

**Integrated Community Pharmacy Services Agreement**  
**National Annual Agreement Review 2023**  
**Meeting 2 Minutes**

<b>Date</b>	<b>Monday 10 July 2023</b>	
<b>Start Time</b>	1:00 pm	<b>Finish Time</b> 4:05 pm
<b>Location</b>	MS Teams	
<b>Independent Chair</b>	Shenagh Gleisner	
<b>Te Whatu Ora</b>	Emma Prestidge, Interim Director, Primary, Community and Rural, National Commissioning Adeline Cumings, Group Manager, Primary Health Care System Improvement and Innovation, National Commissioning	
<b>Te Aka Whai Ora</b>	Cherie Seamark, General Manager, Primary & Community Care	
<b>Provider representatives</b>	<b>Alchemy Group</b> Ravnit Lal	<b>Bargain Chemist Group</b> Peter Shenoda
	<b>Canterbury CP Group</b> Aarti Patel, Alex de Roo	<b>Chemist Warehouse Group</b> Ravniel Singh, Saif Al-Sheibani
	<b>Countdown Pharmacy Group</b> Jeremy Armes, Jason Wong	<b>Girn Group</b> Jatinder (Jay) Girn
	<b>Green Cross Health</b> Gemma Buchanan	<b>Independent Pharmacy Group</b> Phil Berry
	<b>Kiwi Pharmacy</b> Ming Goh, Mitchell Trezise	<b>Midland CP Group</b> Cath Knapton
	<b>NDL Group</b> Nikil Lal & Pooja Rathod (new member replaces Deepti Kumar)	<b>Oakley Brown Pharmacy Group</b> Carolyn Oakley Brown, Linda Hermiston
	<b>Pharmacy Care Group</b> Amrit Ram	<b>Pharmacy Guild of NZ</b> Andrew Gaudin, Nicole Rickman, Glenn Mills, Sally McKechnie (Simpson Grierson)
	<b>Pharmacy Partners</b> David Mitchell	<b>Pill Drop</b> Jack Lee
<b>Independent representatives</b>	Ibrahim Al-Mudallal	Sam and Eliza Hood
	David Bullen	Jessica Moh
	Ian McMichael	Natalia Nu'u
	Nancy Nasef	Craig Thompson
	Nathan Reilly	
<b>Observers</b>	<b>Manatū Hauora</b>	TBC
	<b>Pharmaceutical Society of NZ</b>	Richard Townley, Shirena Vasan
	<b>Pharmacy Council of New Zealand</b>	Michael Pead
	<b>Māori Pharmacists Association</b>	Mariana Hudson, Kevin Pewhairangi
	<b>Pacific Pharmacists Association</b>	Diana Phone

<b>Te Whatu Ora In attendance</b>	<p>Billy Allan, Manager Pharmacy, National Commissioning</p> <p>Alex Rodgers, Principal Analyst, Improvement &amp; Innovation</p> <p>Estelle Petrick, Executive Assistant to Emma Prestidge Interim Director, Primary, Community and Rural</p>
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## Meeting papers

1.	<p><b>Minutes from last meeting</b> - agreed and <a href="#">published</a> Integrated Community Pharmacy Services Agreement National Annual Agreement Review 2023, meeting 1, part 1 minutes</p>
2.	<p><b>Actions from last meeting</b> NAAR 2023 – meeting 1, 24 May 2023, Actions</p>
3.	<p><b>Updated forecast</b> Integrated Community Pharmacy Services Agreement – Forecast of expenditure for June 2023</p>
4.	<p><b>Draft offer</b> Integrated Community Pharmacy Services Agreement (ICPSA) offer 2023/24</p>
5.	<p><b>Application of the 5% price uplift</b> NAAR 2023: proposal for applying price uplift</p>
6.	<p><b>Case Mix Seasonal Adjuster (Topic 4.16)</b></p> <ul style="list-style-type: none"> <li>a. ICPSA Case Mix Seasonal adjustments discussion paper (Countdown)</li> <li>b. NAAR 2023: Case Mix seasonal adjusters</li> </ul>
7.	<p><b>Pharmacy Whakamahere consumer engagement report</b></p> <p><a href="#">Pharmacy Whakamahere: Understanding the pharmacy needs of our population   Ministry of Health NZ</a></p>

## Agenda

Time	Item
1.00 pm	1. Welcome, karakia, apologies, agenda confirmation
1.15 pm	2. Review of actions from Meeting 1, 24 May 2023 (paper)
1.45 pm	3. ICPSA expenditure forecast February 2023 – for noting (paper)
1.55 pm	4. Draft offer (paper)
2.30 pm	5. Application of 5% price uplift (paper)
3.00 pm	6. Prioritisation of topics - continuation <ul style="list-style-type: none"><li>• from item 4.7, page 17, Minutes 24 May 2023</li><li>• including Case Mix Seasonal Adjuster (Topic 4.16) (papers)</li></ul>
3.30 pm	7. Pharmacy Whakamahere consumer engagement report <ul style="list-style-type: none"><li>• How will the pharmacy sector respond?</li></ul>
3.40 pm	8. Timeline for the agreement and participating in future for a
3.50 pm	9. NAAR Meeting Close <ul style="list-style-type: none"><li>9.1 Discussion summary</li><li>9.2 Agreed actions</li><li>9.3 Joint communique: key messages agreed</li><li>9.4 Next meeting: <b>1-4 pm, Tuesday 25 July 2023</b></li><li>9.5 Karakia whakamutunga</li></ul>

## 1. Welcome, karakia, apologies, agenda confirmation

Welcome: The Chair opened the meeting

Karakia timatanga: Emma Prestidge

Apologies, were received from:

- Countdown - Jason Wong
- Hillsborough Pharmacy - Natalia Nu'u
- Kiwi pharmacy Group - Ming Goh
- Māori Pharmacists Association – Mariana Hudson
- NDL Group - Nikil Lal
- Oakley-Brown Group - Carolyn Oakley-Brown
- Pharmacy Guild of NZ – Sally McKechnie (Simpson Grierson)
- Totem Group - Kerry Oxenham
- Unichem Peninsula Pharmacy - Ibrahim Al-Mudallal
- Te Aka Whai Ora - Cherie Seamark (Karney Herewini representing)
- Unichem Paeroa Pharmacy - David Bullen

Not present:

- |                    |                     |
|--------------------|---------------------|
| • Saif Al-Sheibani | • Din Redzepagic    |
| • Phil Berry       | • Sam & Eliza Hood  |
| • Cath Knapton     | • Jessica Moh       |
| • Pooja Rathod     | • Ian McMichael     |
| • Amrit Ram        | • Kevin Pewhairangi |
| • Jack Lee         | • Diana Phone       |
| • David Taylor     |                     |

### **Orientation to meeting**

The Chair noted the difficult environment in which NAAR is occurring with significant uncertainty and the truncated time frame. She emphasised the importance of transparency from Te Whatu Ora, and for everyone, the focus on the building of trust for now and future discussions.

In order to hear everyone who wished to speak, and to get through the agenda the Chair asked participants to do their best to be succinct and to try and avoid too much repetition if possible. She expressed her commitment to achieve this balance and encourage as much discussion as possible. Te Whatu Ora would be asked to comment whenever the group had specific questions.

She explained the logic of the agenda, with the substantive discussions about the proposed offer and how to apply the uplift (items 4 and 5) but confirming that participants would have a chance to comment on the answers from Te Whatu Ora on the issues from the last meeting (Item 2) completing the agenda items from the last meeting (item 6) and an outline of plans beyond NAAR from Te Whatu Ora (item 8).

### ***In terms of the agenda***

Pharmacy Guild commented that the issue of what is in and outside of NAAR 2023 has not been fully discussed and probably will not be today from looking at the agenda. In addition, the Community Pharmacy Work Plan for 2023 has not yet been fully discussed and clarity is needed on its status.

Both of these matters should be addressed either in this meeting or the next one.

## 2. Review of actions from Meeting 1, 24 May 2023 (paper)

### Discussion

Number	Action	Due date	Status
20230524-01	Provide a Compulsory Variation draft for the NAAR meeting 2 agenda (due out 7/6/23)	14/6/23	Completed.
20230524-02	Consider the draft Compulsory Variation and provide feedback at NAAR meeting 2, 14/6/23	14/6/23	Completed via email.
20230524-03	Provide more detail about whether Sector Operations could pay increases to all ICPSA lines, if that was agreed.	14/6/23	Confirmed. Please see the paper 'NAAR 2023: proposal for applying price uplift' in this meeting's agenda pack.
20230524-04	Provide advice about the application of the uplift to the term of the agreement and the impact on pharmacy compared to other sectors.	<del>14/6/23</del> 10 July 2023	<p>The concern expressed here is that in financial year 2023/24, there will be one quarter of the status quo and three quarters of the new uplift. This is correct and has been correct for all contract changes since the ICPSA was made and made into a 1 October- 30 September contract year.</p> <p>However, this does not mean that pharmacies are inherently disadvantaged compared to other sectors. Each uplift is selected to apply to an entire contract year, and so in financial year 23/24 pharmacies have the first quarter already uplifted from the decision made in NAAR 2022.</p> <p>There is an argument that the new uplift is higher than the old one, pharmacies miss out because they must wait longer for it. But the reverse would be true too: if the new uplift is lower then pharmacies would still be on the old higher uplift for longer.</p> <p>Please see the paper 'Integrated Community Pharmacy Services Agreement (ICPSA) offer 2023/24' in this meeting's agenda pack.</p>
20230524-05	Poll for the additional date to complete Meeting 1.	26/5/23	Completed (and deferred with the resignation of the chair).
20230524-06	Ask the responsible team about the pay	<del>14/6/23</del> 10 July 2023	The All-of-Government pay parity/disparity process is not progressing at this time. In health, the priorities have

	disparities work and report back		been set by sector (Age Residential Care, Home and Community Support Services, Hospice, Pasifika and Kaupapa Māori) and by workforce (nurses and eligible kaiāwhina working in the above sectors).
20230524-07	Te Whatu Ora will talk with the team about pharmacy engagement with localities development and report back	<del>14/6/23</del> 10 July 2023	From the Localities Team: Regular updates are provided in the Partners in Primary and Community pānui, which is circulated to the key stakeholder groups. The Programme is in the process of establishing a webspace for partners to connect to localities. This work is still underway but will be shared in the Partners in Primary and Community pānui when it's ready to go. We are hoping localities will reach out as they continue to establish themselves in communities and look for local experience and expertise to support their mahi.
20230524-08	Consider the request for establishment funding for new services and provide feedback	<del>14/6/23</del> 10 July 2023	Funding to support service development is more appropriately considered under the development of the new pharmacy service agreement. In the meantime, funding is being provided to prototype new services before rolling out nationally. This includes the minor ailments programme.
20230524-09	Te Whatu Ora will consider whether a review of the CPAMS and its funding (possibly within an EAG) will be progressed	<del>14/6/23</del> 10 July 2023	Please see the paper 'Integrated Community Pharmacy Services Agreement (ICPSA) offer 2023/24' in this meeting's agenda pack.
20230524-10	Consider whether a review of the LTC service and its funding (possibly within an EAG) and elimination of districts caps can be progressed ahead of new agreement	<del>14/6/23</del> 10 July 2023	Please see the paper 'Integrated Community Pharmacy Services Agreement (ICPSA) offer 2023/24' in this meeting's agenda pack.
20230524-11	Request advice about the payments system (given recent issues) and funding complexity and report back	<del>14/6/23</del> 10 July 2023	<ul style="list-style-type: none"> <li>• <b>Case Mix Payment – April 2023</b></li> </ul> <p>There was also an issue with the April Case Mix payments due to a geocoding issue with some NHI numbers which affected the calculation for some pharmacies. Over half of pharmacies were not impacted by this issue. The payment was identified on April 3 and was rectified on April 28. All adjustments on payments have now been made.</p>

			<ul style="list-style-type: none"> <li>• <b>APAS payment - April 2023.</b></li> </ul> <p>An error in the manual calculation resulted when a file from a third party was received corrupted. Sector Operations believe this is a 'one-off' event.</p> <p>For all future payments, Sector Operations has implemented an additional check point which will assist with ongoing accurate payments.</p> <p>Sector Operations sincerely apologise for any inconvenience these incorrect payments caused</p>
20230524-12	Te Whatu Ora will update the ICPSA expenditure forecast to include the potential impact on prescription volumes with the effect of removal of the standard prescription co-payments from 1/7/2023.	To be confirmed	Completed. Please see the report 'Integrated Community Pharmacy Services Agreement – Forecast of expenditure for June 2023' in this meeting's agenda pack.

Participants were largely comfortable with the responses from Te Whatu Ora from the last meeting and acknowledged that some of the matters would be discussed later on this agenda. A number of specific issues were raised.

***In relation to pay parity***

Pharmacy Guild

Seeking clarification about whether Te Whatu Ora asked for Community Pharmacy to be included in the pay parity work.

Te Whatu Ora

Clarified that all workforces were on the table initially, including Community Pharmacy, and the government early on made a decision that it would only be for a nursing and kaiāwhina in the areas of Aged Care, Hospice and Plunkett – no wider allied health workforces were included.

This government has made a commitment towards parity, but there is currently no work in relation to parity, outside of the specific areas above, being undertaken.

Nathan Reilly

Asked if there could be a date when pay parity would be considered but Te Whatu Ora is unable to give any definite date as it is not yet being considered by government.

***In relation to the independent reviews***

Pharmacy Guild, Green Cross Health, and Totem

There were two independent reviews committed to by all NAAR participants, originally in NAAR 2020, to address material sustainable service funding concerns and material unmet wage cost pressures. The first stage of the review was completed in 2020 and it confirmed that there was a material funding problem and wage cost pressures problem, which have only increased since 2020.

The agreement to continue with the next two stages of the reviews (ie, joint working to be done for additional funding, and then application of increased funding) was a commitment made by the District Health Boards and also a commitment made by Te Whatu Ora in the letter of offer last

year in August 2022. By this time, we were already in the new environment, so providers were not convinced that these reviews are now historical and consider the soonest progression of the two independent reviews is a vital component of any NAAR 2023 solution.

#### Te Whatu Ora

Recognised the frustrations and concerns over this. The extent of the new system setting of the Pae Ora Act are far more complicated than originally thought and the changes are much greater than predicted. The health service is moving to be more integrated and transdisciplinary with the most appropriate health care professionals offering a service as appropriate for the locality and individual patients.

The Pharmacy sector must be included in any development of new models of care. This includes the locality planning, which is in its very early stages. The matters raised in these reviews will be considered in many discussions in the future, but it is not appropriate to pursue them now in the form recommended in 2020.

#### The Pharmacy Guild

Also requested an update from Te Whatu Ora about their intention to develop a nationally consistent contracting approach noted under item 2.10 of the prioritisation topics.

#### Te Whatu Ora

Acknowledged the slow progress and apologised for this and other issues. There is a large piece of policy work being undertaken across Primary and Community sector, which would result in changes not before 2025 in terms of new contracts. There is an intention to develop a nationally consistent contracting approach in due course.

#### ***In relation to demands and capacity in the sector***

##### Pharmacy Council

Observed that there is no overarching system monitoring in respect to the capacity of pharmacists. Demand is accelerating faster than the ability to provide and there is some evidence that the stress and anxiety levels of pharmacists is increasing as the workload grows. This issue needs to be taken up in some way.

#### Te Whatu Ora

It is essential to monitor quality, and pressure can be a warning – it is best to pick up a conversation about how we triangulate that with our regulatory and auditing framework and aligned with any new contracting environments.

#### ***In relation to the NAAR process***

##### Canterbury CP Group (CCPG)

Emphasised the email exchange between CCPG and Te Whatu Ora regarding the NAAR process. Te Whatu Ora maintains that NAAR is not a negotiation. CCPG advised that a member has had legal advice that contradicts this position and that this is not the understanding of some individual contract holders. CCPG would wish to see the legal opinion from Te Whatu Ora to support this.

Stressed the importance of a clear and established process for the next NAAR, in regard to the issues which are not responded to this time and to understand all the dates going forward to be sure that cost pressures can be fully reviewed before an offer is made.

#### Te Whatu Ora

Confirmed that this is not a negotiation – Te Whatu Ora's advice was legally reviewed, and this has been shared with provider representatives, and can be done again if needed.



### **Chair's summation**

The issue of progress on the issues in the independent reviews remains an issue not comfortably resolved. Monitoring capacity pressures remain a concern. Clarity about the parameters and process for the next NAAR is important.

## **3. ICPSA expenditure forecast June 2023 (paper)**

### **Discussion**

#### Green Cross

Noted that there is significant uncertainty with regard to this forecast. If we get this wrong even a little bit because of uncertainty it will have a big impact on Community Pharmacy.

#### Te Whatu Ora

Alex Rodgers from Te Whatu Ora agreed with this view.

#### Pharmacy Guild

Commented that they needed to go through line by line but wished to form a view on the baseline for 23/24 because it is crucial for the determination of the 5% price uplift. The table on page 32 for example, the APAS figures 22/23 and 23/24 might need to reflect the \$64.9 million and \$70.43 million in 23/24. The Guild is happy to assist with the forecast and this will form part of their response to the offer.

#### Pharmaceutical Society (who are observers at NAAR)

Questioned the chart on page 47 in relation to the discussion around CPAMS, and specifically the figures of people on warfarin which they believe has stayed steady for the last five years.

#### Te Whatu Ora

Te Whatu Ora explained that the primary reason for the number of patients enrolled in CPAMS declining is to do with the fact that warfarin is less often used. The model is looking at CPAMS enrolment so if the assumptions about the reasons for the drivers of CPAMS enrolment are incorrect, it still does not impact the CPAMS enrolment.

### **Chair's summation**

The uncertain nature of this forecast was emphasised. There is more work to be done on the figures in this paper.

## **4. Draft offer (paper)**

The Chair enabled all present to talk about any aspects of the offer with which they agreed, or disagreed, or what more should be added. This is a proposal at present, so all feedback will be considered.

### **Discussion**

#### ***In relation to the contract year***

A range of views were expressed about the proposed change of date, and many representatives wanted more time to think about it and potentially more information/analysis to assist. Some careful strategic consideration was required by representatives.

#### Pharmacy Guild

There are some questions about the practicality of moving the date, including that providers do not have the mandate to agree to a change of date. What are the consequences of this? Further than this there may also be some legal ramifications so legal advice will need to be sought to ensure what would legally be required. One question put by a number of providers was would a

compulsory variation be needed to change the date and would that then be followed by a voluntary variation for accepting other proposed offer changes?

There is also some lack of clarity in the language and the Guild sought confirmation that the proposed 29.5% price uplift to the immunisations administration fees is in addition to the 5% price uplift.

A third point was made noting that on page 55, a 5% price uplift, equates to \$32.57 million. But on page 60 it shows as \$26.7 million of funding uplift as a result of this 5% price uplift, which is a short fall of \$5.9 million.

There may be strategic merits in retaining the 1<sup>st</sup> of October date (including being informed by annual Budget outcomes, other contract round outcomes and more certainty with later volume forecasts being available).

#### Countdown pharmacy

Expressed that there may be misleading comments on page 28 in that clarity is needed that any new increase would be on top of not instead of, the increase that has been talked about today.

They are very much in favour of moving to 1st July as it brings the Community Pharmacy sector in line with other agreements in the sector and will avoid the pharmacy missing out on additional funding.

It was noted that the reason why we've ended up with the 1st of October start dates with our contract is because we moved from the CPSA to the ICPSA and those negotiations took up a long period of time, which pushed us back to the 1st of October instead of the 1st of July.

#### CCPG

Concerned about potential fishhooks regarding how we calculate the uplift and how to make a date change work. It was also pointed out how carefully any change should be communicated to contract holders if that is the final decision.

#### Te Whatu Ora

The proposed 29.5% price uplift for the immunisation administration fee is definitely in addition to the 5% price uplift. The immunisation pool is a combined pool between general practice, pharmacy, and other providers, that is, it is separated out from the ICPSA.

In terms of the 29.5% immunisation administration fee price uplift, it is proposed that this would be backdated to 1 July 2023.

It is important that the language used in the proposal is very clear. The proposed 5% price uplift is applied to the projected volume uplift; the proposed 29.5% price uplift on the immunisation administration fee is in addition to the 5% price uplift.

Te Whatu Ora explained that there are a number of different 'years', for example, financial, contract, and calendar year. This adds to the confusion. Te Whatu Ora accepted that the request to undertake a forecast based on the contract year (the one we are currently negotiating), but Te Whatu Ora can present a forecast on the contract and the financial year.

Te Whatu Ora emphasised that they can only accept one contract year – either July or October. All providers need to consider that the implementation means that we would have to go with one date and that we can't have different providers having different dates. Te Whatu Ora can make either date work but there has to be full agreement from NAAR. If the ICPSA year was to change to July-June under this year's variation, it would be backdated, and the 5% price uplift would be

applied from 1 July 2023. Countdown Pharmacy estimated that this is worth approximately \$8 million to the pharmacy sector in FY24.

***Other comments***

**Pharmacy Guild**

We are concerned about the absence of price parity with general practice for an immunisation co-administration fee for influenza and shingles. Not only does that not encourage the desired improvement that we want in terms of the population accessing those immunisations, we're also unsure why community pharmacy should be disadvantaged relative to general practice. There has been precedent with the pilot this year for paying an immunisation co-administration fee for influenza and Boostrix.

**Countdown Pharmacy**

There has been some criticism from the sector about various fees not increasing over recent years, with recent funding increases being bundled together into APAS payments. The proposal to apply the uplift to individual lines seems like a fair distribution of the monies. For Countdown Pharmacy, being a reasonable size group, it is anticipated the change will be negligible, so we are neutral to the proposal.

***In relation to the proposed EAG reviews***

General support was noted from the representatives for the proposed reviews (LTC, Clozapine and CPAMS) to take place as they have been significantly underfunded and the service specifications need a review.

A plea was made to respond as quickly as possible, to have the right expertise on the EAG, and not to get lost in the process of set up an EAG.

Te Whatu Ora agreed and commented that this expertise would include Māori, Pacific and consumers.

There was also appreciation expressed about the possibility of moving the consideration being given to moving the price uplift into service fees. And providers wished to be satisfied with the impact analyses proposed before responding to this proposal by the next meeting of NAAR.

**Chair's summation**

Overall appreciation for the EAG plans but many questions about the date change and some other numbers, assumptions and analysis which will need to be addressed before final consideration of the proposal. All NAAR must agree to the date chosen for the contract year.

**ACTION 20230710.1**

Te Whatu Ora to undertake an impact analysis of the 5% price uplift by service lines in comparison to the Additional Professional Advisory Services (APAS). This would take place across the October-September year versus a July-June agreement year.

**5. Application of 5% price uplift (paper)**

**Discussion**

***In relation to the proposal to move the current APAS pool through to service fees***

**Pharmacy Guild and CCPG**

Both supportive of putting less into APAS and more into service fees. Strong mandate from Guild members to see cost pressures paid through service fees, subject to provision of the impact analyses.

**Countdown**

Expressed some concerns, wanting to know which service lines? Nervousness about a big chunk of money from a generic and dispensing activity being applied to more limited specialised services.

Pharmacy Guild

It could be applied across a common basis it would have to be either the pack fees, case mix or the handling fees. Agree must be advantageous to the widest possible group of pharmacies.

Pharmaceutical Society (observer status so do not comment on the contract)

Would hope to see a statement that says the proposed CPAMS review will be completed and ready to go by October this year.

Te Whatu Ora

Te Whatu Ora offered to undertake and impact analysis on less going into APAS and more into handling fees or case mix, or whatever the group wanted.

***In relation to the Pack Fee formula on page 58***

It was suggested the formula could be discontinued. Te Whatu Ora noted there is no technical problem with doing this, but others felt it would be a risk for the sector and it should not happen.

Te Whatu Ora

Te Whatu Ora noted there could be some implementation challenges to work through regarding some service lines, and that these problems are related to the archaic legacy payment system (Proclaim) that is being replaced by Health Sector Agreements and Payments (HSAAP). Te Whatu Ora expects Pharmacy payment to come online in July 2024.

**Chair's summation**

Overall support for putting less into APAS and more into service fees, but more work to be done.

**ACTION 20230710.2**

Te Whatu Ora to undertake an impact analysis of moving the APAS payments into service lines.

**6. Prioritisation of topics – continuation**

From item 4.7. page 17 Minutes 24 May 2023 including Case Mix Seasonal Adjuster (Topic 4.16) (papers).

**Discussion**

2.9	The value of <b>Adherence Management services</b> which are not currently funded as a separate service schedule. (Zoom Pharmacy)	Not discussed
4.7	<p><b>Dispensing fees review</b> (Bargain Chemist)</p> <ul style="list-style-type: none"> <li>• Pharmacist wages due to shortage and other factors increase of an average of 30% in last 12 months, but not reflective in dispensing fees</li> <li>• CPI reflected on business expenses such as wages, rent and other outgoings but not reflected on dispensing fees, LTC and case mix</li> <li>• Variation of contract to allow for CPI growth as a fair mechanism moving forward</li> </ul>	<p><u>Oakley Brown Pharmacy Group</u> Current dispensing fee does not cover costs.</p> <p>For a number of the other areas in section 4 the proposers were not present to speak to their points.</p>

4.8	<b>Increase in dispensing fees</b> to cover inflation and increases in wage cost pressures (Alchemy)	
4.9	<b>The base fee for dispensing to be increased</b> , to reflect the significant clinical service and skill level, that dispensing is (Pharmacy 547)	
4.10	<b>Funding and cost pressures</b> Zoom Pharmacy) Pharmacy is chronically underfunded, a discussion to address this and how the negotiation will differ this year to previous years	
4.11	<b>Funding</b> (Pharmacy Partners) A sustainable remuneration increase for 2023/24 that reflects inflationary cost pressures and workforce retention cost pressures	
4.12	<b>Inflation pressure</b> (Oakley Brown Group) unaccounted for in remuneration offered	
4.13	<b>Wage cost Pressures</b> (CCPG) What is the process for working through this?	
4.14	<b>Margin and Pack Fee</b> (PM Canterbury and West Coast) The Margin and Pack Fee has not been reviewed since 2015-16 when the Margin was reduced and the Pack Fee introduced, along with additional reimbursement for s26/29 dispensings. These changes followed the work of the Margins Taskforce and a report for DHBs by Sapere (attached) recommending delinking the mark-up from the price of medicines. As successive governments have invested in substantially increasing the Combined Pharmaceutical Budget the cost of pharmaceutical services related to the Margin has also increased substantially. Sapere's advice would suggest DHBs/Te Whatu Ora are now paying much more through the Margin than is necessary to sustain the pharmaceutical supply chain we need. I propose NAAR agree to commission a fresh and independent review of our requirements of the pharmaceutical supply chain and how to efficiently and fairly pay for this.	Covered elsewhere
4.15	<b>Margin</b> (CCPG) Restart the work of the Supply Chain Working Group – this was started at	<u>CCPG</u> Restart work around issues of the supply chain with constant issues of out of stock and new medicines.

	<p>the beginning of the ICPSA but seemed to fall-off the agenda a couple of years later without an outcome. It is still a pervasive issue that needs to be considered and addressed</p>	<p><u>Pharmacy Guild</u> There is inadequate compensation for out-of-stock medicines which are growing and prevalence due to global supply chain issues.</p> <p><u>Green Cross</u> Section 26 &amp; 29 medicines - the payment mechanisms under the contract disadvantages pharmacy. Pharmacies are charged additional section 26 &amp; 29 fees through their wholesaler. Te Whatu Ora reimburses 1/3 up front, with the remaining payment received three months later. Pharmacies have to carry the cost for a significant period of time.</p> <p><u>Te Whatu Ora</u> Agree this is a piece of work to progress with Pharmac.</p>
4.16 4.16.1	<p><b>Seasonal Adjustment of Case Mix payments</b> (Countdown) Which parties have been involved in the calculation of the Seasonal Adjustment Factors? What is the logic or rationale behind the differences in monthly adjustment factors applied as illustrated in the graphs above? What is the appetite from other NAAR participants to move to Seasonal Adjustment Factors that reflect only the differences in the number of days between comparison months and advance payment months? Refer Te Whatu Ora paper, page 15</p>	<p><u>Countdown</u> The current status quo is a very complex model of payment calculations. We are also finding that we cannot predict income with any reasonable certainty or clarity.</p> <p>Seasonal adjustments are adding to this issue - and there are COVID related issues.</p> <p>Countdown had a few questions about the logic behind the differences and above all to know the appetite for NAAR participants to simplify the case mix seasonal adjustor.</p> <p>Countdown proposed for example simply using effective business days - Monday to Friday equals one, Saturday equals 0.1 and Sunday equals 0.</p>
4.16.2	<p><b>Seasonal adjustment values</b> (Chemist Warehouse) Why does this exist and what purpose is it designed to serve? I can understand why it would make sense to have an adjustment factor in place to take into account for differences in the number of days in calendar months but cannot understand why payments in May and July are so disproportionately high and, in return, why October February and April are disproportionately low.</p>	<p><u>Te Whatu Ora</u> Suggested that disruptions from COVID have meant that the current methodology is not effective. It accurately predicts how much case mix of pharmacy should be paid in a month and therefore that has led to all these washups of clawbacks or extra payments.</p> <p><u>Pharmacy Partners</u> Expressed caution about moving away from some form of seasonal adjustment. Suggested that Te Whatu Ora would need to undertake an analysis of moving to a simplified system and compare it to the existing formula.</p> <p><u>Pharmacy Guild</u> Impact analysis would be welcome, but we need some idea of when real-time payment systems will be available – as this might have a bearing on much we want to do and how quickly.</p>
<b>5.</b>	<b>ICPSA: Miscellaneous</b>	
5.1	<p><b>Business hours</b> Schedule 1 clause 11 (PM Nelson Marlborough) To extended after hours services</p>	<p>No proposal presented. Unless strong data to suppose otherwise – Te Whatu Ora not in favour</p>

5.2	<p><b>Business hours</b> (PM Canterbury and West Coast)  Include an expectation for a minimum period of notice – say 10 ordinary business days – for changes in opening hours, especially for:</p> <ul style="list-style-type: none"> <li>• Sundays and public holidays</li> <li>• specialty pharmacy services such as OST.</li> </ul> <p>We've had some cases of pharmacies changing their public holiday hours with little notice, placing at risk local access to services including continuity of OST, and demanding significant additional time from prescribers to script for changes in provider for these patients.</p>	
5.3	<p><b>Service information</b> Part B clause B.16 (PM Canterbury and West Coast)  Including a requirement for providers to maintain current information about their opening hours and funded services on a online directory that is specified from time to time by Te Whatu Ora, to a standard also specified by Te Whatu Ora.  This would help us ensure that the public and other providers have complete and reliable information about how, where and when they can access pharmacy services, e.g., via HealthPoint.</p>	<p>Te Whatu Ora now supports the comprehensive profiling of Pharmacy Services on Healthpoint for all Te Whatu Ora districts. Once the new districts' pharmacies are onboarded, pharmacies will be encouraged to update their listings themselves, or through Healthpoint administrative support.</p>
5.4	<b>Clinical Standards</b>	
5.4.1	<p>Maintaining clinical service standards where nearby licensees won't blister-pack, compound, hold high cost medicines, or find hard-to-source medicines for service users. (Oakley Brown Group)</p>	<p><u>Oakley Brown Pharmacy Group</u>  Been experiencing issues with portfolio managers who do not do what is required of them and this impacts quality and clinical standards.</p> <p><u>Te Whatu Ora</u></p>
5.4.2	<p>Medication supervision double standards (Oakley Brown Group)</p>	<p>Issue with the local portfolio manager need to be taken offline with the Te Whatu Ora pharmacy commissioning team.</p>
5.5	<b>Rural Pharmacies</b>	
5.5.1	<b>Highland Pharmacy</b>	
5.5.2	<p><b>Resilience of Rural Pharmacy Services</b> (PM Canterbury/West Coast)  Local pharmacies in rural communities are a critical provider of primary care, even with the growing presence of virtual pharmacy services. However, some of these pharmacies are highly vulnerable – to staff illness, to interruption of utility services – especially those with small clinical teams and not co-</p>	<p><u>Te Whatu Ora</u>  Explained that the responsibility for rural pharmacy support this is held by the Te Whatu Ora Pharmacy Portfolio Managers, district by district</p> <p><u>Pharmacy Guild</u>  Said that more national consistency was needed.</p>

	located with other local health providers. I propose Te Whatu Ora work with pharmacy organisations to develop a strategy to identify pharmacy providers most at risk, and to form a plan to mitigate these risks and strengthen the resilience of services for rural communities	
5.7	<b>Workforce</b>	
5.7.1	<b>Workforce</b> (Nathan Reilly) burnout of staff, wage cost pressures	
5.7.2	<b>Workforce</b> (Pharmacy Partners) <ul style="list-style-type: none"> <li>• Retaining and expanding the workforce of pharmacists and technicians. This is a multifactorial problem with dimensions in: <ul style="list-style-type: none"> <li>o checking technician training</li> <li>o workforce remuneration</li> <li>o immigration policy</li> <li>o workforce retention</li> </ul> </li> </ul>	<p><u>Oakley Brown Pharmacy Group</u> Several new pharmacies in our immediate vicinity offered ICPSA contracts adding to the workforce pressure.</p> <p><u>Pharmacy Guild</u> A national contracting policy would help address the fact that new pharmacies opening in areas that are already well served further dilute the workforce.</p>
5.7.3	<b>Workforce pressures</b> (Oakley Brown Group) including: interns being offered large sums to move to Australia, vaccinators being paid large sums by Te Whatu Ora such that pharmacists are not available to support dispensaries.	<p><u>Green Cross</u> The Health Workforce Plan 2023/24 delivered by the Minister last week could be detrimental for community pharmacy if it resulted in pharmacists moving to work away from the community.</p> <p><u>Pharmacy Guild</u> Community Pharmacy will need an expanded role as we move to a fuller scope of practice.</p> <p><u>Te Whatu Ora</u> The paper did identify that we need to recruit at least an additional 170 FTE pharmacists to maintain current staffing rates and 570 to maintain current FTE rates by 2032. Te Whatu Ora is considering pharmacy workforce development opportunities to support the pharmacy pipeline into primary, community and rural care.</p> <p><u>CCPG</u> A consideration of a moratorium on contracts for a period of time could be useful.</p> <p><u>Te Whatu Ora</u> This discussion fits nicely into our early work on a national new provider policy. But of course, we have to reflect the Pae Ora Act. Updates will be shared on progress in due course.</p>
5.8	<b>NZePS activation for hospital discharge and outpatient scripts</b> Almost all primary care providers are now connected to NZePS and exchanging script and dispensing data through it. However only some hospitals and specialist services are connected to NZePS. I propose Te Whatu Ora undertakes within the next 6 months layout for	<p><u>Te Whatu Ora</u> There are challenges with hospital IT systems and existing systems interfacing with the NZePS. Many of the hospitals prescribing systems are not able to integrate with the NZePS.</p> <p>The temporary Exemption from signatures on prescriptions without NZePS (no barcode) that expires 31 October 2024 was introduced to enable hospital IT vendors time to integrate with NZePS.</p>



the sector a roadmap for connection of its hospitals and specialist services to NZePS.

#### Pharmacy Guild

Would like to have the Community Pharmacy work plan for 23/24 added back into this agenda for next time. Is it the intent to actually have a community workforce plan for 23/24?

#### **Chair's summation**

Whilst some of the areas on this agenda were not pursued as proposers were not present, and they could not talk to their topic, there is a set of actions which come out of the discussion. The representatives perceive that are still gaps.

<b>ACTION 20230710.3</b>	Te Whatu Ora to work with Pharmac on supply chain issues.
<b>ACTION 20230710.4</b>	Te Whatu Ora to undertake an impact analysis of Case Mix Seasonal Adjuster modelling.
<b>ACTION 20230710.5</b>	Te Whatu Ora to investigate the potential of introducing Community Pharmacy Rural Adjuster.

### **7. Whakamahere consumer engagement report - How will the pharmacy sector respond?**

#### **Discussion**

#### Pharmacy Guild

Put a question to Te Whatu Ora – is this paper on the agenda relevant to proposing any funding changes and or contract clause changes for community pharmacy to implement. Are there proposed changes to the existing contract or not from this?

#### Te Whatu Ora

This is not about funding or contracting, it is an opportunity to share the importance of the consumer views in relation to different ways of working. However, this discussion might be more suited in a different forum to progress some of these conversations.

It will be critical for Te Whatu Ora to find new ways of working under the Pae Ora At and with our obligations under Te Tiriti O Waitangi – we will want to see the funded sector working with us to put the needs of Māori and other communities top of mind.

#### **Chair's summation**

This is not a matter for contracts and funding, but very important nevertheless.

### **8. Timeline for the agreement and participating in future for a**

#### **Discussion**

Te Whatu Ora was asked to comment on timelines for the future, as much as they were able.

#### Emma Prestidge

- Te Whatu Ora is not able to provide a definitive timeline, but a couple of principles are going to be important: Localities and Iwi Māori Partnership Boards will be very important as we shift the dial so that those with poor outcomes do better.
- The 5% price uplift and the 29.5% immunisation administration fee price uplift are our absolutely best effort for you. We know you feel it is not enough.
- There are large complex pieces of policy work, involving us and the Ministry of Health, it is impossible to move at the pace that you would wish for. Some of this work is legislative.
- A massive restructure is occurring within Te Whatu Ora and some people in this room may not keep their jobs, this means progressing the work programme, even what we have agreed today, puts a lot of pressure on the small team.

- The services referred to the EAG and the new provider policy will be underway. We will get to the contract and the funding models reviews but not immediately. This programme of work will occur over the next year.
- The development of strategic networks is a big part of the work. I encourage people to put themselves forward where they see those opportunities come up and I will keep providing information as we go through these conversations as much as I can.
- Government is still making some decisions about where responsibilities for which pieces of work sit. These haven't been to Cabinet yet. It is going to be lodged in about 9-12 days' time if all goes well.
- I do not see a new contract being developed before 2025.

Green Cross

Expressed great regret at the lack of progress on the reviews and is frightened for the sustainability of pharmacies.

Pharmacy Guild

The big picture strategy policy is not transparent to us. We need to know what this means, more practical and concrete. Particularly to understand the national, regional and local boundaries for commissioning.

CCPG

Emphasised again the absolute importance of the next rounds of NAAR allowing for real discussion and ensure that representatives do feel their voices are heard.

Te Whatu Ora

Checked that if starting in October 2023, as was intended this year, would go some way towards achieving this. CCPG felt that would be a start, but clarity would be needed.

**Chair's summation**

Te Whatu Ora is making an effort to keep the group informed. Providers are seeking something more practical and specific but appreciate the constraints on Te Whatu Ora.

**ACTION 20230710.6**

Te Whatu Ora to endeavour to commence NAAR 2024 by December 2023.

**9. NAAR Meeting Close**

**9.1 Discussion summary**

**Post meeting statement**

The second meeting of the 2023 Integrated Community Pharmacy Service Agreement (ICPSA) National Annual Agreement Review (NAAR) took place on Monday, 10 July 2023 between Te Whatu Ora and the Pharmacy sector representatives.

The meeting opened with an acknowledgement that the NAAR process has the challenge of a tight timeframe and a relatively uncertain external environment. During the meeting, Pharmacy provider representatives reiterated their view that cost and workforce pressures have not been satisfactorily resolved to date and that the 5% price uplift would be insufficient. The importance of continuing the work on the independent reviews into unmet funding and cost pressures was emphasised.

Te Whatu Ora proposed an offer for the ICPSA agreement and a proposal and process for applying the 5% price uplift across service lines. This included an option to change the ICPSA year from October to July, which was discussed in the meeting.

Other options discussed included the re-establishment of an Expert Advisory Group (EAG) and use of subject matter experts to review the Long Term Conditions Pharmacy Service, Clozapine Service and Community Pharmacy Anticoagulation Management Service (CPAMS).

It was agreed that Te Whatu Ora would present further analyses looking at Case Mix Seasonal Adjuster modelling and varying options of moving existing Additional Professional Advisory Services (APAS) payments into service lines. Work was also agreed to explore the potential of introducing a community pharmacy rural adjuster; and to work with Pharmac on supply chain issues.

Te Whatu Ora talked about its commitment to reaching a new agreement and regretted it is unable to provide a specific timeline, at this point. This is because there is strategic policy work underway on the future redesign of primary care and localities with Manatū Hauora leading the work. However, Te Whatu Ora expressed its commitment to continue to highlight pieces of work that it can work more collaboratively with the Pharmacy sector on. It also undertook to update the sector once it has a better understanding of a timeframe for the resolution of matters raised at the NAAR.

## 9.2 Agreed actions

Number	Action	Due date
20230710:1	Te Whatu Ora to undertake an impact analysis of the 5% price uplift by service lines in comparison to the Additional Professional Advisory Services (APAS). This would take place across the October-September year versus a July-June agreement year.	17 July 2023
20230710:2	Te Whatu Ora to undertake an impact analysis of moving the APAS payments into service lines.	17 July 2023
20230710:3	Te Whatu Ora and sector representatives to work with Pharmac on supply chain issues	February 2024
20230710:4	Te Whatu Ora to undertake an impact analysis of Case Mix Seasonal Adjuster modelling.	17 July 2023
20230710:5	Te Whatu Oro to investigate the potential of introducing Community Pharmacy Rural Adjuster.	February 2024
20230710:6	Te Whatu Ora to endeavour to commence NAAR 2024 by December 2023.	October 2023

### Joint communique: key messages agreed

- Draft communique – Chair aims to have it out on Tuesday 11 July 2023.
- The Chair will aim to review the draft minutes by lunchtime Wednesday 12 July 2023 and send them to participants for their feedback.
- Feedback on the draft minutes is to be received by COB Monday 17 July 2023. No comment will be taken as approval.
- The Chair will consider all feedback and finalise the minutes and communique as soon as possible.
- The final minutes and communique will be sent to participants to be shared with those they represent. The minutes and communique will also be posted on Te Whatu Ora’s website (aiming for Wednesday 19 July 2023).
- Next agenda to come out 20 July giving some time for the analytical work to be done.

### 9.4 Next meeting: 1-4 pm, Tuesday 25 July 2023.

### 9.5 Karakia whakamutunga: Emma Prestidge.

**4.05 pm meeting closed**