

## **SERVICE MODEL & FUNDING REVIEW**

### **Terms of Reference for the Independent Review of Community Pharmacy Services (Stage One)**

**AUGUST 2020**

#### **CONTEXT**

These are the Terms of Reference for the Independent Review of Community Pharmacy Services, which is the first stage of the Service Model and Funding Review agreed by the National Annual Agreement Review (NAAR) on 3 August 2020.

The Service Model and Funding Review will consider the range of services appropriately provided by community pharmacy to:

- meet current and future access and community pharmacy service needs of New Zealanders;
- address inequity of outcomes;
- support a sustainable community pharmacy sector; and
- be founded on relevant national and international reviews, strategies, evidence, experience and best practice.

The desired outcome of the Service Model and Funding Review is a framework for services and funding that will support the effective delivery of citizen-centered community pharmacy services that better address inequity, fairly and sustainably.

#### **BACKGROUND**

Each of the just over 1,000 community pharmacy providers throughout Aotearoa has entered into a contract (the Integrated Community Pharmacy Services Agreement, or ICPSA) with their local District Health Board (DHB) for the provision of community pharmacy services. Contract terms are discussed through the National Annual Agreement Review (NAAR) process and are 'evergreen' in nature (i.e. contracts have no end date and expire only when terminated by one of the parties).

Amongst other things, the contract between providers and DHBs is designed with the goal of ensuring that community pharmacy services are provided in an integrated manner and in a way that is fit for all New Zealanders.

DHBs wish to understand how the current and future access and community pharmacy service needs of New Zealanders can be met in a way that addresses inequity of outcomes and is provided by a sustainable community pharmacy sector.

DHBs have therefore proposed to NAAR participants a three-step review of the ICPSA Service and Funding model be undertaken, beginning with this Independent Review of Community Pharmacy Services. The stages of the Service and Funding Model Review are:

- Stage One: Independent Review of Community Pharmacy Services (August 2020 – October 2020)
- Stage Two: Stage Two: Service Re-Design (November 2020 to April 2021)
- Stage Three: Funding and Pricing Model Review (May 2021 to September 2021)

Stages Two and Three are described in section 'Subsequent Stages of the Service Model and Funding Review' later in this document. Next steps are explained in the section 'Consideration of output from the Service and Funding Model Review'.

## Terms of Reference for the Independent Review of Community Pharmacy Services (Stage One)

The Independent Review of Community Pharmacy Services (August to October 2020) 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.

This will include a review of all previous strategic documents related to the delivery of pharmacy/pharmacist services, the output of any consultations and co-design processes as well as looking at international best practice. The expected output is a think piece that will identify opportunities for improvement and gaps in current knowledge that will need to be addressed in future work.

The independent reviewer will be appointed by District Health Boards and selected through the Government Electronic Tender Service (GETS).

This first stage review is expected begin in August 2020 with findings presented to NAAR participants (or a smaller steering group agreed by NAAR) by 31 October 2020. The Reviewer may seek information from any of the parties mentioned below (in section titled 'Sector Consultation'), as the reviewer considers appropriate and practicable within the timeframe.

### STAGE ONE SCOPE

**INCLUSIONS** - the independent review will seek evidence from previous community pharmacy service and contract reviews, the New Zealand pharmacy sector, wider primary healthcare practice, national and international literature and experience to identify and discuss:

1. Whether the current services are meeting the access and community pharmacy service needs of New Zealanders, and in a consumer-centered, integrated way that addresses inequity of outcomes.
2. Whether current community pharmacy service models help DHBs:
  - a. Identify, understand and address issues of equity in access to community pharmacy services,
  - b. Provide population access to community pharmacy services for all New Zealanders.
  - c. Purchase integrated services to support vulnerable populations – including Maori, Pacific, rural, people aged over 65 years, those living with chronic conditions.
  - d. Provide population-based locally commissioned integrated services within each DHB.
3. Potential changes to current community pharmacy service models that provide more consumer-focused services that:
  - a. Improve health equity and access for Maori and other vulnerable populations.
  - b. Reduce regional inequities.
  - c. Are based on population health approaches.
  - d. Are integrated.

4. How the findings of the following might be relevant to community pharmacy services:
  - a. Health and Disability System Review 2020
  - b. Waitangi Tribunal Health Services and Outcomes Inquiry (WAI 2575) 2019
  - c. COVID-19 impact and lessons
  - d. ICPSA Schedule 1 Review
  - e. Ministry of Health Pharmacy Action Plan 2016-20
  - f. DHB strategic visions
5. Commentary on other relevant matters relating to current community pharmacy services, such as:
  - a. Sustainability issues for current community pharmacy services
  - b. Lessons from the independent Review of Wage Cost Pressures where available, noting the reviews are being undertaken concurrently
  - c. Quality and competency issues for delivery of services by pharmacists and pharmacy technicians
  - d. Any issues relating to existing legislation or future legislation, for example the Therapeutics Products Bill, and any other professional and regulatory requirements.
  - e. Any other issues identified as relevant to community pharmacy service models.
6. Advice on existing funding frameworks and mechanisms, including advice provided within NAAR since the commencement of the ICPSA on 1 October 2018.

#### **STAGE ONE DELIVERABLES AND TIMING (August 2020 to 31 October 2020)**

The output from this independent review of community pharmacy services is a report which outlines:

1. A review of existing high-level thinking – (referred to in the Inclusions) - to provide a framework for effective delivery of citizen-centered community pharmacy services that better address inequity, fairly and sustainably.
2. The extent which current community pharmacy services meet or do not meet access to community pharmacy service needs for all New Zealanders, particularly regarding equity of outcomes.
3. Potential change options for community pharmacy services for more consumer-centric services which focus on population health and support vulnerable populations including Maori, Pacific, rural, people aged over 65 years, and those living with chronic conditions.
4. Identifying any gaps in existing strategies or knowledge bases, and proposals for further work to address those gaps including work needed to be addressed in Stages 2 and 3.

## SUBSEQUENT STAGES OF THE SERVICE MODEL AND FUNDING REVIEW

- **Stage Two: Service Re-Design<sup>1</sup>** (November 2020 to April 2021) 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, taking into account Operational Policy Framework service change obligations, to improve access to community pharmacy services.
- **Stage Three: Funding and Pricing Model Review** (May 2021 to September 2021) to identify optimal funding mechanisms to support the effective delivery of citizen-centered community pharmacy services that better address inequity, fairly and sustainably.

## SECTOR CONSULTATION

It is expected that throughout the full three stages of the Review there will be interaction and consultation throughout the sector, including but not limited to:

- Pharmacy Sector - pharmacists, community pharmacy provider representative organisations, academia, professional organisations e.g. The Pharmaceutical Society of New Zealand (PSNZ), Māori Pharmacists Association - Ngā Kaitiaki o te Puna Rongoā, Clinical Advisory Pharmacists Association (CAPA), Pacific Pharmacists Association, Independent Pharmacists Association, locum pharmacists, early career and intern representatives
- Regulatory, government and professional bodies e.g. Pharmacy Council of New Zealand (PCNZ), Medsafe / Medicines Control, Ministry of Health (Pharmacy advisors)
- Primary care providers and others with insights into service and funding models (e.g. MediMap, College of GPs, IMAC, PHOs, nursing and allied health)
- Consumers – Māori, at risk/ vulnerable populations including, older people, Pacific, Asian, people living with mental health conditions, and consumers of specific pharmacy services as appropriate.
- Policy and Funders: DHBs, ACC, Ministry of Health
- Supply chain: PHARMAC, wholesalers
- IT providers: e.g. telehealth, NZePS, prescribing and dispensing software vendors

NAAR participants will be actively engaged and consulted in all three stages of the Review.

## CONSIDERATION OF OUTPUT FROM THE SERVICE & FUNDING MODEL REVIEW

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 to decision making for Budget 2022.

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<sup>1</sup> It is anticipated that service redesign will involve the Expert Advisory Group, whose functions include providing expert advice in relation to community pharmacy services, including advice on service design and service models, and NAAR.