

16 November 2001

Pam Fletcher
Draft Health of Older People Strategy
Personal and Family Health Directorate
Ministry of Health
PO Box 5013
Wellington

Dear Pam,

The Researched Medicines Industry Association of NZ Inc (RMI) is providing this submission on behalf of its membership; leading pharmaceutical companies operating in New Zealand. Many of these companies are involved in the research, development and supply of new and innovative medicines that target the diseases affecting older people's health in New Zealand.

We support the Ministry of Health's decision to develop a health of older people strategy and to consult widely with interested parties. The RMI believes that the vision "*health and support services and programmes will facilitate the wellbeing of older people, their control over their lives, and their ability to participate in, and contribute to, social, family, whanau and community life*" is both laudable and warranted.

The RMI focuses its feedback on the proposals outlined in this document on the key issues of **integration of policy and service planning, funding and purchasing**, and **access and quality** that underpin objectives 1, 2 and 5.

The full potential of the pharmaceutical industry and its products that target diseases of the elderly will not be realised without these issues being directly addressed as part of the health of older people strategy. Failure to do so can only result in continuing poor health outcomes and problems with budgetary management of expenditure. In short, we all know there are problems within the purchasing and provision of health care in New Zealand and we are not maximising current resources in meeting reasonable expectations for health care.

The current limits on older New Zealander's access to pharmaceutical technology demonstrates the inflexibility of a silo-based approach to funding, and the lack of integrated policy and purchasing. The reports referred to in the draft strategy (National Health Committee 2000 and Cunningham 2000) reinforce these issues as key components driving the need for the establishment of an older people health strategy.

The RMI wishes to draw to your attention:-

1. Formulary Restrictions and their Impact on the Elderly.
2. Alzheimer's Disease in New Zealand – a case study.
3. New Medicines in Development for Diseases of the Elderly.
4. Biotech Medicines.
5. Recommendations to the Ministry of Health

1. Formulary Restrictions and their Impact on the Elderly

Documented evidence based research available from North America (see Appendix A, Susan D Horn, et al, Am J Man Care 1998) shows the deleterious effects on the elderly on restricting access to pharmaceuticals. Using the managed care outcomes project database, researchers examined the relationships between restrictive formularies and the use of health care services by the elderly. For certain major drug classes, researchers found a significant correlation between drug limitations and increases in resource utilisation by elderly patients, but not by younger patients. Researchers concluded that common strategies for decreasing drug expenditure may be associated with higher severity adjusted resource utilisation. In specific areas, this association is more pronounced in the elderly. (See Appendix A – Formulary Restrictions and the Elderly ; Results from the Managed Care Outcomes Project, Am J Man Care; 1105-13, 1998).

2. Alzheimer's Disease in New Zealand – a case study

The RMI has prepared a real life example of Alzheimer's disease in New Zealand as a case study. (See Appendix B – Alzheimer's Disease in New Zealand - a case study). The case study demonstrates the key issues identified as requiring attention above and the opportunities for efficiency gains, now and into the future, that can allow for both improved patient outcomes and improved budgetary management. These gains also have the potential to allow for change in the mix, type and volume of services provided for the treatment of Alzheimer's Disease without the need for "hump" funding.

The RMI also believes that this case study points to the need for:-

- (a) Consideration of the needs of caregivers.
- (b) Provision in the Health of Older People Strategy of a new objective relating to mental health and dementia.

The current debate on the funding of medicines for Alzheimer's disease also demonstrates that medicines, while not providing a total cure, can be expected to improve greatly the quality of life and independence of elderly patients. This in turn will relieve the burden on the family caregivers and/or the economic burden on the state and individuals in terms of hospitalisation, nursing home care and other related services.

3. New Medicines in Development for Diseases of the Elderly

A recent survey by the Pharmaceutical Research and Manufacturers of America (PhRMA) listed 785 new medicines in development for diseases affecting older people. Together with 524 new medicines in the pipeline for heart disease, stroke and cancer, there were 261 medicines in development for other debilitating diseases of aging including new treatments for Alzheimer's disease, osteoporosis, arthritis, sepsis, and Parkinson's disease,

to name a few. (See Appendix C – New Medicines in Development for Older Americans, October 2001, Survey PhRMA 2002)

According to this survey many of the medicines in development are using pioneering research and technology to attack the diseases of aging, for example:-

- (a) An innovative medicine for Parkinson's disease using dopamine-secreting retinal pigment epithelial cells to deliver dopamine to regions of the brain that is deficient in this vital chemical.
- (b) A vaccine for rheumatoid arthritis is designed to stimulate an immune response that may be able to prevent the body from turning on itself, potentially halting the progress of this autoimmune disease.

4. Biotech Medicines

The Government vision in developing its health of older people strategy has been reinforced by its decision this month to accept the recommendations of the Royal Commission on genetic modification that favour the advancement of biotech medicines.

A key to achieving this vision is ensuring continued access to innovative medicines that target diseases of old age. The Government's decision to accept the need for access to biotech medicines, to allow for the release of genetically modified organisms (GMOs) that provide direct benefits to human health, and streamline the regulatory approval process, has kept the door open to this technology.

The ability of older New Zealanders to access this technology via private resources or vote health funding remains an issue.

A White Paper prepared for the American Biotechnology Industry Organisation last year, "Biotechnology's Impact on Diseases of the Elderly", studied 20 biotech medicines on the market and 57 in late-stage clinical trials. Its conclusions were that these biotech medicines reduced the need for expensive hospitalisation and nursing home care and were far less invasive than most traditional therapies. In some instances the report documented actual per patient cost savings achieved by biotech medicines. (See Appendix D : Bio2000)

For example, a protein medicine used to treat anaemia associated with chronic renal failure and cancer chemotherapy reduced the need for blood transfusions to replenish red blood cells, resulting in 23% per patient cost savings. Other protein medicines used to restore white blood cells destroyed by cancer chemotherapy reduced the need for bone marrow transplants, saving tens of thousands of dollars per patient.

5. Recommendations to the Ministry of Health

- (a) That the overall health of older people strategy takes into account, and seeks to address, the identified barriers to older New Zealander's access to needed medicines.

- (b) That the Ministry of Health takes into serious consideration overseas evidence which is directly comparable with the New Zealand experience.
- (c) That the overall health of older people strategy takes clearer, more positive, consideration of the needs of caregivers, many of whom are elderly themselves.
- (d) That the overall health of older people strategy includes a new objective relating to mental health and dementia.
- (e) That the Ministry of Health take the findings of the Alzheimer's in New Zealand case study into account when considering recommendations (a), (c) and (d).
- (f) That the Ministry of Health takes into consideration the range of new medicines, including biotech medicines, that are in development for diseases affecting older people.
- (g) That the health of older people strategy promote consideration of private and indirect costs and benefits beyond a traditional and narrower focus on public (Government) costs and benefits alone.

Yours sincerely,

Terrence Aschoff
General Manager