

8 August 2014

Agreement with Covidien New Zealand Limited for the supply of Sutures, Wound Care products and Disposable Laparoscopic Medical Devices

PHARMAC is pleased to announce the approval of an agreement with Covidien New Zealand Limited ("Covidien") for the supply of a selection of sutures, wound care products and disposable laparoscopic medical devices. This was the subject of a consultation letter dated 8th July 2014 which can be found on PHARMAC's website at <http://www.pharmac.health.nz/medicines/hospital-devices/consultations/>.

In summary, the effect of the decision is that:

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

Details of the decision

PHARMAC has entered into an agreement with Covidien for the supply of a selection of sutures, wound care products and disposable laparoscopic medical devices 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/tools-resources/pharmaceutical-schedule/section-h#part3> in both a PDF document and a series of Excel spreadsheets. We note there have been some minor changes to the proposal that was consulted on including:

- A range of clip applicators has been removed as they fall outside the scope of the disposable laparoscopic category; and
- A small number of suture codes have been removed due to obsolescence and no usage in DHBs.

There are estimated savings to DHBs that currently use these products of approximately \$650,000 per annum nationally, based on current usage. Savings may be greater if DHBs choose to change their supplier product mix.

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

Educational services will be provided by Covidien to DHB personnel on appropriate use of its product ranges and will be arranged in a format and times as agreed with individual DHBs.

Feedback received

PHARMAC appreciates all of the feedback that it has received and acknowledges the time people took to respond. All consultation responses received by 28 July 2014 were considered in their entirety in making a decision on the proposed changes. Most responses were supportive of the proposal. The following issues were raised in relation to specific aspects of the proposal:

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Theme	Comment
Some submitters indicated savings would be made for their DHBs.	These submissions were useful in supporting our analysis of the Covidien Agreement.
Submitters wanted to know if other suppliers would be considered for listings.	PHARMAC has requested proposals from other suppliers and is still willing to consider such proposals.
Overall submitters supported having Covidien's range of products listed in the Pharmaceutical Schedule as long as other options are available.	The Covidien Agreement is not exclusive. DHBs can continue to purchase other suppliers' brands of these products at their discretion.
Some submitters provided information on previous trials on Covidien products.	PHARMAC found this information informative. We understand DHBs would be likely follow their standard product evaluation processes if they were considering a change to current product mix.
Some feedback questioned whether some surgical products listed were used in laparoscopic surgery, and therefore within the scope of PHARMAC current categories.	Following further discussion with Covidien, it was identified that the "Premium" range of clip applicators had been included to complete their clip applicator range, but that they are only used for open surgery. Both parties agreed to remove them from the agreement.

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.