



## NEW ZEALAND MEDICAL ASSOCIATION

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Scott Connew  
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Ministry of Health

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Dear Mr Connew

### **Proposal to Expand PHARMAC's Role to include Hospital Medicines and a Limited Range of Medical Devices**

Thank you for providing us with further time to submit on this important issue. Following on from our meeting on 16 March 2010, I confirm that the NZMA's position on this matter is as follows:

The NZMA recognises the benefits of greater coordination in the procurement of all publicly funded health products in order to minimise wastage in the system. The proposal that Pharmac take over the purchasing role of hospital based medicine is sensible given Pharmac's current purchasing role. The proposal to take on the role of purchasing medical devices – albeit that the proposal at this point is for Pharmac to have a fairly limited role – is more problematic.

Firstly, assessing, prioritising and procuring medical devices is a highly specialised area and fundamentally different to assessing, prioritising and procuring pharmaceuticals. It requires expertise that Pharmac does not currently have and would require the establishment of different assessment processes than are currently used for pharmaceuticals.

More than that, however, there must always be some room for personal choice by the doctor. Surgeons' choice of various medical devices varies widely based on individual experience, and outcomes, as well as the clinical context. Requiring all surgeons to use a particular device may not necessarily result in cost savings even if the device is less expensive. This may be because of lack of familiarity with the device by the surgeon involved therefore increasing theatre time. Alternatively, the proposed device to be used may simply be more difficult to use and/or of inferior quality. Were Pharmac to move into this role there will need to be greater allowance

for clinical choice than is the case with pharmaceuticals, and an exceptional circumstance committee that could respond in a timely manner would be necessary.

The need for clinical input into purchases of medical devices is critical and we appreciate that you acknowledged this fact in the consultation document. Addressing that concern will not be easy and we suggest that further consultation with key stakeholders such as the colleges and societies such as the Cardiac Society will be essential. This is particularly important given the vulnerable nature of our specialist workforce.

We note that at this point the proposal is for Pharmac to take over the purchasing of those medical devices where Pharmac already has some role because the devices are closely related to medicines delivery, or are devices that Pharmac has previously provided advice on to the DHBs. As we indicated at our meeting on 16 March we are concerned that this may be the "thin edge of the wedge" in respect of an expansion by Pharmac into the purchase of medical devices generally. We have received feedback that the next stage will be to include other classes and types of devices (Class III) in the near future as well as pacemakers, ICDs and cardiac valves.

While we accept that it may be appropriate for Pharmac to take on the purchase of low technology medical devices, with appropriate consultation, we do not support Pharmac taking over the role of the purchase of orthopaedic implants, many of which are highly technical and require more time, expertise and specialised management. We note that Pharmac's success in the past in relation to pharmaceuticals has in part been the existence of generics in the pharmaceuticals market; this factor however does not apply in the devices market.

In regard to procurement of devices and hospital medicines the NZMA would support a fixed budget for hospital medicines, and a combined budget for hospital, cancer and community medicines – given the reality of scarce resources. It is unclear how a fixed budget would operate for medical devices and/or how the DHBs' share/contribution to the budget would be determined. We believe, however, that in terms of purchase criteria price alone should not be the sole criterion. Instead the focus should be on improved patient outcomes. In regard to this we need better health outcome data in respect of decision making.

We trust our comments are of help, and given our broad membership, we are happy to engage further to assist in the best decision for patients being achieved.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Foley', written in a cursive style.

Dr Peter Foley  
**Chair, NZMA**