



TE TAI ŌHANGA  
THE TREASURY

Reference: 20190437

26 July 2019

s9(2)(a)

Dear s9(2)(a)

Thank you for your Official Information Act request, received on 2 July 2019. You requested the following:

*Can you provide me with any equivalent advice to the Minister for the 2019/20 medicines budget, including any related advice or commentary on medicine budgets, medicine access, and Pharmac's role in the health sector, (whether to the Minister, the Ministry of Health or Pharmac) including that provided in the leadup to the formation of the new government in 2017.*

*Can you please provide me with any Treasury commentary or advice specific to the management of funding of treatments for rare diseases, including Pharmac's role in that, if not already included in the information resulting from my first question, above.*

### Information being released

We have identified one document that contains information relevant to your request. Please note that the document below was created for internal discussion purposes and was never treated as formal advice, Treasury policy, or provided to Ministers.

Item	Date	Document Description	Decision
1.	4 October 2016	Internal discussion document: Access to high-cost-medicines in New Zealand.	Release in part

We consider the majority of the document to be outside the scope of your request, however we have provided excerpts of the relevant parts below, subject to information being withheld under the following section of the Official Information Act:

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<https://treasury.govt.nz>

- 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions.

### Report excerpt 1

‘For the most part, PHARMAC manages high-cost-medicines in the same way as all other medicines (although they are more likely to have pre-approval rules to help contain financial risks from more widespread prescribing). One exception to this is PHARMAC’s \$5 million per year funding stream for rare disorders (due to the smaller market size treatments for rare disorder may more often be high-cost). This funding stream is based on the idea that:

“a separate funding pool and bidding process specifically for treatments for rare disorders could demonstrate to suppliers that funding is available to improve access to these medicines, and incentivise them to propose more competitive offers than they have done to date.” <https://www.pharmac.govt.nz/medicines/how-medicines-are-funded/medicines-for-rare-disorders/>

### Report excerpt 2

‘Valuing benefits for many people from relatively inexpensive medicines against more expensive rare-disorder treatments is one of the most exceptionally difficult areas. If health providers refuse to pay higher prices for rare disorder treatments, suppliers may choose not to create them. If providers pay high prices, money may be unavailable to fund good treatments for larger numbers of people.’

### Report excerpt 3

‘Option	Pros	Cons
Establishment of separate funding streams to target funding to certain medicines eg cancer, high-cost, or early access. This could occur either within PHARMAC (eg the rare disorders funding stream) or outside it.	<ul style="list-style-type: none"> <li>• Helps to address public concern around access to particular medicine types eg lifesaving medicines for rare disorders.</li> </ul>	<ul style="list-style-type: none"> <li>• May create inequity as funding within each stream may not result in the most cost-effective outcome overall.</li> <li>• s9(2)(g)(i)</li> <li>• If the high-cost-medicine funding stream(s) were outside PHARMAC, complex funding transfers might be required. Eg PHARMAC’s cost savings from older medicines might need to be transferred to support the new funding stream(s) financial viability. PHARMAC’s ability to gain savings on already subsidised medicines as part of listing new ones could be undermined.’</li> </ul>

## **Information publicly available**

The information you requested in relation to Budget 2019 is covered by a proactive release of budget information that is currently being prepared. This portion of the request is refused under section 18(d) of the Official Information Act, as the information will soon be publically available. The information will be available here:

<https://treasury.govt.nz/publications>.

In relation to information that was provided in the lead up to the formation of the new government in 2017, I am refusing this part of your request under section 18(e) of the Official Information Act, as the information does not exist.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Jess Hewat  
**Manager, Health & ACC**