**Suggested areas**

PHARMAC along with New Zealand Health Partnerships, healthAlliance, and some DHB Procurement representatives has identified the following categories of devices as potentially the next to be managed by PHARMAC.

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| Category | Indicative spend |
| Renal Dialysis | $36.6 m |
| IV Equipment & Consumables | $20.8 m |
| Ostomy & Continence;  Urology | $20.0 m |
| Interventional Technologies | $17.6 m |
| Needles & Syringes | $15.6 m |
| Endomechanical & Electrosurgical | $11.5 m |
| Respiratory Consumables | $ 8.5 m |
| Anaesthetic Consumables | $ 7.6 m |
| Negative Pressure Wound Therapy | $ 7.5 m |
| Enteral Feeding Devices | $ 3.0 m |

PHARMAC is happy to receive any feedback you have on any of the category areas, and the relevant processes or issues relating to these categories that you think we should be aware of. We understand some responders may wish to focus their feedback to particular areas.

***Questions***

In order to assist submitters we have set out some questions below. Some of these questions may be considered for each of the suggested categories while some category specific questions are included in the background information below:

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| *General questions*   1. What do you think about the categories proposed for PHARMAC to undertake activity in? (I.e. do you think there could be value in these areas? Are some categories more important than others in your view?).      1. Do you think there are other areas that PHARMAC should focus on? If you suggest a further category, do you consider this to be higher priority than one of the proposed categories and why? 2. Would you like to see PHARMAC further extend its activity with the categories currently being managed? Please describe any potential opportunities.     *Questions applying to all categories*   1. What are the challenges and opportunities you see in these categories? What issues are you aware of that PHARMAC need to consider if it does work in these categories? Do you see any opportunity for rationalisation or increased competition in these categories? 2. What are your arrangements for funding equipment in these categories? (E.g. lease/loan arrangements for a commitment to a consumable product, purchase as capital). 3. In regard to these categories, are there any compatibility issues with your existing capital equipment or IT systems? If so, please describe these. 4. To what extent are the devices that are funded by DHBs used in the community? Are there any special arrangements that PHARMAC needs to be aware of? |
| 1. Are there any products within the proposed categories that you think should be considered out of scope or excluded from PHARMACs activity? |

**Background Information on Categories**

**Renal Dialysis**

Most DHBs hold separate contracts for Peritoneal (PD) or Haemodialysis with a wide variation of terms and pricing. Equity of access to the various forms of renal dialysis can be an issue for some patients depending on regional variation.

healthAlliance has been working with key stakeholders to specify requirements to increase consistency. The high spend and high growth in this category presents a call for further activity and application of the PHARMAC model over time will benefit patients and DHBs.

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| See questions 4-8 above, plus   1. What criteria do patients need to meet to access the various forms of dialysis (e.g. Continuous Ambulatory Peritoneal Dialysis, Ambulatory Peritoneal Dialysis, home haemodialysis, hospital based haemodialysis)? |

**IV Equipment and Consumables**

It is understood that DHBs spend over $20 million on devices in this category. This covers a range of devices used in hospital and in the community, and involves the use of capital items and services for the maintenance of these devices.

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| See questions 4-8 above, plus   1. Should IV pumps and dedicated pump administration sets be considered as a separate category to non-pump related IV consumables (e.g. extension sets, gravity sets, IV accessories)? |

**Ostomy & Continence and Urology**

The estimated annual spend on this category is $20 million, with a large portion used in the community setting requiring management by patients. International research on continence and ostomy care suggests the rise in aging population, increasing incidences of obesity and mounting cases of unmet medical conditions of patients are some factors driving demand and signal significant growth in these areas.

A healthAlliance panel contract is currently in place for ostomy, continence and urology products. A contract has also been established for the distribution services to support usage by patients in the community. PHARMAC would seek to use the remaining contract term to build its approach, and would work with healthAlliance to manage transition. This will allow the PHARMAC model to be applied over time to gain further benefits for patients and DHBs.

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| See questions 4-8 above, plus   1. Should Urology be treated as a separate category to Ostomy and Continence, or do you see value in combining these? Please provide reasons for your answer. |

**Interventional Technologies**

Interventional Technologies is an umbrella term for a number of interventional specialities including interventional cardiology, interventional radiology, interventional oncology, interventional urology, interventional neuroradiology and cardiac electrophysiology.

PHARMAC has already undertaken significant national contracting activity for interventional cardiology devices with the implementation of 12 contracts that cover approximately 90% of national spend. This activity has delivered annual savings of $2.6 million to DHBs, and there is an opportunity to expand PHARMAC’s activity into the other interventional specialities.

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| See questions 4-8 above, plus   1. Is the term ‘interventional technologies’ suitable, to cover all interventional specialities? Please explain any concerns with this term. 2. Are there any other interventional specialities not mentioned here that should be included in the scope of interventional technologies? Please provide details, 3. Are there any of these speciality areas that should be managed separately by PHARMAC? Please provide reasons why. 4. Are there any speciality areas that PHARMAC should not undertake activity in (please indicate reasons why)? |

**Needles and Syringes**

Hospitals use a wide range of needles and syringes across most areas of the hospital. There is one current national contract, which was established by Health Benefits Limited (HBL) and covers a wide range of products. The scope of this category needs careful consideration as some products may fit within a speciality category, e.g. Enteral syringes may sit with Enteral Feeding Devices.

With expenditure of over $15 million, a key objective for PHARMAC for this category would be to ensure that effective competition exists.

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| See questions 4-8 above, plus   1. What (if any) sub-divisions of needles and syringes does PHARMAC need to consider as in-scope/out of scope for this category and why? (E.g. should the scope include epidural needles, amniocentesis needles etc.?) 2. Should this category include devices such as cannulas, syringe drivers and vacutainers? Please provide reasons for your answer. |

**Negative Pressure Wound Therapy (NPWT)**

This was not included in the scope for our initial work in the Wound Care category. Some DHBs have requested that PHARMAC takes on NPWT.

Cost is a significant factor in the use of NPWT. Various arrangements exist for the lease/loan of NPWT capital equipment and the purchase of associated consumables. DHBs are being approached by suppliers keen to enter the market with new NPWT devices including lower cost portable and disposable options.

The development of PHARMAC national contracts may be able to provide significant value, and contribute to a nationally consistent approach to this technology.

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| See questions 4-8 above, plus   1. What devices should be considered in scope / out of scope for this category and why? |

**Electrosurgical (Energy) and Endomechanical devices**

PHARMAC has listed some disposable endomechanical devices used in laparoscopic surgery, and has procurement activity with other surgical devices. Contracting of endomechanical and electrosurgical categories would be a natural extension of PHARMACs activity in surgical devices.

In the past, healthAlliance and HBL have undertaken procurement activity for some electrosurgical and endomechanical devices(e.g. skin and tissue staplers, sealants and vessel clips, and diathermy consumables).

PHARMAC’s intent in taking this category on is to explore the full scope of devices that could sit within the category and develop a procurement plan to support future contracting activity for PHARMAC schedule listings

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| See questions 4-8 above, plus   1. How would you define the scope of endomechanical and electrosurgical devices? 2. Should PHARMAC consider listing both reusable and disposable laparoscopic / endoscopic / electrosurgical devices in this category? Please provide reasons for your answer. 3. Do you think that there is value in managing the endomechanical and electrosurgical product categories together, or should these be managed separately? Please provide reasons for your answer. |

**Respiratory consumables**

This category includes nebulisers, humidifiers, peak flow meters, rebreather bags, continuous positive airway pressure (CPAP) devices, oxygen therapy systems and devices.

The growing the numbers of people with respiratory issues will result in greater demand for the delivery of oxygen therapy. A significant proportion of this is provided in the community which may present challenges in the delivery and support of these services.

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| See questions 4-8 above, plus   1. What scope is there for national rationalisation activity in this category? |

**Anaesthetic consumables**

This category has been identified due to the high usage and level of spend. In the past the scope of anaesthetic consumable contracts has consisted predominantly of devices used in the securement and management of airways e.g. endotracheal tubes, tracheostomy tubes and accessories, laryngoscope blades and laryngeal masks, and related airway products.

A healthAlliance panel contract is currently in place for anaesthetic consumables. The intent of taking this category on whilst active contracts are in place, is to allow time to establish a sound understanding of the category and develop a procurement plan to support future contracting activity for PHARMAC schedule listings.

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| See questions 4-8 above   1. Are there any other devices that PHARMAC should consider including in the scope of this category (e.g. epidural consumables)? |

**Enteral Feeding Devices**

Enteral tube feeding is an effective method of providing nutrients for individuals, in hospital and/or in the community. The nutritional input improves clinical outcomes and decreases overall health care costs. The use of these devices is growing with the increasing numbers of people with compromised gut health (e.g. in aged care). Procurement activity in this category would be coordinated with PHARMAC’s procurement activity in the Special Foods therapeutic group.

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| See questions 4-8 above, plus   1. Are there any interdependencies between the supply of these devices and the supply of Special Foods? Please provide details. 2. What are the challenges of using these devices in the community (e.g. delivery, returns and education / training)? |