

Provider representatives

To:	Sector stakeholders
From:	Pharmacy Guild of New Zealand, Green Cross Health and Totem Group (“Lead Provider representatives”)
Subject:	Lead Provider representatives’ views on Independent Review of Community Pharmacy Services (Stage One) Report
Date:	6 August 2021

Purpose

This paper, prepared by the Pharmacy Guild of New Zealand, presents the above Lead Provider representatives’ views on the Independent Review of Community Pharmacy Services (Stage One) Report (“the report”) completed by Sapere in December 2020.

Specifically, it presents our views on the future use of the report, the report’s key findings, the fit with the government’s health system reforms and priority next steps.

It has been agreed with DHBs that this paper will be distributed alongside the report.

Context – Stage One Report went wider than intended scope, with limited objective evidential support

Our view of this report is that it has adopted a wider review scope than was intended in the terms of reference agreed by NAAR participants (refer Attachment A). This is seen in the report’s broad focus on a sector, business, and pharmacist level assessment framework for community pharmacy.

The specific focus of the Stage One review and this report was intended to be the potential change options to current ICPSA community pharmacy services to better address inequity, fairly and sustainably.

We note the report is also mainly based on subjective opinions provided by a range of stakeholders, with limited factual evidence in support. Consequently, we have chosen only to comment on key findings that we see are within the intended review scope, and not comment on the accuracy of other aspects in the report.

Our focus remains on only using the report’s key findings and acting on priority next steps that relate directly to delivery on the Review’s terms of reference.

Key findings

No case for change to current community pharmacy service model

The Stage One report does not present any case for change to the current ICPSA community pharmacy service model.

In discussion with Sapere, they advised that the current community pharmacy service model is not broken.

This aligns with the recognised importance of ensuring that all New Zealanders continue to have excellent access to medicines and quality community pharmacy services, which the government recognised as “essential” for our sector’s ongoing response to Covid-19.

Accordingly, we see there is nothing in the report that justifies a need for any re-design of the current ICPSA community pharmacy service model for Stage Two review work.

Priority needs to be reform to funding model and sustainability

In contrast, the report clearly recommends the “need to review the community pharmacy funding model”, and that this “should be considered a priority” and that “priority should be given to issues which require immediate attention”. It specifically notes “challenges facing the community pharmacy sector in terms of sustainability of the pharmacist workforce and sustainable long-term funding for pharmacy businesses are major issues, as it is impossible for the sector to maximise its contribution to the healthcare sector if it is unable to operate in a sustainable fashion.”

We see this key finding vindicates the Lead Provider representatives’ consistently raised views over the last few years on the pressing need to develop a sustainable funding and pricing model for community pharmacy.

Our views are supported by a strong evidence base which demonstrate challenges to overall sustainability, unmet cost pressures and key underfunded service lines (including pharmaceutical supply chain, extemporaneous compounding, Named patient pharmaceutical assessment (NPPA) Services B, the Community Pharmacy Anticoagulation Management Service, and high frequency repeat items).

We see the report supports starting the pricing model review (through the intended Stage Three funding and pricing model review, refer Attachment A), as a priority for immediate attention.

Fit with the government’s health system reforms

We see that the future use of the report and progressing the priority next steps now fits well with the government’s policy objective of building a stronger health system. We also note that there are not any other specific health system reform changes identified to date for current community pharmacy service or funding models.

We consider future work on service models falls within the scope of the New Zealand health system reforms announced recently. The Minister of Health has signalled that further work on funding models for primary and community services will be undertaken as part of these reforms.

Priority next steps

We see that the clear priority for further joint work out of the Stage One review is the intended Stage Three funding and pricing model review work, to develop and implement a sustainable funding and pricing model for community pharmacy by 1 October 2022.

Establishing clarity on how best to progress this joint work is our current focus.

There is no commitment from DHBs, the Ministry of Health or the government’s Transition Unit to do this intended further joint work with us. We seek such a commitment and invite detailed work to begin.

The sector needs to resolve this role responsibility impasse promptly.

Attachment A – Summary of the independent review’s terms of reference

Sapere was commissioned by DHBs to complete the Independent Review of Community Pharmacy Services, as the first stage of the Service and Funding Model Review agreed by National Annual Agreement Review (NAAR) participants (ie, DHB, Ministry of Health and provider representatives) on 3 August 2020.

It was agreed that the ICPSA service and funding model review will take part in three stages, being:

- Stage One: Independent Review of Community Pharmacy Services (Aug – Oct 2020)
- Stage Two: Service re-design (Nov 2020 – April 2021)
- Stage Three: Funding and Pricing Model Review (May – Sep 2021)

Stage one seeks to identify best practice evidence-based services aligned with New Zealand’s strategic direction for pharmacy/pharmacist services, including identifying any potential change options for current community pharmacy services.

Stage two is to consider the outcomes of the first stage review and take a consumer co-design approach to identify and redesign any proposed service model changes.

Stage three is to identify optimal funding mechanisms to support the effective delivery of citizen-centred community pharmacy services that better address inequity, fairly and sustainably.

Overall, the desired outcome of the service and funding model review is a framework for services and funding that will support the effective delivery of citizen-centred community pharmacy services that better address inequity, fairly and sustainably.

The agreed terms of reference note that “DHBs and provider representatives intend to consider the outcomes of the three stages of the Service and Funding Model Review (and any changes implemented as a result of the Health and Disability System Review or other Government policy); and work together with the objective of developing proposals for the redesign of integrated community pharmacy services and, if required, providing proposals as an input into decision-making for Budget 2022.”