

Integrated Community Pharmacy Services
Agreement National Annual Agreement Review 2023
Meeting 4 Minutes

Date	Wednesday 9 August 2023	
Start Time	3:30 pm	Finish Time 5:07 pm
Location	MS Teams Click here to join the meeting Meeting ID 411 940 556 77 Passcode 5u8ADP	
Independent Chair	Shenagh Gleisner	
Te Whatu Ora	Emma Prestidge, Interim Director, Primary, Community and Rural, National Commissioning Adeline Cumings, Group Manager, Primary Health Care System Improvement and Innovation, National Commissioning	
Te Aka Whai Ora	Cherie Seamark, General Manager, Primary & Community Care	
Provider representatives	Alchemy Group Ravnit Lal	Bargain Chemist Group Peter Shenoda
	Canterbury CP Group Aarti Patel, Alex de Roo	Chemist Warehouse Group Ravniel Singh, Saif Al-Sheibani
	Countdown Pharmacy Group Jeremy Armes, Jason Wong	Girn Group Jatinder (Jay) Girn
	Green Cross Health Gemma Buchanan	Independent Pharmacy Group Phil Berry
	Kiwi Pharmacy Ming Goh, Mitchell Trezise	Midland CP Group Cath Knapton
	NDL Group Nikil Lal, Pooja Rathod	Oakley Brown Pharmacy Group Carolyn Oakley Brown, Linda Hermiston
	Pharmacy Care Group Amrit Ram	Pharmacy Guild of NZ Andrew Gaudin, Nicole Rickman, Glenn Mills, Sally McKechnie
	Pharmacy Partners David Mitchell	Pill Drop Jack Lee
	Totem Group Kerry Oxenham	ZOOM Pharmacy David Taylor, Din Redzepagic
Independent representatives	Ibrahim Al-Mudallal	Sam and Eliza Hood
	David Bullen	Jessica Moh
	Ian McMichael	Natalia Nu'u
	Nancy Nasef	Craig Thompson
	Nathan Reilly	
Observers	Manatū Hauora	TBC
	Pharmaceutical Society of NZ	Shirena Vasan, Richard Townley
	Pharmacy Council of New Zealand	Michael Pead

	Māori Pharmacists Association	Mariana Hudson, Kevin Pewhairangi
	Pacific Pharmacists Association	Diana Phone
Te Whatu Ora In attendance	Billy Allan, Manager Pharmacy, National Commissioning Alex Rodgers, Principal Analyst, Improvement & Innovation Estelle Petrick, Executive Assistant to Emma Prestidge Interim Director, Primary, Community and Rural	

Meeting papers

1.	Minutes from last meeting - agreed and published Integrated Community Pharmacy Services Agreement National Annual Agreement Review 2023, meeting 3
2.	Actions from last meeting NAAR 2023 – meeting 3, 25 July 2023, Actions
3.	Per Pack Fee calculations (action 20230725:1)
4.	Analysis of proposals set out by the Pharmacy Guild, Green Cross Health, and Totem Group Models for the application of the proposed 5% price uplift
5.	How much of ICPSA funding is APAS?
6.	Price uplift offer analysis and contract vs. financial year Pharmacy Guild and Green Cross Health
7.	NAAR 2023 – indicative timeline going forward

Agenda

Time	Item
3:30 pm	1. Welcome <ul style="list-style-type: none"> • Karakia • Apologies • Agenda confirmation
3:45 pm	2. Review of actions from Meeting 3, 25 July 2023 (paper)
3:55 pm	3. Discussion points <ol style="list-style-type: none"> a. Application of the 5% price uplift proposals (3 x papers) b. The contract year (July to June vs. October to September) c. Priority issues for EAG Proposed <ul style="list-style-type: none"> • Long-Term Conditions Pharmacy Services (3B.1) • Community Pharmacy Anticoagulation Management Services (3B.5) • Clozapine Services (Monitored Therapy Medicine Services) (3A.4)
4:40 pm	4. NAAR 2023 – indicative timeline going forward (paper)
4:50 pm	5. NAAR Meeting Close <ol style="list-style-type: none"> a. Discussion summary b. Agreed actions c. Joint communique: key messages agreed d. Next meeting: 1-4 pm, Monday 21 August 2023 e. Karakia whakamutunga

1. Welcome, karakia, apologies, agenda confirmation
Welcome: The Chair opened the meeting
Karakia timatanga: Emma Prestidge
<p>Apologies, were received from:</p> <ul style="list-style-type: none"> • Bargain Chemist • Canterbury CPG • Howick House Pharmacy • Midland CPG • Oakley Brown Group • Pharmacy Guild • Unichem Peninsula Pharmacy • Zoom Pharmacy • Māori Pharmacist Association • Pharmaceutical Society <ul style="list-style-type: none"> • Pharmacy 547
<ul style="list-style-type: none"> • Peter Shenoda • Aarti Patel • Jessica Moh • Cath Knapton • Carolyn Oakley Brown • Glenn Mills • Ibrahim Al-Mudallal • David Taylor & Din Redzepagic • Kevin Pewhairangi • Shirena Vasan <p>Ian McMichael – left the meeting at 4 pm</p>
<p>Not present:</p> <ul style="list-style-type: none"> • Phil Berry • Jay Girn • Ming Go • Eliza Hood • Sam Hood • Nikil Lal <ul style="list-style-type: none"> • Nancy Nasef • Natalia Nu'u • Pooja Rathod • Amrit Ram • Raviel Singh • Mitchell Trezise
<p>Orientation to the meeting</p> <p>This meeting is additional to the planned schedule, working through some substantive issues, to assist in reaching consensus by the end of NAAR 2023.</p> <p>The Chair noted that Billy Allan is continuing to support NAAR although he has a new job. She also noted that Andrew Bary, who is taking on Billy's role, is an observer for this meeting.</p>

2. Review of actions from Meeting 3, 25 July 2023			
Number	Action	Due Date	Status
20230725:1	Te Whatu Ora to provide the volume trends in pack fees paid since the ICPSA was established 1 October 2018	7 August 2023	Paper presented in the agenda for this meeting
20230725:2	Te Whatu Ora and the Pharmacy Guild to discuss the forecast percentage increase in the annual volume growth (2% vs 3.7%, Te Whatu Ora vs the Pharmacy Guild)	7 August 2023	Paper presented in the agenda for this meeting
20230725:3	Te Whatu Ora and the Pharmacy Guild to explore additional funding modelling options, including a 'middle' option, applying the 5% price uplift to service lines, with partial removal of the APAS payment, to understand the pharmacy outliers	7 August 2023	Paper presented in the agenda for this meeting
20230725:4	Te Whatu Ora to investigate if/how an	21 August 2023	In progress. A possible

	Immunisation co- administration fee can be enabled through the ProClaim payments system		mechanism has been identified, and is being worked through
20230725:5	A placeholder to be added for another short meeting prior to the 21 August 2023	28 July 2023	Meeting schedules for 9 August 2023 (this meeting)

3. Discussion points

3.1 The contract year (July to June vs. October to September)

Te Whatu Ora

Expressed their desire to achieve a change in date if this is what the providers and providers representatives wish. However, legal advice confirms that a compulsory variation to change the date is not an option. This leaves open the possibility of a voluntary variation. The difficulty with this is that 100% of all pharmacies must sign the agreement to effect this change. Te Whatu Ora noted that there were instances of non-acceptance in the past and emphasised potential legal and operational difficulties. It is not possible to have some providers paid on one date and others on another. It must be agreed and signed by all.

Te Whatu Ora sought to hear from the provider representatives' ideas on how a voluntary variation could be made to work, if that is their wish, given the diverse voices amongst 1,100 contractors.

Countdown Pharmacy

Emphasised the financial benefits for everyone in moving the year from October to July and stressed the importance of explaining these benefits to all providers and the whole sector and moving forward even if there are dissenters.

Pharmacy Guild

Confirmed that the idea of a voluntary variation for service fees has been successful historically when all providers are better off.

Green Cross Health

Suggested that the financial implications of non-acceptance can potentially be accommodated, even if the contractual agreement itself remains a challenge. Suggesting that if 100% agreement wasn't achieved in the past, there may be a way for sector payments to manage pharmacies with different contract periods – it is important clarification is given on this point.

Countdown

Suggested that those representing pharmacies have influence and could communicate the financial benefits of shifting to a July 1 start date for the coming and future years. The goal is to ensure that all 1,100 contractors sign up for this change, even though there might be a few dissenters causing administrative burden. In previous years some pharmacies have been slow signalling their acceptance of a new variation, and although this is a potential challenge for Sector Operations, it may be possible to manage, for the benefit of all.

Pharmacy Guild

The voluntary variation for all terms has been a key feature since the inception of the contract. The potential benefits for providers who choose to accept the proposed changes and the ability to manage multiple systems was a selling point for adopting the contract initially. The hope is for voluntary agreement, as it is acknowledged that forcing changes on people isn't desirable. If agreement is reached on the broader terms, provider representatives will actively promote and support the changes for the benefit of the members they represent.

Pharmacy Partners

Suggested a practical approach based on experience - using a time-limited offer with the incentive of back payments for those who sign up within the specified time frame. This approach aims to encourage everyone to participate and aligns with the goal of getting all stakeholders on board.

Pharmacy Guild

Suggested a potential incentive based on past practices - previous instances, signing up late resulted in missing out on the initial benefits of a new offer. This approach could act as an incentive for timely agreement, where those who sign up later would not receive the immediate advantages, such as increased fees.

Te Whatu Ora

Was grateful to have these suggestions and agreed that further legal advice and more discussion with Sector Operations should take place to explore these possibilities. Te Whatu Ora confirmed that in the past, different payments have been made to accommodate variations, however these have been for variations within the same contract year and can be a considerable administrative burden.

Te Whatu Ora noted:

- Under the ICPISA, enforcement of a contract change onto a contractor is not feasible. In the past some providers have declined variations for several months after they were proposed. Implementing a voluntary variation could lead to similar delays and complexities and may be too hard to manage.
- Dissenters cannot be compelled to take up a new agreement, so there might be legal and operational challenges in managing this approach. There is a challenging timeframe for working through these issues in achieving consensus among providers.
- Emphasised the consideration of a suitable timeframe to ensure the process doesn't drag on indefinitely as it involves two stages, clarification of logistics and legal aspects followed by a strategic communication plan to encourage buy-in from the involved parties.

3.2 Application of the 5% price uplift proposals (3 x papers)Te Whatu Ora

The analysis shows four different ways to apply a 5% price uplift. The proposals (A, B, C, D) all account for forecasted volume increases and aim to apply a 5% uplift based on projected demand. Additionally, they raise the immunisation administration fee to \$36.05 to align with immunisation fees for other providers.

The main differences among the proposals lie in how they handle the APAS payment pool. Proposal A maintains APAS unchanged, B decreases it (30.87%), C decreases it even further (50.00%), and D increases it by 5%. The adjustments to Handling Fee, Case Mix Fee, Per Pack Fee, and CPAMS fees ensure that the overall service expenditure forecasts a 5% increase for the upcoming year.

Te Whatu Ora noted that there will be winners and losers for each proposal in terms of how the 5% impact is distributed among pharmacies.

Te Whatu Ora is interested in understanding what would work best for the sector while keeping equity in mind, including the Pae Ora principles. A view was expressed that Proposal D is the tightest, but Te Whatu Ora does not have a firm preference.

A caucus discussion was held by provider representative with the aim to gather collective views from provider representatives about their preferred option.

On return to the full NAAR meeting, the Chair asked the Pharmacy Guild to summarise the conclusions of the caucus.

Pharmacy Guild

A preference for Proposal C was noted, however, the providers wanted a measured and staged approach, gradually transitioning APAS funding into service fees whilst minimising impacts and ensuring optimal benefit. Ultimately, therefore, there was unanimous support among the providers and provider representatives for **Proposal B**. All parties are better off under this proposal. All provider representatives are committed to promoting and recommending the chosen approach to their respective members. It was noted that, over time, it may be possible to transition to Proposal C.

Te Whatu Ora

Noted and accepted the preference of the caucus. Commented that proposals B and D appear to align more closely with the equity consideration and emphasised the importance of recognising this aspect as part of the decision-making process.

The Pharmacy Guild

Proposal B can be seen as preserving more equity by taking a slightly smaller slice out of the equity pool compared to Proposal C. Assured Te Whatu Ora that Proposal B aligns with the desire to maintain equity considerations.

Te Whatu Ora

With the potential for some providers not to agree to changing the contract year (from October-September to July-June) Te Whatu Ora noted it would need to test the legality of having different providers on different contract time periods, with different service fees (as proposed under Proposal B) and the potential operational impact for Sector Operations if there are providers who do not accept within the designated time frame.

Pharmacy Guild

Pharmacy Guild, Green Cross Health and Totem Group addressed the issue of backdating in the context of moving to a new financial year and requested a reconciliation report to ensure that the updated fees and changes have been properly implemented and paid. They wish to reassure providers that they have received appropriate payments.

Te Whatu Ora

Te Whatu Ora understood the importance of a quick response on Proposal B and hopes to get a reply from Sector Operations quickly, allowing feedback to the providers prior to the next meeting.

Chair's comment

Appreciation for the consensus reached on this matter. Acknowledged that achieving unanimous agreement is not required, but consensus after a well-debated and understood position is important.

Chair's summation

There is consensus on trying to find a way of moving to the July 1 date, and agreement on exploring the possibility of a voluntary variation along with putting significant effort into encouraging everyone to participate and agree to it.

ACTION: 20230809:1	Te Whatu Ora to seek advice on the legality of having an ICPSA national contract with different contract years for different providers.
ACTION: 20230809:2	Te Whatu Ora to seek advice from Sector Operations on the feasibility, practicality and potential impact of introducing the proposed new fees model.
ACTION: 20230809:3	Te Whatu Ora to seek advice from Sector Operations if they will be able to provide a reconciliation report to individual pharmacies, to reflect the new fees, back payments and adjustment payments if the proposed new fees model is introduced.

3.3 Priority issues for EAG Proposed

- Long-Term Conditions Pharmacy Services (3B.1)
- Community Pharmacy Anticoagulation Management Services (3B.5)
- Clozapine Services (Monitored Therapy Medicine Services) (3A.4)

Pharmacy Guild

While interested in service reviews, the priority is to address the reformation and re-establishment of the EAG first, to ensure that the EAG is set up in a way that works effectively, which has not been the case in the past. This will include aspects such as the Terms of Reference (ToR), resourcing, programmes, and overall commitment to the EAG's functioning. The selection process, resourcing, and structure of the EAG are important considerations to ensure that the group can effectively deliver on its goals.

Te Whatu Ora

Agreed that EAGs ToR are not fit for purpose. Te Whatu Ora did not believe it was possible to update the ToR before the next NAAR meeting. Suggested that including an undertaking in the letter of offer could address the reformation of the EAG's structure and form within a certain time frame. Te Whatu Ora suggested sending out the terms of reference for review outside of the regular NAAR cycle to expedite the process with a sub-group to progress this.

Pharmacy Guild

With reference to the service reviews to be chosen, highlighted the LTC services as a strong candidate, as one example. Which service reviews are undertaken will need to be prioritised in parallel with the review of the ToR. Clarifying the EAG ToR is crucial to determine what specific goals should be achieved. It will be required to engage subject matter experts on a case-by-case basis to address specific priorities. The right experts must be involved for the different reviews, so setting up an EGA with responsibility for multiple areas would not work well.

Te Whatu Ora

Regarding the EAG with multiple areas to consider, it may be more effective for the EAG to have subgroups that focus on specific areas of concern. This approach would allow each subgroup to concentrate on their respective topics in more depth with the right expertise for each subgroup.

Pharmacy Guild

Noted the discussion early in NAAR 2023 about the direction of travel, and issues that are outside NAAR 2023, but are still important to the sector and the need to know how the sector will engage post NAAR. Stressed the need to address these matters effectively in the upcoming letter of offer.

Chair's summation

Agreement reached that the overall structure and approach to the EAG, including revised terms of reference, must be a top priority. Whilst this may delay the commencement of the service reviews, it was crucial to get the EAG operating well.

ACTION: 20230809:4	To add to the agenda for the next meeting: proposed wording for the Letter of Offer regarding Te Whatu Ora's commitment to re-instating the Pharmacy Services EAG.
ACTION: 20230809:5	To add to the agenda for the next meeting: Discussion on matters outside of NAAR 2023 and how the pharmacy sector will engage with these.

4. NAAR 2023 – indicative timeline going forward (paper)

Te Whatu Ora

Presented the indicative timeline and highlighted that the timeline is tight and there isn't much flexibility if the goal is to achieve the desired outcomes without extending into the next financial year.

Pharmacy Guild and Green Cross Health

Stressed the importance of a reconciliation report to provide confidence and assurance regarding backdating and asking for it to be in the timeline. Highlighted the importance of ensuring accurate back payments for pharmacies.

Te Whatu Ora

Noted that it may not be feasible to set a specific timeline for Sector Operations until they have a clear understanding of their tasks and responsibilities, but all efforts will be made.

5. NAAR Meeting Close

5.1 Agreed actions

Number	Action	Due Date
20230809:1	Te Whatu Ora to seek advice on the legality of having an ICPSA national contract with different contract years for different providers.	16 August 2023
20230809:2	Te Whatu Ora to seek advice from Sector Operations on the feasibility, practicality and potential impact of introducing the proposed new fees model.	16 August 2023
20230809:3	Te Whatu Ora to seek advice from Sector Operations if they will be able to provide a reconciliation report to individual pharmacies, to reflect the new fees, back payments and adjustment payments if the proposed new fees model is introduced.	16 August 2023
20230809:4	To add to the agenda for the next meeting: proposed wording for the Letter of Offer regarding Te Whatu Ora's commitment to re-instating the Pharmacy Services EAG.	16 August 2023
20230809:5	To add to the agenda for the next meeting: Discussion on matters outside of NAAR 2023 and how the pharmacy sector will engage with these.	16 August 2023

5.2 Joint communique: key messages agreed

The Chair will provide the draft joint communique by close of business, Thursday 10 August 2023, for feedback by 4 pm Friday 11 August 2023.

The final communique will be distributed separately to these minutes.

5.3 Next steps

- The Chair will review the draft minutes by close of business Thursday 10 August 2023 and send them to participants.
- Comments on the minutes are to be received by 5 pm Monday 14 August 2023. No comment will be taken as approval.
- The agenda for the 21 August 2023 meeting will be sent on 16 August 2023.

5.3 Next meeting: 1-4 pm, Monday 21 August 2023.

5.4 Karakia whakamutunga: Emma Prestidge