

NEW ZEALAND'S

Medicines Landscape 2022/23



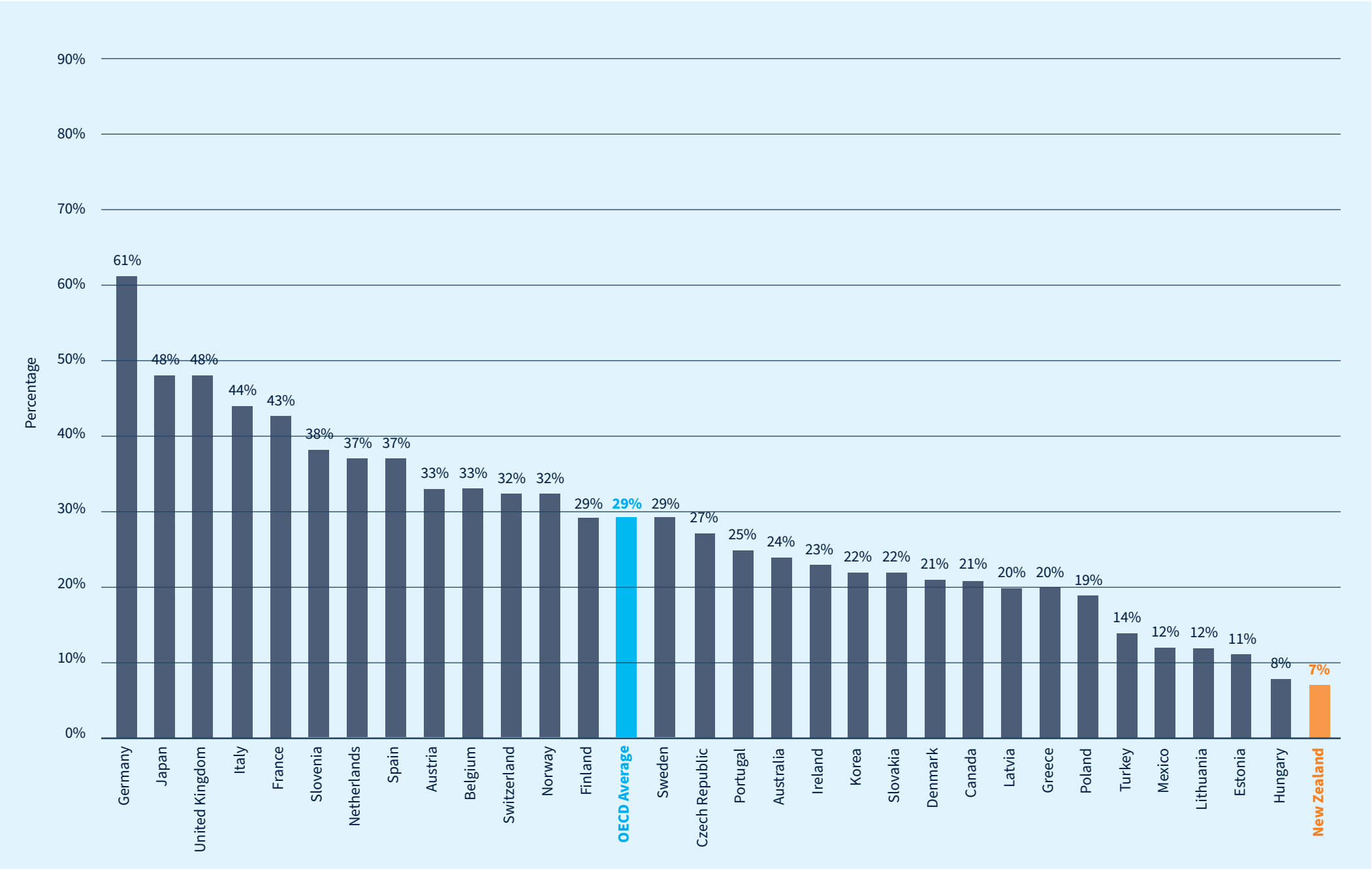
Medicines
New Zealand



Where is New Zealand in this race?

New Zealand lags behind other OECD nations
for access to modern medicines

Percentage of New Medicines Reimbursed by Public Insurance Plans by OECD Country
(of all 460 new medicines launched from 2012 to end of 2021)





It is with great pleasure, and few regrets that this is my final message from the Chairman.

Over the last five years, Medicines New Zealand has been able to ensure that all players were reading from the same, scientifically prepared, hymn sheet. There is now a source of information, from which, stakeholders from patients to professors as commentators could make informed decisions.

New Zealand’s Medicines Landscape has become a cornerstone, go-to reference for everyone from patient groups to Members of Parliament. This reference has proven to be the underpinning document in driving much of the lobbying for increases in funding for medicines over the years.

The Landscape is supported by some of the best information, data, and commentary on medicines that New Zealand has ever seen.

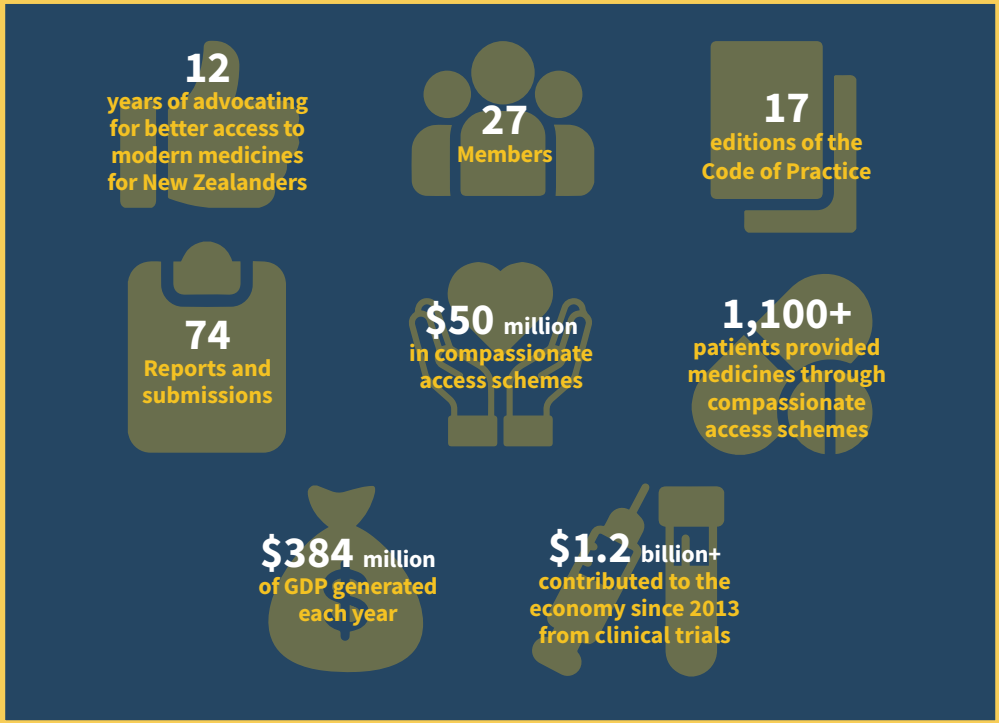
Am I happy with where I leave medicines in New Zealand?

No, my ongoing call for a Medicines Strategy will continue both publicly and privately. If New Zealand cannot provide medicines to dying babies, or those only able to take it in fluids then we have serious ethical challenges ahead.

The road is long, and we have only travelled a short part of it.

Medicines New Zealand by the Numbers¹

Rongoā Aotearoa mā te Nama



Fast Facts – Medicines inequity for New Zealand patients

He Meka Poto - Te tautika-kore ā-rongoā ka pā ki ngā tūroro o Aotearoa

New Zealand’s current funding model prioritises upfront savings on the cost of medicines rather than downstream impacts on, and cost to patients, whānau, the wider health system and the economy.



A capped medicines budget, enshrined in legislation

The budget not keeping up with population and growing inflation

Patients missing out on medicines and a missed opportunity to save on downstream costs.²⁻⁵

New Zealand ranks last for market access* to modern medicines⁶

UK 96%

Finland 70%

Australia 44%

New Zealand 17%

*This measures the number of modern medicines registered, time it takes to access and how many are publicly funded

New Zealand is, on average, **twice as slow** to publicly fund modern medicines as comparable countries.⁵



Australia publicly funded more modern medicines than New Zealand between 2011 & 2020 and did it **twice as fast**.⁷



Procedural Slowness and Uncertainty⁸

There is procedural slowness and uncertainty in Pharmac’s system. The more than 100 indications for modern medicines on the Options for Investment list are awaiting funding decisions for more than five years on average... and still waiting.

Slow ranking

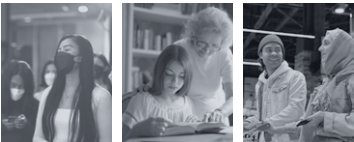
AVE ≥ 2.5 years*

AVE ≥ 2.8 years and waiting

Ranked on OFI List

5.3 years on average and waiting

*Underestimate



Inequities – Highlighted by COVID-19

Ngā tautika-kore ka miramiratia e KOWHEORI-19

Health inequities are avoidable, unnecessary, and unjust differences in the health of groups of people. To have equitable access to medicines means that everyone has a fair opportunity to obtain funded medicines to achieve their full health potential, and that no one is disadvantaged along the way. Having the right medicines at the right time will assure that our health system attains equity, quality, and efficiency. Currently, this is not the case.¹

COVID-19 BY THE NUMBERS²⁻³



73.2% of New Zealanders over **18** have had **3 doses** of the COVID-19 vaccine



50.1 deaths per 100,000



2736 deaths have been attributed to COVID-19

INEQUITY HIGHLIGHTED BY COVID-19⁴

Infectious diseases don't make inequities on their own, but they do amplify inequities already entrenched within society.

A study on the impact of the COVID-19 pandemic in Aotearoa New Zealand revealed that those with poorer pre-existing health, financial and social capital had been disproportionately affected. It indicates that COVID-19 will have a higher impact on those with unmet needs and a greater need for support.

When surveyed **fewer than half of Tangata Whenua participants saw a healthcare professional** for COVID-19-related issues.



19% were not able to get an appointment



12% had affordability concerns

Tangata Whenua were also **more likely to have a more severe illness, longer hospital stays and were more likely to end up in an ICU.**

When surveyed **1 in 3 of Pacific participants saw a healthcare professional** for COVID-19-related issues.



57% said that their GP did not spend enough time with them



23% of Pacific participants surveyed said that the wait time before seeing a GP stopped them from going

The Cost of Ill Health

Te utu o te Māuiuitanga



In a 2010 study, direct and indirect costs of ill health for one year were estimated to be up to **\$12.9 billion** or **8.5% of New Zealand GDP**

– that study hasn't been repeated, so what could it be now?⁵

By failing to invest, New Zealand misses out on the savings to the health system and economic benefits that modern medicines offer.

HOSPITAL COSTS⁶



A visit to a New Zealand emergency department **\$503**



One day in a public hospital ward in New Zealand **\$7235**



One day in an intensive care unit (ICU) in New Zealand **\$8014**

DIABETES⁷⁻⁹

Dialysis costs **\$115,000** per patient, per year



\$40,000 per major amputation due to diabetes complications – **600** amputations per year

Lifetime costs of New Zealand type 2 diabetic, diagnosed at 25 – **\$565,000**

On average, the cost of a hospital admission, due to diabetes is **\$10,000**



Type 2 diabetes is estimated to cost **\$2.1 billion** per year; or **0.67% of New Zealand GDP**

INVESTMENT⁸⁻¹⁰

Government investment in modern medicines for type 2 diabetes could have a significant positive impact on New Zealand's economy and society.



\$1 spent on diabetes medicines

=

\$3 in health/economic benefits & \$4.2 benefits



\$1 spent on new cancer medicines

=

\$1 saved in the New Zealand health system

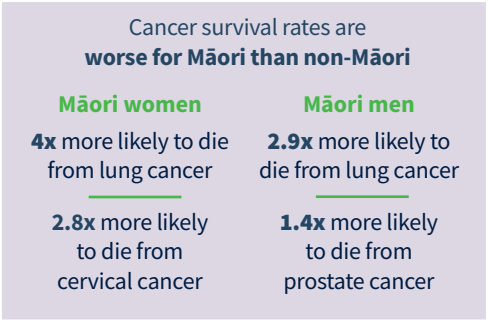
How are New Zealanders doing? Key health priorities in New Zealand

Kei te pēhea ngā tāngata o Aotearoa? Ngā take matua mō te hauora e mātāmua ana i Aotearoa

CANCER¹⁻⁴

Survival rates are worse for New Zealand patients.

Approximately 25,000 New Zealanders diagnosed with cancer each year



Contributing to New Zealand's poor survival rates, between 2011 and 2020 New Zealand **publicly funded only 10% of the modern cancer medicines** launched in the OECD during that time.

MENTAL HEALTH^{4,5}

A national emergency.



Between 2011 & 2020 **New Zealand didn't fund any of the modern medicines for mental health** launched in the OECD during the decade.

RARE DISEASES^{4,6,7}

Patients and their family face a lifetime of inequity.



Most modern medicines currently publicly funded for rare diseases in New Zealand are **used to relieve pain and inflammation** – which are conditions suffered as a consequence of having a rare disease – and **do not treat the rare disease itself**

Between 2011 and 2020 **New Zealand publicly funded only 11% of the modern rare disease medicines** launched in the OECD in the decade

DIABETES^{4,8-11}

Impacts our ethnic communities more significantly.

There are approximately **292,000 New Zealanders with diabetes** including 26,000+ with type 1 diabetes

Nearly **40** people diagnosed every day

Between 2011 and 2020 New Zealand publicly funded none of the modern medicines for diabetes that were launched in the OECD during the decade.

In 2021, New Zealand publicly funded 3 modern medicines for diabetes – but only for a limited group of patients.

1 in 8.5 Pacific Islanders



1 in 9.9 Indian



1 in 14.2 Māori



1 in 33.2 European/other



ARTHRITIS^{4,12}

Arthritis is a leading cause of disability and loss of wellbeing.

Currently **670,000** people diagnosed with arthritis in New Zealand



Expected to rise to **1 million** by 2040

Māori men **1.4x more likely** to have arthritis than non-Māori men



Between 2011 and 2020, New Zealand publicly funded none of the modern medicines for arthritis that were launched in the OECD during the decade

In 2018, the **economic value of lost wellbeing** in New Zealand **due to arthritis** was estimated to be **\$7.9 billion**



Arthritis affects people of all ages

COMPARED TO AUSTRALIA¹³

Comparisons with Australia for publicly funded modern medicines.

Australia publicly funds 105 modern medicines that New Zealand does not*



41 for cancer



4 for arthritis



10 for diabetes



4 for mental health



6 for rare disorders

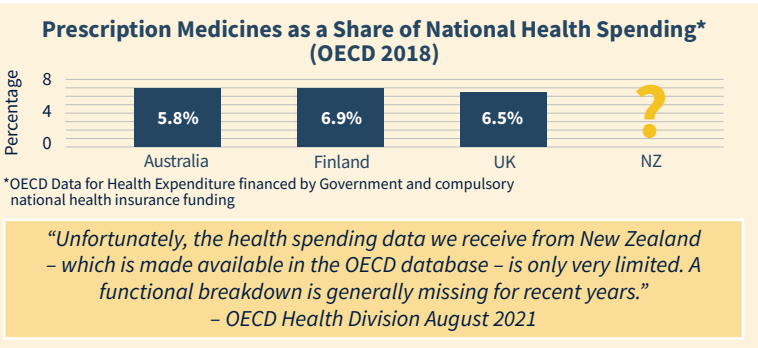
*For medicines launched between 2011 and 2020

Access & Funding in Focus

Te arotahi ki te pūtea me te āheinga

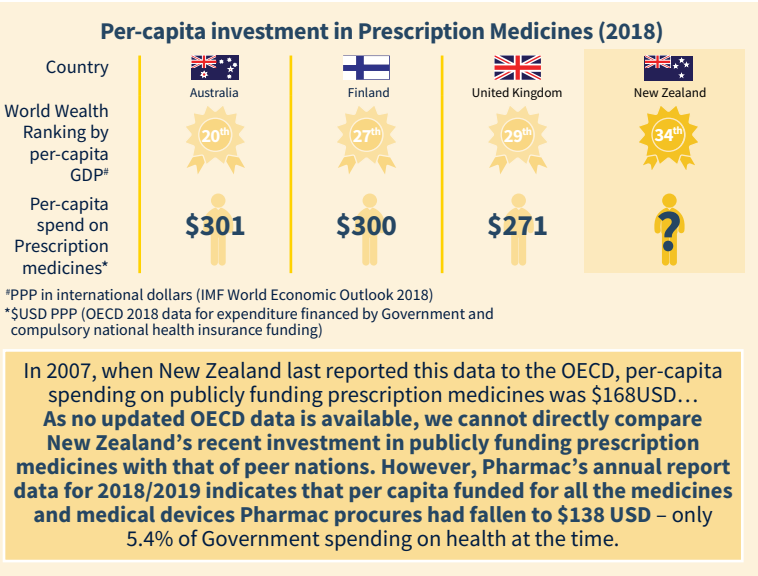
INTERNATIONAL INVESTMENT IN MEDICINES^{1,2}

BUT New Zealand has not reported this data to the OECD since 2007.



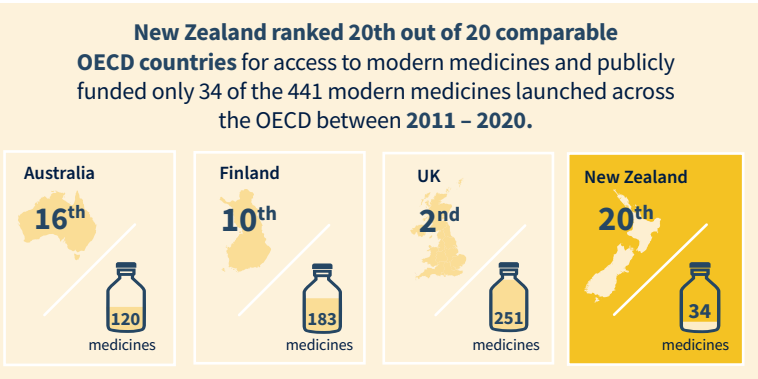
NEW ZEALAND IS NOT A POOR COUNTRY³⁻⁶

Are we investing enough in our people?



NEW ZEALAND RANKS LAST FOR ACCESS TO MODERN MEDICINES⁷

New Zealand publicly funded only 8% of the modern medicines launched in the last decade.



THE FUNDING GAP⁸⁻¹⁰

There is a \$332 million investment gap in government funded medicines.

New Zealand's medicines budget has been significantly underfunded

Between 2007 and 2021, the community pharmaceutical component of the medicines budget **shrank in real terms by 2.9%**



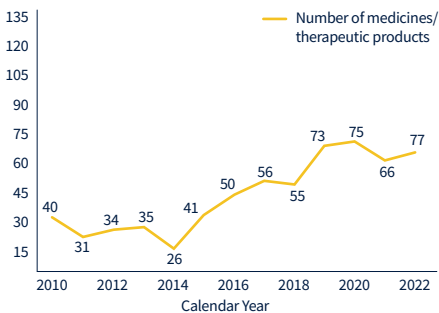
\$65 investment per person per year is required to return medicines funding to the equivalent of 2007 levels

While the total health budget grew by 1% in real terms, **the medicines budget has not kept up with population growth and inflation.**

1.5 million patients would benefit

if the medicines on Pharmac's OFI waiting list were publicly funded.

These medicines have been on the list for **over 5 years on average**, and are still waiting for funding decision.



PHARMAC REVIEW¹¹

The final report on the independent review of Pharmac was released in 2022.

33 recommendations were made to the Minister of Health. If implemented, the recommendations will **change the way Pharmac operates and makes decisions.** The recommendations included;



Pharmac is to strengthen equity analysis in pharmaceutical assessment through the development of an integrated analytical framework.



In seeking the best health and equity outcomes Pharmac must work collaboratively with the Ministry of Health, Health New Zealand and the Māori Health Authority.



Ministry of Health to lead the development of a rare disorders strategy to coordinate efforts to address and improve the lives of people with rare disorders.

Accounting for – Pandemic preparedness & societal perspective

Te kōrero i te take mō - te noho takatū ki te mate urutā me ngā tirohanga a te hapori

PANDEMIC PREPAREDNESS¹

Globally, the pharmaceutical industry has recommended focusing on five priorities for pandemic preparedness.

- 1 Sustaining a thriving innovation ecosystem
- 2 Shaping a new social contract
- 3 Fostering sustainable manufacturing globally
- 4 Removing trade restrictions
- 5 Ensuring greater country readiness

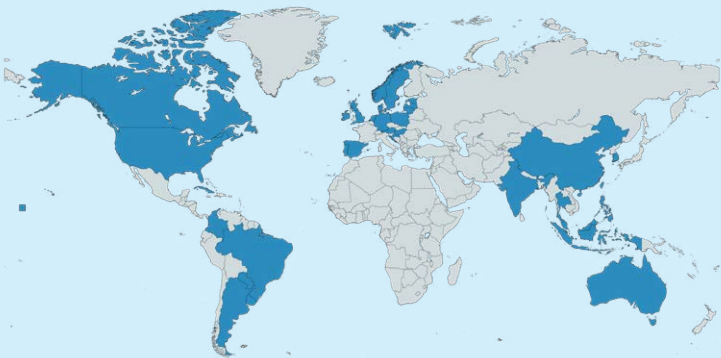


Scan the QR code to read the expert opinion of **Thomas Cueni, Director General of the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA)**

SOCIETAL PERSPECTIVES²

New Zealand should be investing in prevention and treatment of disease to save the flow on effects downstream to patients, the healthcare system and wider economy.

PHARMAC **excludes societal perspectives** from their health economic analysis when **considering whether to fund a medicine**.
There are many other countries that do;



Countries that consider societal perspectives

- Australia
- Austria
- Estonia
- Lithuania
- Latvia
- Canada
- Croatia
- Cuba
- England
- Germany
- Hungary
- Ireland
- Netherlands
- China
- Brazil
- Colombia
- Denmark
- India
- Indonesia
- Malaysia
- Argentina
- Paraguay
- Uruguay
- Poland
- Norway
- Philippines
- Portugal
- Scotland
- South Korea
- Spain
- Sweden
- Taiwan
- Thailand
- The United States of America

Where to from here? How does New Zealand catch up with peer nations?

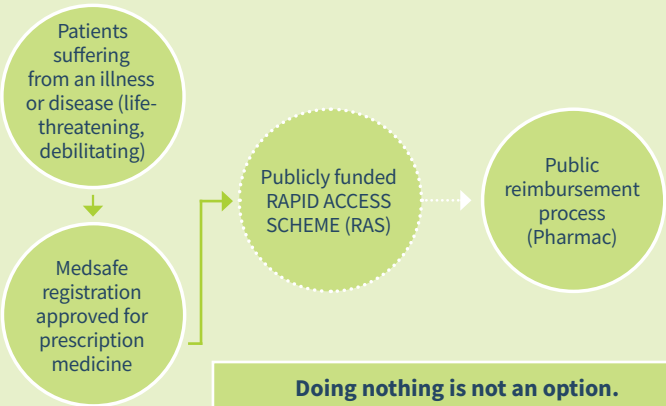
Ki hea atu i konei? Ka pēhea tā Aotearoa whai kia tū i te taha o ōna hoa ā-iwi i te ao?

RAPID ACCESS TO MODERN MEDICINE SCHEME³

A rapid access scheme will provide patients with access to a proven medicine while the funding application is going through Pharmac processes.

Why should New Zealand have a rapid access scheme?

The current system of evaluating medicines is not well placed to quickly and efficiently assess and fund modern medicines that are very effective but that fall outside current assessment criteria and that may come with a high per patient cost.



Doing nothing is not an option.

Timely access to medicines is important for retaining trust and confidence that publicly funded healthcare is "modern", fit for purpose, fit for the future and equitable.

MODERNISE THE NEW ZEALAND MEDICINES STRATEGY⁴

New Zealand needs both a medicines strategy and policy, and more equity, transparency and timeliness in its medicines funding process.

- The medicines strategy needs updating and the **existing plan expired in 2020**
- **Medicines were excluded** from the Government's Health and Disability System review
- **Medicines funding has not kept pace** with health spending, population growth and inflation
- **Social costs of disease underestimated** and excluded from current HTA assessment by Pharmac / **benefits of modern medicines undervalued**
- Modern medicines are **not accommodated** by current assessment processes
- Access and equity **gaps will widen** if not addressed

A well-performing medicines policy is one that is designed to maximise the triple aim. The triple aim matches health economics concepts of efficiency, equity and quality.



References

PAGES 1 – 2:

1. PhRMA. (April 2023). *Global Access to New Medicines Report*. Available from: <https://phrma.org/-/media/Project/PhRMA/PhRMA-Org/PhRMA-Refresh/Report-PDFs/A-C/2023-04-06-PhRMA-Global-Access-to-New-Medicines-Report-FINAL.pdf>

PAGES 3 – 4:

1. Medicines New Zealand. (2020). *Members survey*.

2. NZIER. (May 2020). *A new generation medicines policy*. Wellington, New Zealand. Available from: https://www.medicinesnz.co.nz/fileadmin/user_upload/A_new_generation_medicines_policy_-_FINAL.pdf

3. New Zealand Public Health and Disability Act 2000 (Section 47). Available from: <https://www.legislation.govt.nz/act/public/2000/0091/latest/DLM80878.html> [accessed 27 April 2023]

4. NZIER. (November 2022). *Community pharmaceuticals: Expenditure trends*. Wellington, New Zealand. Available from: https://www.medicinesnz.co.nz/fileadmin/user_upload/Information_Leaflets/community_pharmaceutical_expenditure_nzier_to_medicines_nz_december_2018_update_final.pdf

5. IQVIA. (2021). *A Decade of Modern Medicines: An International Comparison 2011-2020*. Available from: https://www.medicinesnz.co.nz/fileadmin/user_upload/IQVIA_Report_-_A_Decade_of_Modern_Medicines_An_International_Comparison_2011-2020_FINAL.pdf

6. Medicines Australia. (2019). *Comparison of access and reimbursement environments (COMPARE) 5th edition*. Canberra, Australia. Available from: https://www.medicinesaustralia.com.au/wp-content/uploads/sites/65/2020/11/MA_Compare-final.pdf

7. IQVIA. (2021). *Access to Medicines (AtOM 3) 2011-2020*. Available from: https://www.medicinesnz.co.nz/fileadmin/user_upload/IQVIA_Access_to_Medicines_3_AtOM_3_Report.pdf

8. PHARMAC. (2023). *Application Tracker, Options for Investment list*. Retrieved 07 March 2023 from: <https://connect.pharmac.govt.nz/apptacker/s/ranking-lists-for-funding-applications?reportType=OFI>

PAGES 5 – 6:

1. PHARMAC. (2019). *Achieving medicine access equity in Aotearoa New Zealand towards a theory of change*. Available from: <https://pharmac.govt.nz/assets/achieving-medicine-access-equity-in-aotearoa-new-zealand-towards-a-theory-of-change.pdf>

2. Ministry of Health. *COVID-19: Vaccine death*. Available from: <https://www.health.govt.nz/covid-19-novel-coronavirus/covid-19-data-and-statistics/covid-19-vaccine-data> [Accessed 27 April 2023]

3. Ministry of Health. *COVID-19: Current cases*. Available from: <https://www.health.govt.nz/covid-19-novel-coronavirus/covid-19-data-and-statistics/covid-19-current-cases> [Accessed 27 April 2023]

4. Russell, L., et. al. (2022). *Ngā Kawekawe o Mate Korona. Impacts of COVID-19 in Aotearoa: Executive Summaries*. Wellington, New Zealand. Available from: <https://covid19aotearoa.com/wp-content/uploads/2023/01/Nga-Kawekawe-o-Mate-Korona-Executive-Summary-2023-01-24.pdf>

5. Holt, H. (Nov 2010). *New Zealand Treasury Working Paper 10/04: The Cost of Ill Health*

6. New Zealand Treasury. *CBAx Spreadsheet Model*. (October 2022 model, value adjusted to 2023). Available from: <https://www.treasury.govt.nz/publications/guide/cbax-spreadsheet-model> [Accessed 27 Mar 2023]

7. NZIER. (2021). *Transforming lives and saving money. The golden opportunity of kidney transplants and the system changes needed to lift the numbers*. Wellington, New Zealand. Available from: https://www.nzier.org.nz/hubfs/Public%20Publications/Client%20reports/transforming_lives_and_saving_money_final_report_5_november_2021.pdf

8. PWC (2021). *The Economic and Social Cost of Type 2 Diabetes*. Wellington, New Zealand.

9. Coppell, K.J., Drabble, S.J., et al. (25 October 2019). *The cost of diabetes-related hospital care to the Southern District Health Board in 2016/2017*. New Zealand Medical Journal. Available from: https://assets-global.website-files.com/5e332a62c703f653182faf47/5e332a62c703f639ff2fcd6_Coppell%20FINAL.pdf

10. Lichtenberg, F. (2017). *The impact of pharmaceutical innovation on the longevity and Hospitalization of New Zealand cancer patients, 1998-2012*. (2016) NBER Working Paper. Cambridge, Massachusetts, USA.

PAGES 7 – 8:

1. Breast Cancer Foundation NZ. (2018).

"I'm still here": Insights into living - and dying - with Advanced Breast Cancer in New Zealand. Wellington, New Zealand.

2. Caswell-Jin, J.L. et al. (October 2018). *Change in Survival in Metastatic Breast Cancer with Treatment Advances: Meta-Analysis and Systematic Review*. JNCI cancer spectrum, 2(4), pky062. <https://doi.org/10.1093/jncics/pky062>

3. Ministry of Health. *Wai 2575 Māori Health Trends Report data and resources*. Available from: <https://www.health.govt.nz/our-work/populations/maori-health/wai-2575-health-services-and-outcomes-kaupapa-inquiry/wai-2575-maori-health-trends-report-data-and-resources> [Accessed 27 April 2023]

4. IQVIA. (2021). *A Decade of Modern Medicines: An International Comparison 2011-2020*. Available from: https://www.medicinesnz.co.nz/fileadmin/user_upload/IQVIA_Report_-_A_Decade_of_Modern_Medicines_An_International_Comparison_2011-2020_FINAL.pdf

5. Office of the Chief Coroner of New Zealand. (2022). *Media Release*. Available from: <https://coronialservices.justice.govt.nz/assets/Media-release-Deputy-Chief-Coroner-251022.pdf>

6. Rare Disorders NZ. (2020). *Fair for Rare. Call for National Framework for rare disorders in New Zealand*. New Zealand. Available from: https://raredisorders.org.nz/assets/4727_Rare-Disorders_Fair-for-Rare-Reprint-21_FINAL_spreads.pdf

7. HealthiNZ. (February 2022). *Whitepaper: Impact of Living with a Rare Disorder in Aotearoa New Zealand*. Available from: https://www.medicinesnz.co.nz/fileadmin/user_upload/VOICE-OF-RARE-DISORDERS-White-Paper-February-2021-FINAL.pdf

8. Health Quality & Safety Commission New Zealand. (December 2020). *Diabetes*. Available from: <https://www.hqsc.govt.nz/our-data/atlas-of-healthcare-variation/diabetes/> [Accessed 27 April 2023].

9. Diabetes New Zealand. (9 August 2018). *Beyond Type 1 x Diabetes NZ - The Kiwis Are Taking Over!* Available from: <https://www.diabetes.org.nz/news-and-update/2018/8/9/beyond-type-1-x-diabetes-nz-the-kiwis-are-taking-over?rq=26%2C000> [Accessed 27 April 2023]

10. Ministry of Health. (2015). *Living Well with Diabetes: A plan for people at high risk of or living with diabetes, 2015-2020*. Wellington, New Zealand.

11. PHARMAC. (21 December 2021). *Media Release: PHARMAC to fund new diabetes medicines with amended Special Authority criteria*. Available from: [https://pharmac.govt.nz/news-and-resources/news/pharmac-to-fund-new-diabetes-medicines-with-amended-special-authority-criteria/#:~:text=PHARMAC%20has%20approved%20funding%20for,Zealanders%20with%20type%202%20diabetes.&text=People%20with%20high%20risk%20type,metformin\)%20from%201%20February%202021](https://pharmac.govt.nz/news-and-resources/news/pharmac-to-fund-new-diabetes-medicines-with-amended-special-authority-criteria/#:~:text=PHARMAC%20has%20approved%20funding%20for,Zealanders%20with%20type%202%20diabetes.&text=People%20with%20high%20risk%20type,metformin)%20from%201%20February%202021) [Accessed 28 March 2022].

12. Arthritis New Zealand (August 2018). *The economic cost of arthritis in New Zealand in 2018*. Wellington, New Zealand.

13. IQVIA. (2021). *Access to Medicines (AtOM 3) 2011-2020*. Available from: https://www.medicinesnz.co.nz/fileadmin/user_upload/IQVIA_Access_to_Medicines_3_AtOM_3_Report.pdf

PAGES 9 – 10:

1. OECD Statistics [Internet]: Available from: <https://stats.oecd.org/> [Accessed 27 April 2023]

2. OECD Health Division [Personal Communication, 19 Aug 2021].

3. OECD Data [Internet]: Available from: <https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm> [Accessed 27 April 2023]

4. PHARMAC. (2019). *Annual Report 2018-2019, For the year ended 30 Jun 2019*.

Available from: <https://pharmac.govt.nz/assets/annual-report-2018-2019.pdf>

5. Stats NZ (2019). *National population estimates: At 30 June 2019*. Available from <https://www.stats.govt.nz/information-releases/national-population-estimates-at-30-june-2019#>

6. IMF World Economic Outlook Database [Internet]: Available from: <https://www.imf.org/en/Publications/WEO/weo-database/2018/October/download-entire-database> [Accessed 27 April 2023]

7. IQVIA. (2021). *A Decade of Modern Medicines: An International Comparison 2011-2020*. Available from: https://www.medicinesnz.co.nz/fileadmin/user_upload/IQVIA_Report_-_A_Decade_of_Modern_Medicines_An_International_Comparison_2011-2020_FINAL_.pdf

8. NZIER. (November 2022). *Community pharmaceuticals: Expenditure trends*. Wellington, New Zealand. Available from: <https://www.nzier.org.nz/hubfs/Public%20Publications/Reports/CPB%20Final%20Report%2016%20November%202022.pdf>

9. PHARMAC. (27 April 2021). *Official Information Act Response*. Available from: <https://pharmac.govt.nz/news-and-resources/official-information-act/official-information-act-responses/medicines-on-pharmacs-ranking-list/?keyword=options&page=1>

10. PHARMAC. (2023). *Application Tracker, Options for Investment list*. Retrieved 07 March 2023 from: <https://connect.pharmac.govt.nz/apptacker/s/ranking-lists-for-funding-applications?reportType=OFI>

11. PHARMAC Review Panel. (2022). *PHARMAC Review: Final report*. Wellington: Ministry of Health. Available from: <https://www.health.govt.nz/system/files/documents/publications/pharmac-review-final-report.pdf>

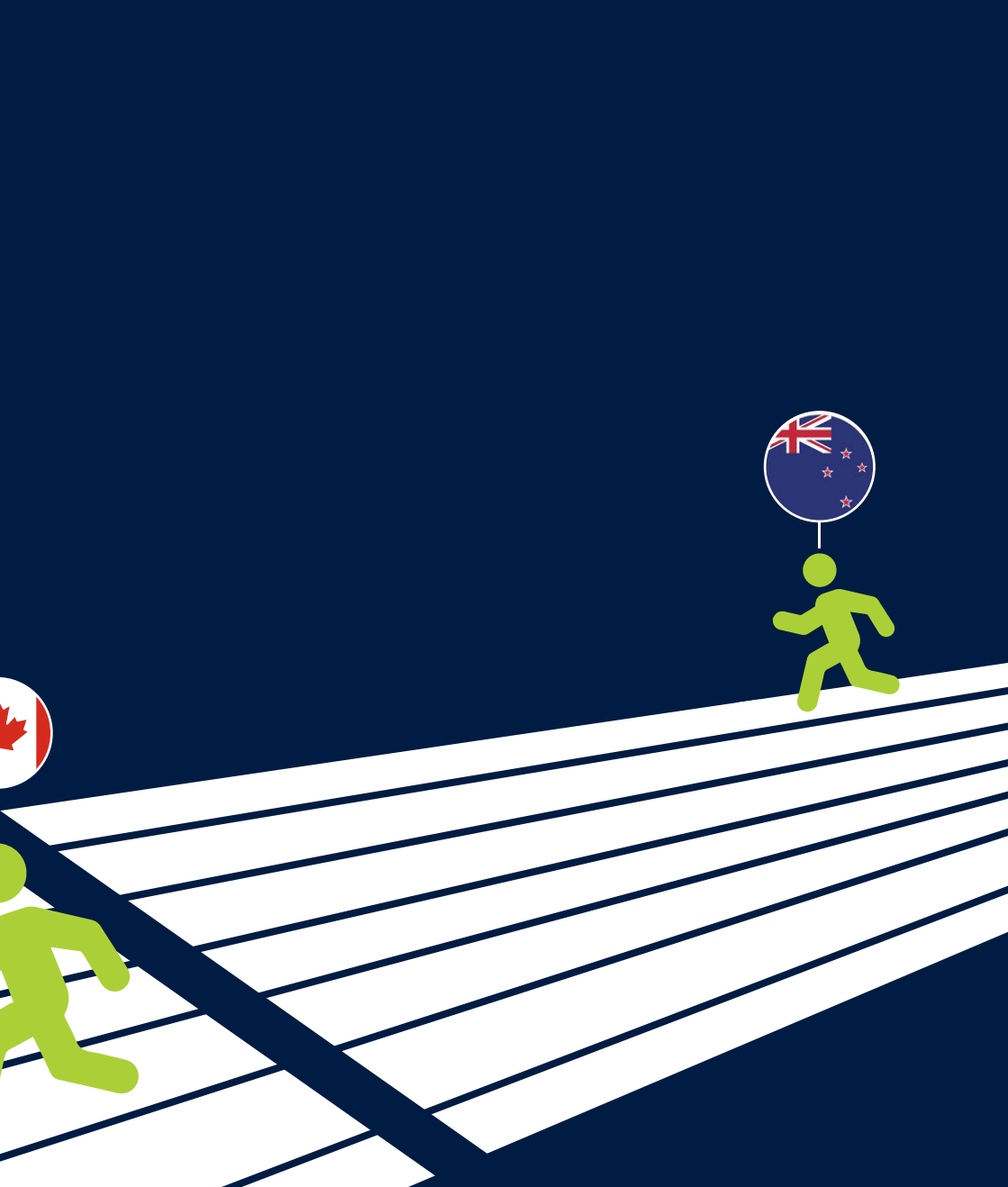
PAGES 11 – 12:

1. IFPMA. (16 February 2023). *Five priorities for future pandemic preparedness and response*. Available from: <https://ifpma.org/insights/five-priorities-for-future-pandemic-preparedness-and-response/>

2. Avşar, T.S., Yang, X. & Lorgelly, P. (2023) *How is the Societal Perspective Defined in Health Technology Assessment? Guidelines from Around the Globe*. *PharmacoEconomics*. Available from: <https://doi.org/10.1007/s40273-022-01221-y>

3. NZIER. (December 2019). *Rapid access to new medicines in New Zealand*. Wellington, New Zealand. Available from: https://www.medicinesnz.co.nz/fileadmin/user_upload/Medicines_New_Zealand_Rapid_Access_to_New_Medicines_Dec_2019_Final.pdf

4. NZIER. (May 2020). *A new generation medicines policy*. Wellington, New Zealand. Available from: https://www.medicinesnz.co.nz/fileadmin/user_upload/A_new_generation_medicines_policy_-_FINAL.pdf



Medicines
New Zealand



Better health outcomes
for New Zealanders

info@medicinesnz.co.nz, +64 4 499 4277, www.medicinesnz.co.nz

ISSN 2744-5941 (Print)
ISSN 2624-3059 (Online)
© Medicines New Zealand 2023