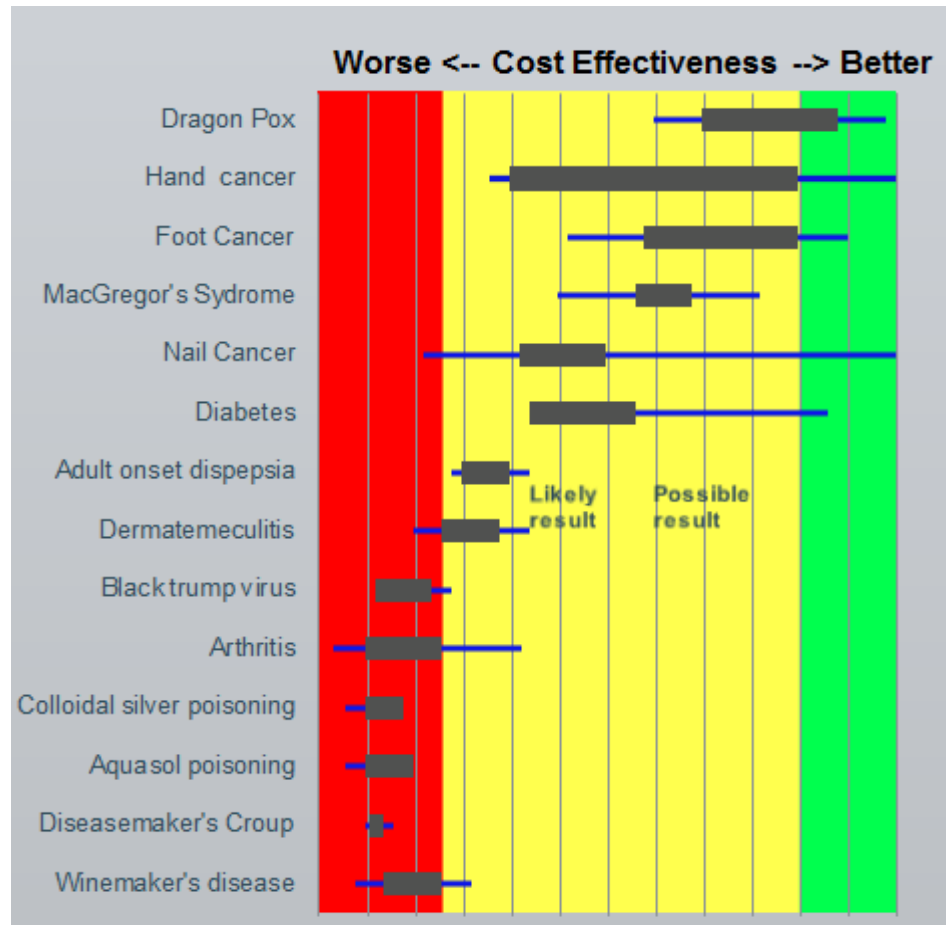
Step 7: Decision

Outcome

Step 8: Implementation



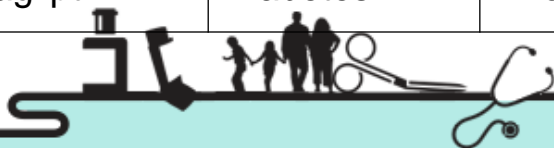
Fictional example of use of cost utility analysis



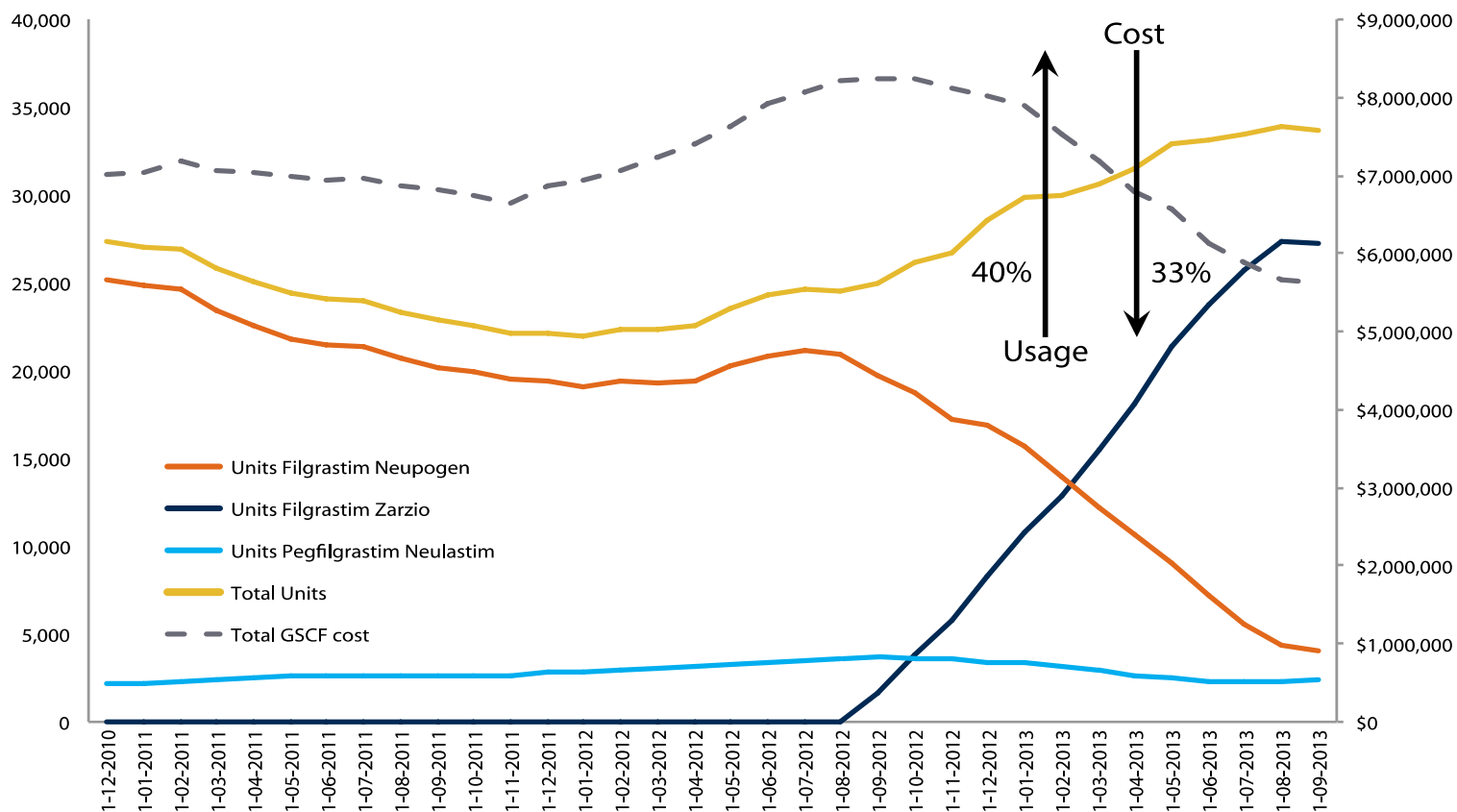
Ranking of Proposals

An example of our Options For Investment list (with fictional proposals), with a budget for investment of \$7 million this year. Clearly shows the opportunity cost of every decision

Priority	Proposal	Indication	PTAC priority	CUA rank	QALYs per \$1m, likely (possible)	Proposal expenditure (first year)	Cumulative expenditure
1	Fantasticol	Lupus	High	1	40-80 (20-100)	\$80,000	\$0.1m
2	Colomab	Colorectal cancer	Medium	2	25-50 (15-50)	\$5,000,000	\$5.1m
3	Rheumatol	Rheumatic fever	High	6	5-10 (3-10)	\$1,000,000	\$6.1m
4	Typhoid vaccine	Typhoid prevention	High	5	5-12 (2-20)	\$530,000	\$6.6m
5	Vinedronate	Arthritis	High	4	7-10 (6-12)	\$1,200,000	\$7.8m
6	Metogrel	ACS	Medium	3	7-13 (4-16)	\$620,000	\$8.4m
7	Tagagliptin	Diabetes	Low	7	4-8 (0-10)	\$500,000	\$8.9m



Effect of biosimilar competition on NZ GCSF market



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