

11 December 2013

Proposal to list Laparoscopic Trocars and associated Instruments

PHARMAC is seeking feedback on a proposal to list a range of laparoscopic trocars and associated disposable instruments ("Medical Devices") in Part III of Section H of the Pharmaceutical Schedule as a result of a provisional agreement ("Agreement") with Applied Medical New Zealand Ltd ("Applied Medical").

In summary, this proposal would result in Applied Medical's range of Medical Devices being available for DHB's to purchase at PHARMAC negotiated rates from 1 February 2014, subject to consultation and approval.

PHARMAC estimates that the proposal would offer up to \$800,000 in savings to those DHBs that currently purchase the Medical Devices, and would offer further savings should other DHBs choose to purchase the Medical Devices.

DHBs would continue to be able to choose which medical devices they wish to purchase and from which supplier(s).

Feedback sought

PHARMAC welcomes feedback on this proposal. To provide feedback, please submit it in writing by **Tuesday, 24 December 2013** to:

Maree Hodgson
Procurement Manager
PHARMAC
PO Box 10 254
Wellington 6143

Email: devices@pharmac.govt.nz

Fax: 04 460 4995

All feedback received before the closing date will be considered by PHARMAC's Board (or its delegate) prior to making a decision on this proposal. We appreciate that this consultation comes close to the Christmas period, and that it may not be convenient for all parties to provide a submission within that timeframe. Please contact us if you would like to discuss the timing of your submission outside this timeframe. Please note that extending the timeframe is likely to delay the potential savings to DHBs.

Feedback we receive is subject to the Official Information Act 1982 (OIA) and we will consider any request to have information withheld in accordance with our obligations under the OIA. Anyone providing feedback, whether on their own account or on behalf of an organisation, and whether in a personal or professional capacity, should be aware that the content of their feedback and their identity may need to be disclosed in response to an OIA request.

We are not able to treat any part of your feedback as confidential unless you specifically request that we do, and then only to the extent permissible under the OIA and other relevant laws and requirements. If you would like us to withhold any commercially sensitive, confidential proprietary, or personal information included in your submission, please clearly

state this in your submission and identify the relevant sections of your submission that you would like it withheld. PHARMAC will give due consideration to any such request

Details of the proposal

Applied Medical's range of Medical Devices would be listed in Part III of Section H of the Pharmaceutical Schedule from 1 February 2014.

The product range includes Disposable Laparoscopic:

- Trocars
- Specimen Retrieval bags
- Suction/irrigation system
- Probes
- Insufflation Needles
- Clip appliers
- Scissors

If the Agreement is approved by PHARMAC's Board or its delegate, Applied Medical's range of Medical Devices would be listed in Part III of Section H of the Pharmaceutical Schedule, which contains products with national agreements that DHBs are able to purchase under.

The Agreement includes terms for education services to be provided by Applied Medical to DHB personnel on appropriate use of its Medical Devices, which is to be provided at times as agreed with individual DHBs.

The exact product range and pricing in this proposal has not been included in this consultation for brevity, however we are making it available to Procurement Departments at DHBs.

The range of Medical Devices would be listed in Part III of Section H of the Pharmaceutical Schedule. We propose that the Medical Devices would not be individually listed in the printed Section H of the Pharmaceutical Schedule, but rather a reference made in Part III of Section H to an electronic source available on our website in an Excel spreadsheet format, and a PDF document.

Background

Laparoscopic Disposable Trocars and associated instruments were not part of PHARMAC's initial group of categories for medical devices consulted on in May 2013. The opportunity to contract for these medical devices was presented following the initial consultation that identified the categories for interim procurement and showed potential for significant saving opportunities for DHBs. PHARMAC assessed the potential opportunity and determined it was significant and would be worthwhile pursuing during the interim procurement phase.

Health Benefits Ltd (HBL) and HealthAlliance (hA) and Regional DHB procurement leaders were consulted via the Procurement Leadership Forum (PLF) to ensure no duplication of work or sector confusion would be created by PHARMAC undertaking a project in this category of medical devices prior to commencement of the project. The Royal Australasian College of Surgeons was also consulted to ascertain the issues that needed consideration for this category.

The key issues PHARMAC needed to consider were:

- having a range of products available to suit the range of surgeries performed using Laparoscopic methods.
- having a range of products available to suit the range of experience of surgeons, from those training in this type of surgery to those who are highly skilled.
- having a range of sucker/irrigator products that allow for all levels of usability.
- considering the cost of reusable vs. disposable products.

The range of products available would not be altered by this proposal and DHBs would continue to be able to choose which medical devices they purchased.

The reusable vs. disposable costing models have not been done on this range of Medical Devices, for this process, as PHARMAC are looking to obtain better pricing on disposable products already in use in DHB's, not advocating a change to disposable products.