Drugs - Funding Arrangements for Outpatient Use of High Cost Drugs Not Funded by the Commonwealth

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Functional Sub group  Clinical/ Patient Services - Pharmaceutical
                      Corporate Administration - Finance
Summary  Supply and financing of high cost drugs not funded by the Commonwealth.
Author Branch  Government Relations
Branch contact  Government Relations 9391 9533
Applies to  Area Health Services/Chief Executive Governed Statutory Health Corporation, Board Governed Statutory Health Corporations, Affiliated Health Organisations, Ministry of Health
Distributed to  Public Health System, Ministry of Health
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Status  Active

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CIRCULAR

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Contact Inter-Government and Funding Strategies Branch (02) 9391 9533

FUNDING ARRANGEMENTS FOR OUTPATIENT USE OF HIGH COST DRUGS NOT FUNDED BY THE COMMONWEALTH

To supersede Circular 97/15

A number of high cost drugs prescribed in NSW for outpatient usage are not funded through the Pharmaceutical Benefits Scheme, Repatriation Pharmaceutical Benefits Scheme, or Section 100 of the National Health Act and may be subject to the provisions of this Circular. The responsibility for defining the high cost drugs that are subject to these funding arrangements is delegated by NSW Health to the NSW Therapeutic Advisory Group (NSW TAG), in consultation with Directors of Pharmacy and Drug Committees of tertiary units.

The NSW TAG defines High Cost Drugs for the purposes of these arrangements as medicines which:
1. are not listed for subsidy on the Schedule of Pharmaceutical Benefits under either Section 85 or Section 100 of the National Health Act, and
2. incur acquisition costs equivalent to or more than $500 per week per drug per patient (subject to annual review by NSW TAG), and
3. require particular expertise for management of patient care.

And which:
4. are being used in accordance with the Approved Product Information, or
5. are being used in a manner that is supported by high quality clinical evidence

(see NSW Health Department Information Bulletin 2004/15: Off-Label Use of Medicines and Use of Medicines Obtained under the Commonwealth Personal Importation Scheme in NSW Public Hospitals. Where the quality of the evidence is unclear, the matter may be referred to NSW TAG for guidance.)

Therapy with high cost drugs not funded by the Commonwealth should only be initiated in tertiary units (principal or major referral hospitals) with the approval of the hospital Drug Committee. Where the patient being treated at the tertiary unit resides in another Area, the initiating Area Health Service should inform the Area Health Service (or the appropriate hospital Drug Committee with delegated authority) in which the patient resides. This enables queries or clarifications regarding the clinical indications for the drug to be discussed and resolved between the Areas prior to the transfer of costs.

Distributed in accordance with circular list(s):

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In accordance with the provisions incorporated in the Accounts and Audit Determination, the Board of Directors, Chief Executive Officers and their equivalents, within a public health organisation, shall be held responsible for ensuring the observance of Departmental policy (including circulars and procedure manuals) as issued by the Minister and the Director-General of the Department of Health.
The Area Health Service of the unit initiating therapy is responsible for financing the cost of the drugs for twelve months from the date of discharge from the episode during which the therapy was commenced, or for twelve months from the date of commencement if therapy was initiated on a non-inpatient basis. After twelve months the responsibility for financing passes to the Area of residence of the patient. Notification and billing should occur at an Area level between CEOs.

To avoid duplication of supplies, the Area initiating treatment should give the Area of residence details of the therapy including the patient’s initials, address, date of birth, date of commencement, quantity and cost of the drug at least three months prior to the transfer of funding responsibility. Notification of intention to bill should be made by way of a standard notification form developed by NSW TAG (available on the NSW TAG web site: www.nswtag.org.au).

These arrangements should not be used to cover:
1. Drugs that are being used in the context of a formal research protocol;
2. Drugs that are being used in “exceptional” circumstances (as described in NSW Health Department Information Bulletin 2004/15: Off-Label Use of Medicines and Use of Medicines Obtained under the Commonwealth Personal Importation Scheme in NSW Public Hospitals);
3. Drugs that are being used under the Special Access Scheme.

In such circumstances, the patient should continue to attend the hospital where the research or exceptional use was approved, unless new approvals are obtained via the local hospital and/or service provider. Financing of such therapy remains the responsibility of the hospital that has facilitated approval for such use.

For the purpose of this circular, outreach clinics are considered part of their original tertiary unit. However, the responsibility for supply and funding of drug therapy prescribed as a result of outreach clinic consultations is the responsibility of the Area Health Service in which the outreach clinic is located, unless such drug therapy has been specifically identified under the outreach service agreement.

These arrangements do not apply to financing outpatient chemotherapy cycles.

NSW TAG may be contacted at nswtag@stvincents.com.au.

Robyn Kruk
Director-General