

25 March 2014

Approval of sole supply arrangement for nicotine replacement therapy (NRT)

PHARMAC is pleased to announce the approval of a sole supply agreement with Novartis Consumer for Habitrol, the currently funded brand of nicotine lozenges, patches and gum (nicotine replacement therapy; NRT). This was the subject of a consultation letter dated 13 February 2014, available online at <http://www.pharmac.health.nz/news/consultation-2014-02-13-nrt-sole-supply/>. In summary, the effect of the decision is that:

- All currently listed presentations of the Habitrol brand of nicotine lozenges, patches and gum will remain listed and will be the only subsidised brand of nicotine lozenges, patches and gum until 30 June 2017.
- The prices and subsidies for all presentations of the Habitrol brand of nicotine lozenges, patches and gum that are currently listed in the Pharmaceutical Schedule will reduce from 1 July 2014 and again from 1 July 2015.

Details of the decision

- The prices and subsidies for Habitrol (nicotine lozenges, patches and gum) will be reduced in Section B and in Part II of Section H of the Pharmaceutical Schedule from 1 July 2014 and 1 July 2015 as follows (ex-manufacturer, excluding GST):

Chemical	Presentation	Brand	Pack size	Current price & subsidy	Price & subsidy from 1 July 2014	Price & subsidy from 1 July 2015
Nicotine	Lozenge 1 mg	Habitrol	216	\$19.94	\$15.15	\$12.91
Nicotine	Lozenge 2 mg	Habitrol	216	\$24.27	\$16.60	\$14.14
Nicotine	Patch 7 mg	Habitrol	28	\$18.13	\$12.40	\$10.57
Nicotine	Patch 14 mg	Habitrol	28	\$18.81	\$13.27	\$11.31
Nicotine	Patch 21 mg	Habitrol	28	\$19.14	\$14.02	\$11.95
Nicotine	Gum 2 mg (Classic)	Habitrol	384	\$36.47	\$26.13	\$22.26
Nicotine	Gum 2 mg (Fruit)	Habitrol	384	\$36.47	\$26.13	\$22.26
Nicotine	Gum 2 mg (Mint)	Habitrol	384	\$36.47	\$26.13	\$22.26
Nicotine	Gum 4 mg (Classic)	Habitrol	384	\$42.04	\$30.12	\$25.67
Nicotine	Gum 4 mg (Fruit)	Habitrol	384	\$42.04	\$30.12	\$25.67
Nicotine	Gum 4 mg (Mint)	Habitrol	384	\$42.04	\$30.12	\$25.67

- A rebate will apply to all presentations of the Habitrol brand of nicotine lozenges, patches and gum outlined in the table above from 1 April 2014 to 30 June 2014 such that the net prices and subsidies will be the same as those outlined above in the 1 July 2014 column.

- The above presentations of Habitrol will be the sole subsidised brand of nicotine lozenges, patches and gum in the community, and will have Hospital Supply Status (with a 1% Discretionary Variance limit), from 1 April 2014 until 30 June 2017.

Feedback received

We appreciate all of the feedback that we received and acknowledge the time people took to respond. All consultation responses received were considered in their entirety in making a decision on the proposal. Responses were supportive of the proposal itself; however, responders raised several related issues that are summarised in the following table.

Theme	Comment
<p>Responders wished to see a wider range of funded smoking cessation products, including nicotine inhaler.</p>	<p>There are multiple different smoking cessation treatments currently funded: nicotine lozenge, gum and patch, bupropion, nortriptyline and varenicline.</p> <p>The decision to approve the sole supply agreement for NRT lozenges, gum and patch would not prevent PHARMAC from listing a new, currently unfunded, nicotine presentation (ie not lozenge, patch or gum form) during the sole supply period (e.g. inhaler or oral spray), with the exception of nicotine sublingual tablets which are considered to be lozenges for the purposes of the sole supply arrangement.</p> <p>PHARMAC has received funding applications for nicotine inhaler and nicotine oral spray; the status of these funding applications can be found on PHARMAC's website at the links below:</p> <p>http://www.pharmac.govt.nz/patients/ApplicationTracker?ProposalId=780</p> <p>http://www.pharmac.govt.nz/patients/ApplicationTracker?ProposalId=904</p> <p>We have not received any other funding applications for smoking cessation products.</p>
<p>Responders requested that PHARMAC fund small 'sample' pack sizes of NRT, for promotion purposes (event-specific or local service promotion).</p>	<p>We note that the requested pack sizes are not registered with Medsafe and that PHARMAC has not assessed the use for which the sample packs are requested.</p> <p>Therefore, we would welcome a funding application for NRT in sample pack sizes, including details of the uses for which the sample packs are requested and supporting evidence for these uses. A link to the funding application form for clinicians and consumers is provided below. Applicants should expand the boxes as necessary and append full copies of relevant supporting information (for example, clinical trial publications and study reports).</p> <p>http://www.pharmac.health.nz/medicines/how-medicines-are-funded/new-funding-applications</p>

Theme	Comment
<p>One responder requested that NRT be dispensed as Original Pack (OP) from pharmacy, meaning that patients would be given an entire pack even if they have been prescribed less than a full pack.</p>	<p>The OP rule only allows OP dispensing if the Pharmaceutical is packed in a container from which it is not practicable to dispense lesser amounts, which is not the case for NRT.</p> <p>Even if PHARMAC permitted OP dispensing and amended the OP rule so that it would apply, we have calculated that, based on current dispensing patterns, the cost of making NRT subject to the OP rule would be approximately \$700,000 per year from 1 April 2014 and \$600,000 per year from 1 July 2015 – money which could be spent on funding other pharmaceuticals. We consider it likely that OP dispensing of NRT would result in increased wastage and would be unlikely to result in improved health outcomes or less frequent dispensings. On balance, we do not consider there to be sufficient justification, either from a financial or clinical standpoint, to make an exception to the OP requirements in the case of NRT.</p>

More information

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