NZMA
New Zealand Medical Association

29 October 2015

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Discussion document on the way vaccines are distributed in the community

Dear Chris

Thank you for inviting the New Zealand Medical Association (NZMA) to provide feedback on the above draft discussion paper.

1. The NZMA is New Zealand's largest medical organisation, with more than 5,500 members from all areas of medicine. The NZMA aims to provide leadership of the medical profession, and to promote professional unity and values, and the health of all New Zealanders.

2. We appreciated the opportunity to discuss some of the issues arising in the consultation document with you and your colleagues at our General Practice Advisory Council meeting of 18 September. Our written feedback builds on the verbal feedback we provided at that meeting.

3. We note that PHARMAC is proposing a 'purchase and claim' model for the provision of vaccines to general practice and other authorised vaccinators. We also note that while the initial focus is on vaccines, PHARMAC envisages the expansion of this model to allow other community funded medicines and devices to be distributed directly to primary care providers. The main rationale given for this proposal is to "support the system focus on care closer to home". The consultation also cites "improved access to medicines through primary care providers, now and in the future" as a key driver for the proposal.

4. The NZMA is unequivocally opposed to the 'purchase and claim' approach that is being suggested by PHARMAC. This approach would be associated with huge financial costs for General Practice. These costs include significant upfront purchasing costs, storage costs of the vaccines (and whatever other purchases are being considered), cold chain compliance costs, compliance costs related to the purchasing and subsequent claiming, insurance costs, the costs of out-of-date stock, and the costs of developing and implementing the systems and processes that would need to be set up to make this work.

5. It is our view that PHARMAC's proposal would be unaffordable and associated with an unacceptable level of financial risk by the majority of General Practices. We note that some of the more expensive items that could conceivably be purchased under the proposed model might include Ferinject for iron infusions, Aclasta for bisphosphonate infusions, and thrombolytic agents. Given their relatively short half lives and significant purchasing costs, there is little possibility that General Practice would stock such items if they have to carry all the financial risk.

6. While PHARMAC suggests that improved access to medicines is a key rationale for the proposed 'purchase and claim' approach, we do not believe that a convincing case for change has been made. Furthermore, it is our view that the unacceptable financial risks associated with the proposed approach could actually exacerbate inequity of access to medicines. While we understand that PHARMAC currently purchases $42 million worth of vaccines annually, the cash flow requirement for General Practice to purchase these directly from suppliers could be $100 million per year. Patients who need medicines the most may end up most likely to not receive them because their practice could not afford to buy the stock, hold the stock, insure the stock, and then claim for the stock used.

7. We also note that there could be negative impacts on the delivery of vaccines, again with potentially serious consequences for public health and health equity. We understand that currently, because PHARMAC purchases the stockpile of vaccines up front, New Zealand typically has an 8 to 12 week supply of all vaccines. With a shift to General Practice purchasing directly, the stockpile at the wholesalers may not be maintained at that level or could get reallocated to another country that has immediate purchasing requirements.

8. If there are significant existing issues relating to access to selected medicines/devices, then we request that PHARMAC provide us with this evidence. In the absence of this evidence, we see no reason to change from the status quo. If, however, there are significant existing issues with access to selected medicines/devices, we submit that an alternative approach to the 'purchase and claim' model could entail expanded use of the Medical Practitioners Supply Order (MPSO) system. This is currently a paper-based system whereby GPs order what they need on a form which gets submitted to a pharmacy, who then supplies the items. There is no purchasing requirement in this system. It has been widely used for decades, and there is provision to vary what can be obtained on an MPSO depending upon the rurality of the doctor signing for it. It already encompasses items beyond medications (eg, saline solutions, devices such as mouth pieces for peak flow meters, asthma spacers, and IUCDs).

9. The main advantage of the MPSO system is that it has been successfully used in General Practice for decades. It is easy to use, and could readily be extended to other items – both medications and devices. The need to have Special Authorities for certain items (eg, Aclasta) is not insurmountable – a requirement could be made for the Special Authority to be

written adjacent to the item (even on a named patient basis if necessary). There are no compliance costs, no upfront purchasing costs, no storage costs, and no storage requirements. The systems are already in place and, importantly, there is no financial risk to General Practice. The only disadvantage is that the MPSO system is paper based. However, it could be added on to the e-claiming platform of the Primary Options for Acute Care (POAC); many PHOs have the software that would enable this.

10. Another approach that could be used towards the same purpose as the MPSO system (and perhaps in conjunction with it) is the POAC system. This is a funded programme to reduce hospitalisations that is in place throughout most of New Zealand via PHOs. It essentially operates as a fee for service. For example, cellulitis kits are provided to surgeries, and then the practice charges for the services provided to someone with cellulitis (ie, up to 3 days of IV antibiotics in the community). POAC can also be used to order radiology (eg, ultrasound scans or chest x-rays) or to nebulise a patient with asthma repeatedly over a number of days, to avoid hospitalisation. The advantages of the POAC approach are that it has been successfully used in General Practice for over 15 years, it has an electronic claiming system at the backend, and the full system is entirely electronic. There are no upfront purchasing costs, there is no increase in compliance costs, there are no financial risks, there are no storage costs, and the system already exists. The disadvantage is that it is currently used for packages of care, not individual items. However, adding the MPSO system onto POAC would obviate this problem.

11. In conclusion, we reiterate our view that General Practice will not adopt a proposed 'purchase and claim' approach for vaccines or other items. The costs associated with the purchase, storage and distribution of such items represents an unacceptable financial risk that will see most practices unable to buy the stock. This will lead to reduced patient access to medicines in the community, and exacerbate inequities. We do not believe that PHARMAC has made a case to change from the status quo. If there is robust evidence to support a change to the status quo, then we submit that both the POAC and MPSO systems would represent better alternatives to the 'purchase and claim' approach. Both systems are currently available, allow immediate access with no cost to the patient, allow expensive items to be available at the point of care, and are not associated with detrimental effects on equity. All practices could avail of these systems for all patients needing them. These systems would meet the Government's focus on "care closer to home" and the mantra of "better, sooner, more convenient".

We hope that our feedback has been helpful. We welcome the opportunity for continued engagement with PHARMAC to discuss this and other initiatives intended to improve health outcomes for all New Zealanders.

Yours sincerely

Dr Stephen Child
NZMA Chair