15 April 2009

To: Sponsor companies and applicants for approval of new and changed medicines and related products

PROPOSED CHANGES TO FEES PAYABLE UNDER THE MEDICINES REGULATIONS 1984

The purpose of this letter is to:

- **Advise** you of Medsafe's intention to use the fee waiver mechanism provided for in the Medicines Regulations1984 to reduce the fee for applications for approval of new innovative medicines and approval of clinical trials;
- **Inform** you of proposals to reduce Medsafe's total fee revenue from new medicine and new related product applications by decreasing the number of instances in which fees apply;
- **Inform** you of proposals to reduce Medsafe's total fee revenue from changed medicine and related product notifications by changing the way in which fees are applied; and
- **Seek feedback** on the change proposals by **22 May 2009**.

Background

The fees payable for applications for approval of new and changed medicines and related products and approval of clinical trials are set out in regulation 61 of the Medicines Regulations 1984. The fees levels were last changed in 2006.

Regulation 61A of the Medicines Regulations 1984 provides that the Director-General of Health may waive or refund, in whole or in part, a fee otherwise payable under regulation 61. In exercising this power the Director-General is obliged to have regard to the degree of complexity and time required to consider an application, and the interests of public health in New Zealand.

A 'standard' waiver is applied in a number of instances to reduce the fee for approval of a new or changed medicine or related product in order to recognise the reduced time required to consider the application. For example:

- A partial waiver is routinely applied to applications for approval of new non-prescription medicines and to applications under the abbreviated process for approval of new prescription medicines already approved by a recognised overseas regulator.
- The regulations set a maximum fee for a notification of a change to an existing product, and a partial fee waiver is applied to reduce this fee to an appropriate level for different kinds of changes.

Medsafe publishes a schedule of fees that sets out the actual fee payable for different kinds of applications, after any standard fee waiver has been applied.

The 2008 fees review

A review of fees was undertaken in mid-2008. In addition to considering fee levels, this review also looked at the way in which fees are applied and whether it would be possible to simplify the current fee schedule in order to achieve greater efficiency for applicants and for Medsafe.

The review resulted in proposals to decrease some fees, increase fees in a few instances, and leave the remaining fees at the levels set in 2006. The review also resulted in a proposal to change the way in which fees are applied when an applicant seeks approval, at the same time, for more than one strength or flavour or trade name of a new medicine, or when multiple changes are made to existing products.

The *Report on the 2008 review of fees payable under the Medicines Act 1981* and a report on the external peer review conducted by Deloitte are available at www.medsafe.govt.nz.

Proposal to progress changes identified in the 2008 fees review

Implementing all of the proposed changes identified in the 2008 review would require an amendment to the Medicines Regulations 1984 because some fees would increase. It has been decided that an amendment to the regulations should not proceed at present. Thus none of the fee increases proposed in the *Report on the 2008 review of fees payable under the Medicines Act 1981* will be progressed at this time. However, it is proposed to use fee waivers to implement the fee decreases identified in the review.

While fees are intended to achieve cost recovery, the 2008 review highlighted three areas of over-recovery – new innovative medicine applications, clinical trial applications and changed medicine/related product notifications.

Since July 2007, the Ministry of Health has operated a memorandum account to ensure that, over time, the revenue collected from industry through fees set out in the Medicines Regulations 1984 equates with the costs incurred by Medsafe. Details of the memorandum account are included in the Ministry of Health's Annual Report. At 30 June 2008, there was $1.147 million in the memorandum account.

The proposals for reducing fee revenue set out in this letter are designed to achieve under-recovery of costs over a three-year period in order to reduce the balance in the memorandum account.

Changes that involve **reducing fee levels, reducing the instances in which fees are charged,** or **changing the way in which fees are applied** in order to reduce overall fee revenue can be achieved using the fee waiver mechanism provided in regulation 61A of the Medicines Regulations 1984.

To this end, Medsafe is advising that it from Wednesday 8 April 2009 a new standard partial fee waiver will be used to:

- reduce the fee for an application for approval of a new innovative medicine to $88,875 (GST inc), and
- reduce the fee for an application for approval of a clinical trial to $6,525 (GST inc).

While application of these fee waivers is commencing straight away, any feedback received during consultation on the change proposals will be considered and may result in a subsequent adjustment to the fee waiver.

In addition, Medsafe is **seeking comment** on proposals to change the way in which fees are applied to:

- applications for approval of new medicines and new related products where two or more strengths, flavours or trade names are applied for at the same time; and
- changed medicine/related product notifications.

These proposals are intended to simplify the way in which fees are applied and are expected to **reduce** overall fee revenue in these areas. Feedback is sought on the anticipated impact of the proposed changes on businesses. Changes to the way fees are applied will not be implemented until submissions received during consultation on the change proposals have been considered.

Further detail on the proposed changes is provided in Appendix 1.

How to make a submission

Medsafe welcomes feedback on the proposed changes to fees. Please send your submission to:

Medsafe Fees Consultation
Ministry of Health
PO Box 5013
Wellington

OR

feesproposal@moh.govt.nz

The closing date for submissions is 22 May 2009.

Please ensure that you provide an email address to which acknowledgement of receipt of your submission and feedback on the analysis of submissions can be sent.

Submissions may be released under the Official Information Act 1982. Any information you do not want made public should be sent separately and clearly marked CONFIDENTIAL.

Next steps

Analysis of submissions is expected to be completed, final decisions made and the outcome notified on the Medsafe website (www.medsafe.govt.nz) by mid-June. The changes are expected to come into effect on 1 July 2009.

Automatic email notification of website updates is available to subscribers. If you have not already subscribed, you can do so by going to the "Regulatory" section of the Medsafe website, clicking on the "subscribe" button at the bottom of the screen and following the instructions.

Yours sincerely

Stewart Jessamine
Group Manager, Medsafe

APPENDIX 1

PROPOSED CHANGES TO FEES PAYABLE UNDER THE MEDICINES REGULATIONS 1984

Note: All fees listed in this Appendix are GST inclusive

---

1. New standard fee waiver for applications for approval of new innovative medicines using the full application process

The fee for an application for the Minister's consent under Section 20 of the Medicines Act 1981 to distribute a new medicine containing a new drug substance (an innovative medicine) before and after application of the new standard waiver is shown in the table below. The waiver applies to full applications only. There is no proposal to change the fee for other types of new medicine applications. However, it is proposed to reduce the number of instances in which fees would apply (see section 3 below).

	Fee set in regulations	**Fee after application of new standard waiver**
A full application for consent under Section 20 for a single dose form of a new medicine containing a new drug substance	$122,625	$88,875

2. New standard fee waiver for applications for approval of clinical trials

A standard waiver will be applied to reduce the fee for an application for approval of a clinical trial under Section 30 of the Medicines Act 1981 as shown in the following table.

	Fee set in regulations	**Fee after application of new standard waiver**
Application for approval of a clinical trial	$9,843	$6,525

3. Proposed changes to the way in which fees are applied to applications for approval of new medicines and related products

A standard fee is currently charged for an application for approval of a single dose form of a new medicine or related product. An additional fee is charged for any additional strength or flavour of that dose form.

It is proposed that a standard fee will continue to be payable for an application for approval of a single dose form of a new medicine or related product. However, where an application is made, at the same time, for one or more additional strengths or flavours of the medicine or related product, or for an additional trade name to be registered for the product, it is proposed that no additional fee will be charged.

The single fee would apply **only** when the applications for the additional strengths, flavours or names are made <u>at the same time</u> as the first application. Subsequent applications for approval of additional strengths, flavours or trade names would continue to attract a fee.

The actual fees proposed for different kinds of new medicine or new related product applications affected by this proposal are set out in the Table 1. Note that in many cases the amount of the fee is unchanged, but the extra fee that currently applies for additional

strengths, flavours or products names would no longer apply. This will reduce the total fee charged in many cases.

Table 1: Proposed fees for new medicine and related product applications		
Application description	**Proposed fee (after application of any standard waiver)**	**Comment**
A **full** application for consent under Section 20 for a single dose form of a **new medicine containing a new drug substance**, with any number of additional strengths, flavours or product names	$88,875	Fees would no longer be charged for additional strengths, flavours or product names, provided they are submitted at the same time
An **abbreviated process** application for consent under Section 20 for a single dose form of a **new medicine containing a new drug substance**, with any number of additional strengths, flavours or product names	$33,750	
A **full** application for consent under Section 20 for a single dose form of a **new prescription medicine that does not contain a new drug substance**, with any number of additional strengths, flavours or product names	$43,875	
An **abbreviated process** application for consent under Section 20 for a single dose form of a **new prescription medicine that does not contain a new drug substance**, with any number of additional strengths, flavours or product names	$16,875	
An application for consent under Section 20 for a single dose form of a **new non-prescription medicine**, with any number of additional strengths, flavours or product names	$7,650	
An application for consent for a **new related product,** with any number of additional strengths, flavours or product names	$5,500	
A separate application for an additional strength, flavour, classification, combination pack or trade name of a **prescription medicine**, where the application includes the registration of a new method of manufacture, or is supported by the submission of bioequivalence or clinical studies	$16,875	These fees would replace the variable fees currently charged
A separate application for an additional strength, flavour, classification, combination pack or trade name of a **prescription medicine**, where the application is not supported by the submission of bioequivalence or clinical studies	$2,400	
A separate application for an additional strength, flavour, classification or trade name of a **non-prescription medicine** or **related product**	$2,400	

When an application is made for approval of an **additional dose form** of a medicine or related product it is processed as a separate application with a separate fee, regardless of whether it was submitted at the same time as the ‘parent’ application or subsequently.

4. Proposed changes to the way in which fees are calculated for changed medicine or related product notifications

Medsafe proposes to make changes to the way in which fees for changed medicine notifications are calculated in order to reduce fee revenue and simplify the administrative processes associated with preparing and processing applications. In addition to reducing the revenue collected by Medsafe, the proposed changes are expected to reduce compliance costs for applicants and improve administrative efficiency for Medsafe.

Currently, each type of change and the associated fee is specified in a complex fee schedule. It is proposed that this be simplified by dividing the different types of changes into four categories (major, medium, minor and self-assessable) and setting a fee for each category.

The proposed fees for each category are set out in Table 2. A standard fee waiver would be applied to reduce the fee set in regulation 61 ($3,200) to the level indicated in the table.

Table 2: Changed medicine notification categories and fees

CMN Category		**Proposed Fee**
Category A	Major changes that represent the largest evaluation workload	$2,400 for ***each*** Category A change (Fee does not cover any other changes notified at the same time).
Category B	Medium changes that represent an intermediate evaluation workload	$1,600 for ***up to two*** Category B changes notified at the same time
Category C	Minor changes that represent a smaller evaluation workload	$800 for ***up to three*** Category C changes notified at the same time
Category D	Self-assessable changes	$400 for **each product** affected by a change or identical set of changes notified at the same time

Under this proposal, if a notification included more than three Category C changes, a second $800 would be charged. Thus if a single notification included five Category C changes, the fee would be $1,600. Similarly, if a notification included more than two Category B changes, a second $1,600 fee would be charged.

The total fee payable would depend on the number of changes in each category.

Examples:

- If a notification included two Category C changes and two Category B changes, the fee would be $2,400 ($800 plus $1,600).
- If an application included one Category A change and four Category C changes, the fee would be $4,000 ($2,400 plus 2 x $800).

Changes are also proposed to the way fees are calculated when a change or set of changes affects more than one product are:

- Where a change or set of changes affects additional strengths of the same dose form of a product in an identical manner and is supported by the provision of a

single dataset, a single fee will apply.

- Where a change or set of changes affects more than one product in an identical manner, and a complete and identical set of supporting documents is supplied for each product affected, a single fee will apply.
- Where a change or set of changes affects a range of products or product strengths, but requires the provision of different datasets, each change would need to be applied for separately for each product or strength.
- The $400 fee for Category D (self-assessable) changes would not apply if self-assessable changes were notified at the same time as any Category A, B or C changes to the same product.

These changes mean that there would no longer be an administrative fee for additional products affected by the same change(s). It also means that the concept of 'consequential changes' would no longer apply.

Table 3 shows the types of changes that would fall within each of the four categories.

Note: *Each dot point under a heading describes a separate change to which a fee would apply.*

Any change to a Related Product that is not a self-assessable (Category D) change is treated as a minor (Category C) change for the purpose of calculating the fee.

Table 3: Proposed change categories
Category A - Major changes
Formulation • where the change is required to be supported by bioequivalence, stability or safety data
Active ingredient • new manufacturing site, where the provision of a Drug Master File or equivalent is required
Finished product • new manufacturing site • manufacturing process involving a change to the type of process used
Indications/dosage • change to indications or dosage unless specified in Category C
Contraindications, Warnings and Precautions • relaxation of contraindications, warnings or precautions (clinical data required)

Category B: Medium changes
Formulation • any change not specified in Category A or Category C
Active ingredient • changed manufacturing process/route of synthesis • change to any single step in the manufacturing process for a biological medicine • new site of lyophilisation or revalidation of a lyophilisation site for a biological medicine
Active ingredient specifications/test methods • change to the method used to assay potency • change to the specifications used to describe potency • change to the standard used in assessment of potency for a biological medicine ingredient • change to the method used to assess other physical or chemical properties of a drug substance • addition, removal or change of a specification used to describe physical or chemical properties of a biological medicine
Finished product • adoption of different specifications/test methods for product controlled according to a pharmacopoeial monograph • revised specifications/test methods for product not controlled according to a pharmacopoeial monograph • manufacturing process change where there is no change to the type of process or type of equipment used
Product stability and packaging • revised shelf life and/or storage conditions • new container or closure type • new pack size and/or packaging material with supporting stability data
Category C: Minor changes
Product name
Formulation • updating the strains for an influenza vaccine
Active ingredient • new manufacturing site for a non-prescripition medicine • new manufacturing site where an EU Certificate of Suitability is provided • changed manufacturing process where an EU Certificate of Suitability is provided • changed batch size, retest period, or intermediate material supplier or specifications • changed specifications and test methods other than for a biological medicine
Excipient • specifications and test methods

Finished product

- packing site

Indications/dosage

- revised wording but no actual change to indications or dosage
- new or revised indications for a generic medicine to match those approved for the innovator

Labelling

- any labelling change not specified in Category D (i.e. not self-assessable)
- request for labelling exemption or renewal of labeling exemption

TSE risk

- potential increase in the TSE risk status of any ingredient in the product

Category D: Self-assessable changes

Active ingredients

- tightening of specification limits

Excipient

- revised specifications/test methods for a substance controlled according to a pharmacopoeial monograph as a result of an updated monograph or a change to compliance with a different pharmacopoeial monograph

Finished product specifications/test methods

- revised specifications/test methods for a product controlled according to a pharmacopoeial monograph (as a result of an updated monograph or a change to compliance with a different pharmacopoeial monograph) with no change in manufacturing process, dissolution or bioavailability
- tightening of limits for active substance
- adoption of additional specifications/test methods

Product stability and packaging

- decrease in storage temperature from <30°C to <25°C
- new pack size where a stability study is not required and there is no effect on dose delivery or dose measurement

Data sheet

- editorial changes that do not include a change to approved product details
- update to, or addition of, safety information
- expansion of pharmacodynamic or pharmacokinetic data

Labelling

- redesign of label with no change to product name, expression of strength, dose form, dosage instructions or indications

Other

- change of sponsor