

27 January 2014

Agreement for Wound Care Medical Devices with Mölnlycke Health Care Pty Limited Approved

PHARMAC is pleased to announce the approval of an agreement with Mölnlycke Health Care Pty Limited ("Mölnlycke") for the supply of wound care products. This was the subject of a consultation letter dated 9 December 2013 which can be found on PHARMAC's website at <http://www.pharmac.health.nz/medicines/hospital-devices>.

In summary, the effect of the decision is that:

- A range of Mölnlycke's wound care products will be listed in Section H, Part III, ('Optional Pharmaceuticals') of the Pharmaceutical Schedule from 1 February 2014.
- DHB hospitals can purchase these items either directly from Mölnlycke or through a designated third party logistics provider under the national agreement.
- For the DHBs that currently use these products, joining the national agreement will deliver savings.

Details of the decision

Following a Registration of Interest document issued in August 2013, PHARMAC has entered into an agreement with Mölnlycke for the supply of a selection of wound care products to be listed on the Pharmaceutical Schedule. This means that DHB hospitals may purchase these products under the national agreement at the new pricing.

The list of products is available on PHARMAC's website at <http://www.pharmac.health.nz/medicines/hospital-devices>, in both a pdf document and an excel spreadsheet.

There are estimated savings to DHBs that currently use these products of approximately \$160,000 per annum nationally, based on current usage.

The agreement is not exclusive. DHBs can continue to purchase other brands of wound care products at their discretion.

Educational services including information on indications, contraindications and appropriate use of the wound care products will be provided by Mölnlycke to DHB personnel at times as agreed with individual DHBs.

Feedback received

PHARMAC appreciates all of the feedback that it has received and acknowledge the time people took to respond. All consultation responses received by 24 December 2013 were considered in their entirety in making a decision on the proposed changes. Most responses were supportive of the proposal, and the following issues were raised in relation to specific aspects of the proposal:

Theme	Comment
There were a number of Mölnlycke product lines missing from the proposed schedule, however, it was also noted that these were low usage products.	Mölnlycke have advised that some product lines have been replaced or deleted from its portfolio of products due to very low usage.
<p>Mölnlycke has wound care technology that has prevented a cascade of adverse health events for particular patients and it was recommended that the downstream savings should be passed onto other providers; such as aged residential services and medical centres.</p> <p>Similarly, a suggestion was made to allow Primary Health Organisations and practices to obtain products under this national agreement.</p>	<p>This feedback was noted and will be considered as PHARMAC develops its approach to management of medical devices. If private providers that provide services to the public health sector were to be included on these national contracts, this would require wider changes in the public health funding system and involve discussions with a wide range of stakeholders.</p> <p>PHARMAC's focus at this stage is on devices used in DHB hospitals. PHARMAC would like to gain a greater understanding of how products are used between primary and secondary care, for future consideration.</p>
It was recommended that PHARMAC obtain confirmation from Mölnlycke that all products have been notified via the WAND database, have regulatory approval in an overseas jurisdiction and ensure all products have been accurately categorised.	Mölnlycke provided WAND reference details as part of its response to PHARMAC's Registration of Interest.
It was noted that even though Mölnlycke provides a wide range of wound care products, the range does not cover all clinical needs across inpatient and community settings.	This is the first wound care medical device agreement. PHARMAC expects to enter wound care agreements with other suppliers over the coming months. The agreement is not exclusive or mandatory, so DHBs may continue to purchase wound care products from other suppliers.
It was acknowledged that provided the process is consultative, it is sensible to pursue some level of rationalisation, however, what is also needed is research around prevalence of different types of wounds and actual costs of wound healing from start to finish.	This feedback was noted and will be considered as PHARMAC develops its approach to management of hospital medical devices. As noted above, this agreement does not alter the range of products DHBs may choose from.
Confirmation was sought as to whether all sizes will be available in the product ranges as all sizes are essential to the needs of patients.	PHARMAC confirms that various sizes in the Mölnlycke range of wound care products will be available.

Theme	Comment
It was questioned whether national agreements that include providing education for the DHBs on a national basis would have an impact on organisations being able to attract sponsorship for educational events.	The agreement with Mölnlycke does not significantly change the status quo with respect to education and support provided around these products.

More information

If you have any questions about this decision, you can email PHARMAC at enquiry@pharmac.govt.nz or call our toll free number (9 am to 5 pm, Monday to Friday) on 0800 66 00 50.