

The Treasury

Budget 2012 Information Release

Release Document

June 2012

www.treasury.govt.nz/publications/informationreleases/budget/2012

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [4] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [5] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [6] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [7] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [8] 9(2)(h) - to maintain legal professional privilege
- [9] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [10] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [11] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [12] 9(2)(ba)(i) - to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [4] appearing where information has been withheld in a release document refers to section 9(2)(b)(ii).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

From: Grant Johnston (MIN) [3]
Sent: Friday, 4 May 2012 5:22 p.m.
To: John MacCormick
Subject: RE: Pharmacy for Grant

That's great John, thanks very much.

From: John MacCormick [3]
Sent: Friday, May 04, 2012 4:42 PM
To: Grant Johnston (MIN)
Subject: FW: Pharmacy for Grant

Hi Grant – numbers for 2011/12 from Mike McCarthy at Ministry of Health

Short story:

Consumers' share of the total cost of community pharmaceuticals is increasing from about 6.3% to just under 10%. The government pays the rest through DHBs' budgets (some of which is channelled through the pooled PHARMAC community pharmaceuticals budget).

A total of \$1.115 billion will be spent on "community pharmaceuticals" medicines prescribed for NZers this year (in addition to hospital medicines, and stuff purchased privately rather than funded through pharmac)

Of this:

- \$777 million is drug costs (the drug companies' bit paid from pharmac's community Pharms budget, plus pharmacists' mark-ups paid by DHBs)
- \$338 million is dispensing costs (paid by DHBs)

MOH estimates that \$70m of this total is funded by copays (under the current policy with \$3 maximum). This is included in the figures above.

So consumers are paying 6.3% of the total cost.

Taking in an extra \$40m in copays under the new policy in Budget 12, consumers' share (on the current level of spending) would increase to about 9.9% with the govt/taxpayer paying the rest.

I understand these figures are taken from aggregate pharmacy returns.

Revenue from copays is held by pharmacists and netted off the total amount they claim in reimbursement from DHBs.

John MacCormick | Senior Analyst | **The Treasury**
[3]

CONFIDENTIALITY NOTICE

The information in this email is confidential to the Treasury, intended only for the addressee(s), and may also be legally privileged. If you are not an intended addressee:

- a. please immediately delete this email and notify the Treasury by return email or telephone (64 4 472 2733);
- b. any use, dissemination or copying of this email is strictly prohibited and may be unlawful.

From: [3]
Sent: Friday, 4 May 2012 3:54 p.m.
To: John MacCormick
Subject: Pharmacy for Grant

2011/12

\$338 million dispensing

\$777 million drug costs

\$1,115 million total Pharmacy costs

Included in total pharmacy costs is Estimated \$70 million currently funded by Patient Co-pays (at \$3)

Mike McCarthy
Chief Advisor -Finance
Ministry of Health
[3]

<http://www.moh.govt.nz>

[3]

Statement of confidentiality: This e-mail message and any accompanying attachments may contain information that is IN-CONFIDENCE and subject to legal privilege.

If you are not the intended recipient, do not read, use, disseminate, distribute or copy this message or attachments.

If you have received this message in error, please notify the sender immediately and delete this message.

This e-mail message has been scanned for Viruses and Content and cleared by the Ministry of Health's Content and Virus Filtering Gateway
