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To all Special Foods suppliers and interested parties.

Multi-product proposal from Nutricia in relation to Special Foods

PHARMAC has signed a provisional agreement with Nutricia Ltd regarding the listing of various special foods. The main features of this proposal are as follows:

- listing of two new oral supplements/complete diet products for diabetic patients, Diason and Diasip, and application of reference pricing to similar products that are currently subsidised;
- listing of three new oral supplements/complete diet products for paediatric patients, Nutrini Energy, Fortini and Fortini Multifibre, and application of reference pricing to similar products that are currently subsidised;
- a reduction in the price and subsidy of Nutrini;
- a reduction in the price and subsidy of Nutridrink Powder and application of reference pricing to similar products that are currently subsidised; and
- listing of a new protein supplement, Minaphlex, for patients with PKU.

If this proposal is accepted, all listings and subsidy changes would take effect from 1 June 2004

Proposed changes to products listed under Oral Supplements/Complete Diet (nasogastric/gastrostomy tube feed) - Diabetic

It is proposed that Diason and Diasip be listed under the "Oral Supplements/Complete Diet (nasogastric/gastrostomy tube feed) - Diabetic" heading in the Schedule at prices and subsidies of \$8.70 (ex-manufacturer, GST exclusive) per 1,000mL OP, and \$1.74 (ex-manufacturer, GST exclusive) per 200mL OP respectively.

It is also proposed that PHARMAC would apply reference pricing to the other products in this sub-group on a per calorie basis as shown below:

Product- Diabetes Sub-Group	Current Subsidy	Proposed Subsidy
Diason 1,000mL	N/a	\$8.70
Diasip 200mL	N/a	\$1.74
Glucerna 250 mL	\$2.43	\$2.17
Glucerna RTH 1,000mL	\$9.70	\$8.70
Resource Diabetic 237mL	\$2.30	\$2.06
Resource Diabetic 1,000mL	\$9.70	\$8.70

NB: All Nutricia's products would be fully subsidised at the proposed prices; products from other suppliers may carry a manufacturer's surcharge if they did not drop their prices to meet the proposed reference price.

If listed, Diason 1,000mL OP and Diasip 200mL OP would be listed under the same Special Authority criteria which currently apply to other products listed under the "Oral Supplements/Complete Diet (nasogastric/gastrostomy tube feed) - Diabetic" heading of Section D of the Pharmaceutical Schedule.

The additional criteria ("For Type I and II diabetes patients who require nutritional supplementation") which currently apply to Glucerna 250 mL OP, Glucerna RTH 1,000mL OP, Resource Diabetic 237mL OP and Resource Diabetic 1,000mL OP, would also apply to Diason 1,000mL OP and Diasip 200mL OP.

Special Authorities for all products in this group would be interchangeable.

Proposed changes to products listed under Oral Supplements/Complete Diet (nasogastric/gastrostomy tube feed) - Paediatric

It is proposed that the following products be listed under the Oral Supplements/Complete Diet (nasogastric/gastrostomy tube feed) - Paediatric" heading at the following prices and subsidies (ex-manufacturer, GST exclusive):

- Nutrini Energy at a price and subsidy of \$1.60 per 200mL OP and \$6.00 per 500mL;
- Fortini at a price and subsidy of \$1.60 per 200mL OP; and
- Fortini Multifibre at a price and subsidy of \$1.60 per 200mL OP.

All of these products would be fully subsidised at a rate of 0.0054c per calorie. It is therefore proposed that PHARMAC would apply reference pricing to the other products in this sub-group on a per calorie basis as shown in the table below.

A price reduction for Nutrini (from \$1.60 to \$1.07 per 200mL) would ensure that there is at least one fully funded complete diet suitable for paediatric patients who rely on nasogastric/gastrostomy tube feeds.

Product-Paediatrics Sub-Group	Current Subsidy	Proposed Subsidy
Pediasure 237mL	\$1.90	\$1.27
Pediasure 500mL RTH	\$4.00	\$3.34
Resource Just For Kids 237mL	\$1.90	\$1.27
Nutrini 200mL	\$1.60	\$1.07
Nutrini Energy 500mL RTH	N/a	\$6.00
Nutrini Energy 200mL	N/a	\$1.60
Fortini 200mL	N/a	\$1.60
Fortini Multifibre 200mL	N/a	\$1.60

NB: All Nutricia's products would be fully subsidised at the proposed prices; products from other suppliers may carry a manufacturer's surcharge if they did not drop their prices to meet the proposed reference price.

If listed, Nutrini Energy, Fortini, Fortini Multifibre and Nutrini would be subsidised under the same Special Authority criteria which currently apply to the products above which are listed in the "Oral Supplements/Complete Diet (nasogastric/gastrostomy tube feed) – Paediatric" heading of Section D of the Pharmaceutical Schedule.

The additional criteria (for "Medical Conditions: - any condition causing malabsorption, increased nutritional requirements or failure to thrive"), which currently apply to Resource Just For Kids 237mL OP, Pediasure 500mL RTH and Pediasure 237mL OP would also apply to Nutrini, Nutrini Energy, Fortini and Fortini Multifibre.

Special Authorities for all products in this group would be interchangeable.

Proposed changes to products listed under Oral Supplements

Nutricia has offered a price reduction for Nutridrink Powder from \$12.23 to the proposed price of \$11.50 per 900g OP. It is proposed that PHARMAC would apply reference pricing on a per calorie basis to other products listed under this heading, resulting in the following subsidies:

Product-Oral Supplements	Current Subsidy	Proposed Subsidy
Ensure Powder 400g OP	\$6.13	\$4.60
Resource Standard 237mL OP	\$0.89	\$0.67
Sustagen Hospital Formula 900g OP	\$12.29	\$9.22
Nutridrink Powder 900g OP	\$12.23	\$11.50

Proposed listing of new protein supplement for PKU

It is proposed that Minaphlex be listed on the Pharmaceutical Schedule at a price and subsidy of \$320.10 per 30 x 29g sachets OP (ex-manufacturer, ex-GST).

If listed, Minaphlex would be subsidised under the same Special Authority criteria which currently apply to other products listed under the "Foods for PKU and other inborn errors of metabolism -protein supplements" heading of Section D of the Pharmaceutical Schedule.

The additional criteria (Medical Conditions: "dietary management of homocystinuria; or dietary management of Maple Syrup Urine disease; or PKU and other inborn errors of metabolism.") which currently apply to Aminogran Food Supplement, Aminogran Mineral Mix, Analog LCP, Maxamaid MSUD, Maxamum MSUD, Maxamaid XP, Maxamum XP, Metabolic Mineral Mixture and Phlexy 10 would also apply to Minaphlex 30 x 29g sachets OP.

Special Authorities for all products in this group for PKU patients would be interchangeable.

Applications to be declined

PTAC Special Foods Sub-committee has also considered applications for the following products supplied by Nutricia but PHARMAC does not intend to recommend listing:

- Renilon 7.5
- Scandishake
- Loprofin Low Protein Cereal
- Cubitan
- Forticreme
- Loprofin Drink Mix

It is intended that the PHARMAC Board will consider this proposal in April 2004. If you have any views or concerns about this proposal that you would like to have considered, we ask that you please provide submissions by **5pm, 16 April 2004**. If you have any questions regarding the proposals or the consultation process I can be contacted on (04) 9167 504 or sophie.dalziel@pharmac.govt.nz.

Yours sincerely,



Sophie Dalziel
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