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## **British health care reform: new consultation document published**

As expected, the British Department of Health today published a new consultation document on revised proposals relating to the arrangements for the provision of stoma and incontinence appliances and related services to Primary Care.

This stock exchange announcement contains a factual summary of the new consultation document. It is not possible to predict exactly the financial effects of the proposed changes and Coloplast will not provide information about the potential effects as long as the consultation process is ongoing.

As an important player in the English medical device industry Coloplast intend to take part in the consultation process through the relevant industry associations and as an individual company.

The consultation will be open 6 September – 29 November 2007 and subject to the outcome of the consultation, the proposed implementation dates are 1 May 2008 in relation to service remuneration and 1 June 2008 in relation to product reimbursement.

This consultation is part of an ongoing review of these arrangements with the latest round of consultation conducted between November 2006 and April 2007 including a proposal to implement new arrangements by 1 July 2007. This did not take place, as it was decided to revise some of the proposals based on the responses that were received in April 2007.

Today's publication includes the revised proposals grouped in one set of proposals relating to the reimbursement of products and another set concerning the remuneration of services.

### **Reimbursement of products**

The Department of Health seeks views on two options for price adjustments:

1. To apply the pricing model based on product categorisation that was proposed in the previous consultation document (November 2006) but cap price reductions at 35%
2. To apply a uniform reduction of 12% to all the current reimbursement prices for all stoma and incontinence appliances included in the review.

According to the Department of Health, both options would reduce their current spend of about £200m a year by £25m a year as opposed to the £27m previously expected.

The product classification has been revised after consultation with specialist nurse panels to ensure that products within the same sub-category meet similar medical needs.

**Remuneration of services**

The proposals in relation to service remuneration are:

- The on-cost allowance is removed, which is unchanged since November 2006
- Prescription fee is maintained at 90 pence per item
- Dispensing fee is increased from £2.6 to £3.23 per item and will now also cover catheters and other incontinence products
- Infrastructure payment is now based on 10 payment bands as opposed to the six bands that were proposed in November 2006
- The fee for specialist nurse home visits is maintained at £40, but the banded payment structure is replaced by a limit of one visit for every 70 dispensed items in any financial year (April - March)
- The need for specialist home visits is now also recognised for users of catheters and other incontinence products
- The fee for customisation of stoma appliances is set to £3 per item dispensed, subject to a maximum of 25,000 items per month. Previously a banded payment structure was proposed.

As proposed, the fees would continue to remunerate dispensing appliance contractors with around £32m a year. The Department of Health is not proposing to reduce this cost.

The consultation document is available on the Department of Health's website on [www.dh.gov.uk/liveconsultations](http://www.dh.gov.uk/liveconsultations).

Sten Scheibye  
President, CEO

**Further information:****Investors and financial analysts**

Jørgen Fischer Ravn  
Investor Relations Manager  
Tel. +45 3085 1308  
E-mail: [dkjfr@coloplast.com](mailto:dkjfr@coloplast.com)

**Press and the media**

Jens Tovborg Jensen  
Head of Media relations  
Tel. +45 3085 1922  
E-mail: [dkjto@coloplast.com](mailto:dkjto@coloplast.com)

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