PREDICTION OF MARKET UTILISATION BY GENERAL MISCELLANEOUS CATEGORY

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High value categories recommended for removal by Dept of Health (all data are from HCP1):

Sub Category /Product Group from Part A PL	**2018/19 spend**	**2016/17 spend**	**Comments**	**Likely Negotiated**
01.03 - Intraocular Fluids	**$14.59M** 173.1K units	**$14.24M** 152.6K units	This group is unlikely to see significant savings, as known international prices not as highly inflated in Australia as other categories. The volume growth over the last few years has been modest.	Minimal, estimated 15% drop over three years.
03.02 - Drug Delivery Devices (except 03.02.01 - Infusion Ports and 03.02.06 - Pharmaceutical Beads)	**$12.17M** 103.6K units	**$11.53M** 88K units	The Smiths systems would appear preferred by clinical staff and with low cost cannisters and reusable power systems. This would put pressure on the cost of more expensive On-Q systems. Use of cheaper devices and pressure to high priced devices to drop to remain competitive will drive down cost.	Costs already declining and that trend should continue. Significant savings of 25-50% across the category.
03.03 - Enteral Tubes	**$251.2K** 1.2K units	**$224.4K** 0.99K units	This group is unlikely to see significant savings, as volume and price are low. The volume growth over the last few years has been modest.	Minimal, estimated 10% drop over three years.
03.05 - Haemostatic Devices	**$38.02M** 169.5K units	**$30.94M** 144.2K units	The growth in this groups is clearly not driven by surgery rates, with unit growth of 18.6% and cost growing at 44.5% strongly linked to two companies. With several companies in the market, prices should reduce rapidly. Pricing is a group issue, with Floseal, Surgiflo and Nasopore having very high prices on international comparison. Price competition against products such as Nasopore is very likely without PL protection, leading to prices approaching the international average. The EY report noted that there are also significant volume savings available by using the most appropriate product size. Haemostats are not a high emotion category, with doctors unlikely to object to less expensive options. *Examples*: HW582 Nasopore costs A$136 on the PL, £25.65 ($48) on the NHS BX259 FloSeal 10ml is around 35% of the category and costs A$903 on the PL, R6051 (A$551) in South Africa and US$265 (A$361) from a US supplier MN172 Surgiflo is around 25% of the category costs A$903 on the PL, A$350 in the Victorian public system and £203.50 ($379) on the NHS.	Very significant savings – 50-60% within four years, with additional savings available from a focus on aligning utilisation with indication and avoiding excessive billing.

Sub Category/Product Group	2018/19 spend	2016/17 spend	Comments	Likely Negotiated
03.08.01 - Adhesion Barriers	**$4.72M** 9.2K units	**$3.57M** 7K units	A group that is effectively one small company Fziomed in California, distributed by a range of companies. The product is three times the price the exact code is in the NHS. Group also includes aged consumable items like Interceed which are standard surgical consumables, never fit for being on the PL. Significant opportunity for volume savings. *Example*: FJ001 Oxiplex/AP Absorbable Adhesion Barrier Gel is 45% of the cost of the group. It costs A$1173 on the PL, £224.40 ($418) on the NHS and R4851.56 ($482) in South Africa	Very significant savings – 60-70% within four years, with additional savings available from a focus on avoiding excessive billing.
03.08.02 - Internal Adhesives	**$44.24M** 176.5K units	**$21.63M** 50K units	The largest source of growth in this group is coming from the addition of Dermabond. The second driver is Evicel in Orthopaedics where it does not offer HTA value. Given the HTA lack of value for Evicel use in Orthopaedics, the price will likely drop dramatically back to international benchmarks to maintain volume. Prineo likewise will drop in price to protect volume, and competition from standard skin glues. The price on standard skin glues should drop to avoid competition from new entrants. *Example*: MN230 Dermabond Prineo costs A$258 on the PL, and A$99.50 in the NSW and Victorian public systems.	Very significant savings – 50-60% within four years, with additional savings available from a focus on aligning utilisation with indication and avoiding excessive billing.
03.08.03 - Ligating Devices	**$28.17M** 282K units	**$27.43M** 259K units	A mature group that is unlikely to see much unit decline, however its mature status and the lack of competition in the market has left items over-priced. The long term outcome of this group will involve more balancing clinician choice keeping prices sticky with generic lower cost options possible to retain patented unique technologies as needed. More engaged competitive bidding with Applied Medical, Boston, Teleflex and Device Technologies will see generic clips and appliers fall significantly, but this will only appeal to some of the market as doctors have preferred products. *Example*: MI213 Endo Clip is A$381 on the PL, and A$265 on the NHS.	Prices likely to drift down up to 20% over four years.
03.08.04 - Staples & Tackers	**$98.83M** 297.4K units	**$94.38M** 242.5K units	As above core workhorse unit groups of the PL. 86.6% of the group is between J&J and Medtronic. A price driven market may attract Device Technologies and Applied Medical to compete more aggressively. Clinicians need to play an active role in driving suppliers to sustain unrestricted choice. If the duopoly participants do not come to the table on a reasonable discount then hospitals and clinicians may shift to lower-cost suppliers. *Example*: AS186 Endo GIA reload is 35% of the cost of the group. It costs A$346 on the PL, and A$291 on the NHS.	Prices likely to drift down up to 20% over four years.

Sub Category/Product Group	2018/19 spend	2016/17 spend	Comments	Likely Negotiated
03.08.11 - Dynamic Wound Closure Devices	**$6.7K** one unit	zero	Only one unit used.	n/a
04.02.05 - Repair, Liquid Sealant (0 to 3ml)	**$309.5K** 0.41K units	**$208K** 0.26K units	Prices are very high compared to international benchmarks. Most of these products are not used for dura closures. There is likely to be scope for substitution in non-dura applications. *Example*: MN203 Evicel costs A$753 on the PL, and A$375 in the UK.	Very significant savings – 40-50% within four years, with additional savings available from a focus on aligning utilisation with indication and avoiding excessive billing.
04.02.06 - Repair, Liquid Sealant (>3 to 6ml)	**$1.52M** 1.9K units	**$651.3K** 0.78K units		
04.02.07 - Repair, Self-Adhesive Membrane Sealant, Small (≤10cm²)	n/a	n/a	This is a new product group in July 2021 PL, limited to a small number of MBS items, and Australian usage data are not available.	As no data are available, to be determined with case payments.
04.02.08 - Repair, Self-Adhesive Membrane Sealant, Medium (>10 to 50cm²)	n/a	n/a	This is a new product group in July 2021 PL, limited to a small number of MBS items, and Australian usage data are not available. *Example*: BX343 Hemopatch is the only product in the group. It costs A$505 on the PL, A$393 in Spain and A$520 in the UK.	As no data are available, to be determined with case payments.
10.07.01 - Arterial Closure Devices	**$11.21M** 30.3K units	**$11.4M** 27.8K units	These items are significantly cheaper in New Zealand and other markets. There are two main suppliers to provide competitive tension. *Example*: AY033 Proglide is almost 45% of the group, and costs A$332 on the PL. The price in New Zealand is A$243. The Terumo products are A$332 on the PL. The price in New Zealand is A$225.	Prices likely to drift down 25-30% over four years.

Notes

Prices have been sourced from the UK, South Africa, France, New Zealand and some other international prices (predominantly through onseller sites). Changes to exchange rates will affect the outcome.

The NSW and Victorian government prices come from a document provided to PHA from Catholic Health Australia – these prices have not been independently verified.

For general items, there are no prices available from France, or from New Zealand (other than insulin pumps and arterial closure device). These countries do not list consumables on their price lists.

Prices are generally lower in the UK and South Africa, although South African prices are higher for ligating devices and staples and tackers (other than Securestrap and Insorb, which are cheaper).

The existence of a price does not necessarily mean a product is used in that market.