

18 February 2014

Agreement with Stryker New Zealand Limited (Stryker) for the Supply of Orthopaedic Trauma, Spine and CMF Implants

PHARMAC is pleased to announce the approval of an agreement with Stryker New Zealand Limited (Stryker) for the supply of orthopaedic trauma, spine and CMF implants. This was the subject of a consultation letter dated 13 January 2015 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 orthopaedic trauma, spine and CMF implants will be listed in Section H, Part III, ('Optional Pharmaceuticals') of the Pharmaceutical Schedule from 1 March 2015.
- DHB hospitals can purchase these items directly from Stryker.
- For the DHBs that currently use these products the national agreement will deliver savings.

Details of the decision

Following a request for proposals in November 2013, PHARMAC has entered into an agreement with Stryker for the supply of a selection of orthopaedic trauma, spine and CMF implants 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 will be available on PHARMAC's website at <http://www.pharmac.health.nz/tools-resources/pharmaceutical-schedule/section-h#part3> in both a PDF document and an Excel spreadsheet.

There are estimated savings to DHBs that currently use these products of approximately \$190,000 per annum nationally, based on current usage.

The agreement is not exclusive. DHBs can continue to purchase other brands of orthopaedic trauma, spine and CMF implants at their discretion.

Educational services will be provided by Stryker to DHB personnel on appropriate use of its orthopaedic trauma, spine and CMF implants and will be arranged in a format and times as agreed with individual DHBs.

The impact of this proposal on DHBs is relatively low as these products are already in use in DHBs. Of the large number of line items being listed only approximately 10% are in use regularly – this is due to the nature of large ranges of orthopaedic products being available to support all anatomical requirements. Therefore any individual DHB will only be using a limited number of these items and would only need to immediately update pricing for the products they use regularly, not loading the entire range.

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 10 February 2015 were considered in their entirety in making a decision on the proposed changes. Most responses were supportive of the proposal. The following issue was raised in relation to specific aspects of the proposal:

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Theme	Comment
<p>Has PHARMAC given consideration to purchasing generic equivalents of orthopaedic implants and whether it has the resources to do so?</p>	<p>PHARMAC are currently considering suppliers of orthopaedic implants already in the New Zealand market, due to the complexity of the medical devices and the level of local support required in their use. PHARMAC are open to consider all options available and clinical advice around the quality, safety and clinical support required for such options would need careful consideration to ensure best patient outcomes were achieved. PHARMAC would seek appropriate clinical advice to support these considerations for new products.</p>
<p>Due to the number of line items proposed for inclusion a selection of procurement staff in DHBs were asked what the impact on them would be to implement the price changes that the Stryker proposal would create for them, and any barriers.</p> <p>The overall response was that it would depend on the number of line items they were using and the method that they use to upload price changes. Prioritisation of workload was also a factor for DHB's when considering timelines.</p>	<p>PHARMAC aims to balance the need for time to make changes with the loss of savings if decisions are delayed. We aim to give a reasonable notice period, and will continue to discuss with DHBs how we can reduce this burden over time.</p>

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.