

3 March 2003

Mr Jon Foley
Analyst, Primary Health Team
Ministry of Health
PO Box 5013
Wellington

Dear Jon Foley,

I attach a submission from the Researched Medicines Industry on the Report on Referred Services Management for consideration by the Ministry of Health.

I note that the Minister of Health's press statement on 5 November said that the Ministry would be working on details during the next three months and that a second consultation round would be held before the final details were decided.

I am aware that the Ministry has received input from agencies who are intimately involved in the implementation of health polices, especially DHBs. We would welcome the opportunity to be part of the consultation process on the details for implementing the report's recommendations.

Yours sincerely

Richard Nottage
Chairman

4 March 2003

SUBMISSION FROM THE RESEARCHED MEDICINES INDUSTRY ON REFERRED SERVICES MANAGEMENT: BUILDING TOWARDS EQUITY, QUALITY AND BETTER HEALTH OUTCOMES

The Researched Medicines Industry supports the Advisory Group's recommendation for a new approach for a medium-term goal that:

- Each PHO should have the flexibility, within a global budget inclusive of referred services, GMS and practice nurse funding, to use resources in the most effective way to achieve specific health goals.

There is increasing overseas evidence (especially detailed evidence-based research from North America) that shows that restricting pharmaceuticals has negative impacts on both patient outcomes and overall health sector costs. In general, these studies show that limiting access to medications by limiting the number of prescriptions, restricting formularies, or using older medicines does not save total health care costs.

If PHOs are allowed the flexibility to move resources in the most effective way to meet goals to improve health outcomes the RMI believes that use of the most appropriate pharmaceuticals will improve patient outcomes as well as reducing overall costs to the health sector.

Evidence-based research supports benefits of pharmaceuticals

Research from Prof Susan Horn¹ (attached) tracks all health interventions for nearly 13,000 patients enrolled in six different health maintenance organizations for a year. Patients with five diseases were studied. The data accounted for 99,000 office (surgery) visits, 480 emergency visits, 1,000 hospitalizations, and 240,000 prescriptions.

NZ lacks detailed longitudinal, prospective research of this scope. However, the research findings (based on patients enrolled with HMOs) has relevance to NZ given the DHB structure. The Ministry of Health (Dr Gillian Durham) hosted a seminar from Professor Horn (2002) where she presented these and other research findings. Attendees from various agencies (Health, Treasury and DHBs) supported the approach and conclusions reached.

Evidence from Prof Lichtenberg (attached) also shows² there are several benefits from using newer pharmaceutical products: (1) reduced total medical expenditure; (2) longer life; and (3) improved quality of life. These benefits are goals within the NZ Health Strategy.

¹ Horn S et al, "Intended and Unintended Consequences of HMO Cost-Containment Strategies: Results from the Managed Care Outcomes Project" Am J Man Care 1996; 2:253-264

² Lichtenberg Frank, "The Economic Benefits of New Drugs" Pharmaceutical Innovation: Lowering the Price of Good Health