

13 January 2015

Proposal to list a range of Orthopaedic Trauma, Spine and CMF Implants supplied by Stryker New Zealand Limited

PHARMAC is seeking feedback on a proposal to list a range of orthopaedic trauma, spine and cranio-maxillofacial (CMF) implants ("Medical Devices") in Part III of Section H of the Pharmaceutical Schedule as a result of a provisional agreement ("Agreement") with Stryker New Zealand Limited ("Stryker").

In summary, this proposal would result in Stryker's ranges of Medical Devices being available for DHBs to purchase at PHARMAC negotiated prices from 1 March 2015, subject to consultation and approval.

PHARMAC estimates that the proposal would offer at least \$190,000 in savings per annum to those DHBs that currently purchase the Medical Devices, and could offer further significant savings should any other DHBs decide to purchase the Medical Devices.

DHBs may continue to choose to purchase other suppliers brands of medical devices.

Feedback sought

PHARMAC welcomes feedback on this proposal. To provide feedback, please submit it in writing by **10 Feb 2015** to:

Maree Hodgson
Devices Category 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. 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

Stryker's range of Medical Devices would be listed in Part III of Section H of the Pharmaceutical Schedule from 1 March 2015.

The product range includes:

Trauma Implants – Brand: Stryker Trauma

- External Fixation
- Foot and Ankle
- General Fragment
- Hip Fracture
- Intramedullary nails
- Wrist

Spinal Implants – Brand: Stryker Spine

- Anterior Cervical Fusion
- Biologic Bone Substitutes
- Minimally invasive spinal Thoracolumbar
- Posterior Cervical Fusion
- Posterior Thoracolumbar Fusion
- Posterior/Anterior Thoracolumbar Fusion
- Drill Bits
- Navigational Markers

CMF Implants – Brand: Stryker CMF

- CMF
- Hand
- Neuro
- Resorbable plates and screws

The Agreement includes terms for access to instruments that are required to implant the Medical Devices. This can be accessed both on a consignment or loan set basis depending on the individual Hospital's requirements.

The Agreement includes terms for education services to be provided by Stryker to DHB personnel on appropriate use of its Medical Devices, which is to be provided at times as agreed with individual DHBs. The service and education provided would be at the same level that is currently provided by Stryker to DHB hospitals.

The exact product list, pricing and specific Agreement arrangements in the proposal have not been included in this consultation for brevity. The orthopaedic trauma, spine and CMF Medical Device ranges have a tiered pricing arrangement that could offer further savings to the Schedule listed pricing based upon DHB volume commitment. DHBs can choose the level of commitment they wish to make, in each of the three ranges above, to determine the pricing tier they would be on in each range.

The details of this tiered pricing arrangement and commitment levels would remain confidential and would only be made available to the appropriate personnel at DHBs to work

through with their clinical teams. Some DHBs would already qualify, based on current usage of Stryker product, for the second tier pricing offered and they would be notified individually.

If the Agreement is approved, by PHARMAC's Board or its delegate, the 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. 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

In September 2013 a direct approach to the known suppliers in the New Zealand market of orthopaedic trauma, spine and cranio-maxillofacial (CMF) implants was made. This approach was in the form of a request for a submission, for non-exclusive national agreements for medical devices, in those ranges, to PHARMAC for a listing on the Pharmaceutical schedule and Stryker responded to this request.

PHARMAC has been working with a number of suppliers in order to reach an agreement with them. The Stryker agreement is the first of these and we intend to consult on additional proposed agreements over the next few months, provided we can reach agreement with suppliers.

PHARMAC has consulted with the NZOA traumatology sub-specialty group on, the trauma range of medical devices, and has undertaken to proceed with listings for products currently in use in the New Zealand market at this time. Further work is being developed based on the advice of the NZOA traumatology sub-specialty group for the trauma range of implants that may form the basis of PHARMACs procurement of this range in the future. PHARMAC will be engaging with NZOA sub-specialty groups to determine the ongoing approach to the spine and CMF sub-categories, but have grouped the three ranges together at this time to build on previous National contracts in this area and secure schedule listings.

DHBs would continue to be able to choose which medical devices they purchase.