For Discussion
on 10 July 2006

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Legislative Council Panel on Health Services

Review of Hospital Authority Drug Formulary

PURPOSE

This paper reports to Members the results of the review on the Hospital Authority (HA) Drug Formulary (the Formulary).

BACKGROUND

2. At the meeting on 31 January 2005, Members were informed of the purpose of developing the HA-wide Formulary which aims to ensure equitable access to cost effective drugs of proven efficacy and safety, through standardisation of drug policy and drug utilisation in all HA hospitals and clinics. Following a three-month public consultation on the proposals, Members were informed, vide LC Paper No. CB(2)1748/04-05(07) which was discussed at the meeting of the Panel on 13 June 2005, of the HA's plan to roll out the Formulary by phases.

3. Since implementation, the HA has received views from patients, staff and the general public on the Formulary. These views centred around three issues :

(a) the mode of supply of drug items to be purchased by patients at their own expenses (self-financed items or SFI);

(b) assistance under the Samaritan Fund as a safety net; and

(c) the introduction of new drugs into the Formulary.

4. The Formulary was implemented in public hospitals and clinics operated by the HA by phases between July and October 2005. In the light of the six-month experience after full implementation of the Formulary and the comments received over the period, the HA initiated a comprehensive review of the Formulary in April 2006. The main objective of this review is to gather feedback from the community and major stakeholders to facilitate the HA in

evaluating the experience from actual operation of the Formulary and in identifying possible improvement measures.

COMMENTS RECEVIED ON THE FORMULARY

Mode of Supply of Self-financed Drugs

5. While there are diversed views on whether the HA should supply SFI drugs, most of the respondents, in particular patients and patient groups as well as the Regional Advisory Committees and the Consumer Council, supported / have no objection to the HA in supplying SFI drugs. A summary of the comments received is at the **Annex**.

Assistance under the Samaritan Fund as a Safety Net

6. All respondents generally found the revised assessment criteria for applications for assistance under the Samaritan Fund for drug expenditure more objective and easier to understand. There is however a suggestion that the assessment criteria should be more widely publicised to facilitate better understanding by patients.

Introduction of New Drugs into the Formulary

7. The pharmaceutical industry has expressed concerns over the efficiency and effectiveness of the drug enlistment (i.e. inclusion in the Formulary) and review process in the HA. In particular, the Hong Kong Association of The Pharmaceutical Industry suggested that the HA should develop a clear, simplified and transparent system with clear and objective scientific criteria for the approval of new drugs.

RESPONSE OF THE HA / REVIEW RESULTS

Mode of Supply of SFI Drugs

8. Having considered the views of all relevant stakeholders and bearing in mind the long-term interests of patients, the HA is proposing to expand the categories of SFI drugs currently supplied by HA to cover all prescriptions within the Formulary issued for purchase by patients at their own expenses. In other words, apart from the three existing categories of SFI

drugs[1], patients would be able to fill prescriptions for SFI drugs prescribed to them at HA pharmacies.

9. In order to minimise interference with the private market, the HA will only supply drugs prescribed to patients by the HA doctors. In addition, the HA is proposing that prices for SFI drugs supplied by the HA should be set at rates which are comparable to the levels in the market. However, this pricing strategy would only apply to the expanded SFI drugs. Prices for SFI drugs within the above existing three categories would continue to be determined largely on the basis of cost recovery due to restricted choices for patients for alternative available drugs. In proposing the "market comparable rates" principle for the new SFI drugs, the HA is mindful that it should not in any way restrict patients' choice from obtaining SFI drugs from other sources. The HA hopes that this initiative would help drive the development of the pharmaceutical market with the ultimate aim of providing patients with a safe, high quality, convenient and continuous source of drug supply at reasonable prices.

10. In line with the HA's status as a public organisation with the principal objective to provide the public of Hong Kong with quality medical services, additional revenue to be generated by the supply of SFI drugs would be fully ploughed back to meet the expenditure (especially the expenditure on drugs) of the HA's public medical services.

11. The HA is planning to implement the extended supply of SFI drugs by phases, taking into account the availability of logistical support in the hospitals.

12. It should be emphasised that the HA's decision to supply SFI drugs is taken having regard to the principle of facilitating patients' access and convenience as well as providing choice to patients . Doctors' professionalism, the well-established evidence-based clinical guidelines in public hospitals and clinics and the guiding principle of the Formulary, would continue to be the

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[1] The three categories of existing SFI drugs supplied by the HA to patients are :

(a) items not easily accessible in the community (e.g. dangerous drugs as defined under the Dangerous Drugs Ordinance (Cap 134); certain psychiatric drugs, oncology drugs and immunosuppressives);

(b) items covered by the Samaritan Fund (namely Interferon, Paclitaxel, growth hormone and Imatinib); and

(c) items needed to be supplied for operational convenience (e.g. drugs needed by in-patient and day-patients, drugs to be administered by injection).

overriding principle and a transparent monitoring system would be in place. Revenue generation has not been the HA's concern.

Assistance under the Samaritan Fund as a Safety Net

13. In respect of the publicity for the revised assessment criteria, the HA has already produced information pamphlets for distribution in public hospitals and uploaded relevant materials on the HA's Internet website for public access. The HA noted the suggestion for additional publicity and would explore ways to better inform needy patients of the assistance available under the Samaritan Fund, e.g. publication of posters for display at prominent locations in public hospitals.

14. Regarding the suggestion that the HA should expand the list of drugs covered by the safety net, the HA undertakes that it would regularly review the list of SFI drugs and consider actively introducing safety net for those drugs which were previously considered to have preliminary medical evidence with marginal benefits only, but have since accumulated scientific evidence of proven clinical outcome over time that merit financial subsidy from the public purse.

15. The HA would also like to strengthen the decision process for determining the coverage of SFI drugs by the safety net. Instead of leaving it a decision to be made by HA management in consultation with the Government, the HA would like to propose that in the future, all SFI drugs with potential for safety net coverage should be considered by the HA Board. The decision on whether safety net coverage should be extended to specific SFI drugs would be made on the basis of a number of factors, including safety, efficacy, effectiveness, cost effectiveness, health impact, equity and patients' choice, societal values and ethical factors, the overall provision of public health care services by the HA and the potential financial impact on the Samaritan Fund.

Introduction of New Drugs into the Formulary

16. Having carefully considered the views of the pharmaceutical industry and after a thorough review by its Drug Advisory Committee, the HA proposes a more structured decision-making process for the introduction of drugs into the Formulary which will be based on a set of more explicit evaluation criteria, as set out below –

(a) Efficacy versus Alternatives;

(b) Efficacy versus Placebo;

(c) Efficacy (no comparator);

(d) Safety;

(e) Drug Cost versus Alternatives;

(f) Cost Impact to HA;

(g) Overseas Reimbursement Status (i.e. whether the cost of the drug in question is covered (most commonly by reimbursement to service providers) by overseas governments (e.g. through the National Health Service in the UK or provincial drug benefit programmes in Canada)); and

(h) Other considerations (e.g. patient compliance and cost effectiveness studies).

17. The HA believes that the set of more explicit evaluation criteria would enhance both the transparency and accountability of the evaluation process of drugs to be introduced into the Formulary. The more structured decision process is also expected to facilitate the preparation of submission to the Drug Advisory Committee, which will in turn result in more timely introductions of new drugs into the Formulary.

ADVICE SOUGHT

18. Members are invited to note and comment on the results of the HA's review on the Formulary.

Health, Welfare and Food Bureau
Hospital Authority
July 2006

Annex

A Summary of Views Received on the HA Drug Formulary

Mode of Supply of Self-financed Drugs

Patient Groups

There is overwhelming support from patients and patient groups for the HA to supply SFI drugs. Many patients indicated that they had difficulties in verifying the authenticity of drugs and in identifying their source. Some chronic patients also cited access problems in the community, recounting experience where they had to visit multiple community pharmacies to procure all the different drugs required. A survey of some 1 900 respondents conducted by the Alliance for Patients' Mutual Help Organisations (which comprises 387 patient organisations with a total of over 30 000 members) in April 2006 revealed that over 90% of the respondents viewed the supply of SFI drugs by HA as a convenient service and over 95% of them considered HA as a reliable source. In addition, over 90% of the respondents indicated that they would consider patronising / be willing to patronise HA's drug supply services if the drugs are sold at levels comparable to market prices.

Consumer Council and HA's Regional Advisory Committees

2. The Consumer Council believed that such HA's initiative to supply SFI drugs to patients would facilitate patients' choice and provide better assurance of continuous supply, quality and safety, hence it did not object to the HA's proposal.

3. The three Regional Advisory Committees also welcomed the supply of SFI drugs by the HA.

Medical Professional Bodies

4. The Hong Kong Academy of Medicine supported the HA's proposal to supply SFI drugs. However, the Hong Kong Doctors' Union opined that the scope of SFI supplied by the HA should not be extended as it would aggravate the HA's funding burden, that the quality and composition of drugs available at private pharmacies could be sufficiently ensured by the supervision of the Department of Health, and that subsidy by public funding for the drug market would counteract public-private interface.

Pharmaceutical Industry

5. The pharmaceutical industry is of the view that it is inappropriate for the HA, as a public organisation, to go into business as a retailer of medicines. They also believe that such an initiative would exacerbate the imbalance between the private and the public sectors, marginalise private healthcare providers and risk undermining patients' trust by creating an incentive for public doctors to prescribe SFI drugs which would have the effect of increasing the HA's revenue.

Assistance under the Samaritan Fund as a Safety Net

Patient Groups

6. From a user's point of view, applicants for assistance under the Samaritan Fund for drug expenditure generally found the revised assessment criteria more objective and easier to understand. They also found that the exclusions allowed in the calculation of patients' disposable financial resources were effective in protecting applicants' quality of living. Notwithstanding the above, there were suggestions from certain patient groups that the HA should expand the list of drugs covered by the safety net and that such decisions should be made in consultation with patients.

Social Workers

7. The feedback from frontline social workers, who are responsible for administering the financial means test, is favourable. Social workers found the new assessment criteria easier to administer because of its objectivity and transparency.

General Public

8. The community in general also welcomed the revised assessment criteria as a compassionate initiative to look after the healthcare needs of the underprivileged. However, there is a suggestion that the revised assessment criteria should be more widely publicised to reach those patients in need.

Introduction of New Drugs into the Formulary

Pharmaceutical Industry

9. The pharmaceutical industry has expressed a concern over the efficiency and effectiveness of the drug enlistment (i.e. inclusion in the

Formulary) and review process in the HA. In particular, the Hong Kong Association of The Pharmaceutical Industry suggested that the HA should develop a clear, simplified and transparent system with clear and objective scientific criteria for the approval of new drugs.