How does PHARMAC assess if a brand change is appropriate?

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PHARMAC carefully considers whether brand changes for specific medicines are appropriate, taking into account clinical risks. Clinical risks are particularly important where there are limited treatment options within the therapeutic group, where the medicine has a narrow therapeutic index, or where patient adherence is considered critical and could be compromised by the brand change. PHARMAC does not usually consider these types of medicines for sole supply.

Over the years PHARMAC have learnt a considerable amount about what the trigger factors are for negative reactions to brand changes. This may lead to a medicine not being tendered or, if tendered, an increased focus on implementing the change. Trigger factors include:

- Does the medicine have a large patient population (over 50,000 patients)?
- Is the current brand well-known with high brand loyalty (e.g. Ventolin, Panadol, Losec)?
- Is the medicine heavily marketed to patients and doctors?
- Does the new brand have a different colour, shape or taste?
- Is the medicine primarily used by children, or elderly people?
- Has there been negative feedback to consultation, or political lobbying around the change?

In addition to careful internal deliberation, PHARMAC takes advice on brand change options from clinicians and pharmacists. This includes seeking advice from PHARMAC's standing clinical committees and consulting with healthcare professionals more widely.

PHARMAC only seeks to implement brand changes if the new brand is approved by Medsafe. Although not the norm, PHARMAC sometimes awards tenders subject to Medsafe-approval being achieved due to the uncertainty of the product gaining approval .

Advice from clinicians

PHARMAC drafts an annual "invitation to tender" containing numerous medicines and then seeks feedback on a draft tender list from medical groups, clinicians, pharmaceutical companies, DHBs and other interested parties. Comments from consulted parties, typically relating to potential clinical concerns for sole supply for any of the medicines on the tender list, are taken to PHARMAC's Tender Medical Evaluation Subcommittee for comment. This committee of doctors and pharmacists provides advice on all issues related to tendering medicines, including switching brands.

The Tender Medical Evaluation Subcommittee may also seek further advice from other PTAC subcommittees specialising in therapeutic areas.

Other purchasing methods

Should a medicine not be included in the tender, other methods can be used, including (a) Dual supply – this is used for the influenza vaccine; (b) Listing multiple brands with reference pricing – this is used for the asthma inhaler salbutamol; (c) Ongoing contracting with incumbent supplier – sometimes necessary to maintain patient health and compliance, but has risks if suppliers wish to increase prices; and (d) Special Access by authorisation – this is currently being used for the ADHD treatment Ritalin; however PHARMAC has identified adherence issues that make this scheme difficult to manage.

No matter how much advice is sought, brand changes often come down to a judgement call about the level of potential benefits versus the potential costs and risks. Should a change in pill colour, or a bigger pill, be avoided and forego significant savings? This is the typical dilemma PHARMAC faces, and savings can be in the millions of dollars for each medicine. Even if a brand change is considered to pose issues with acceptance, effective education and implementation strategies may still allow the brand to be changed.