

**Integrated Community Pharmacy Services Agreement  
National Annual Agreement Review 2024  
Meeting 6 Minutes**

<b>Date</b>	<b>Friday 30 August 2024</b>	
<b>Time</b>	8 – 9.30 am	
<b>Location</b>	MS Teams	
<b>Independent Chair</b>	Shenagh Gleisner	
<b>Health New Zealand - Te Whatu Ora</b>	<ul style="list-style-type: none"> <li>• Martin Hefford, Director Living Well, National Commissioning</li> <li>• Astuti Balram, Group Manager Primary Care, Living Well, National Commissioning</li> <li>• Nicola Ehau, Regional Commissioner, Commissioning, Te Manawataki</li> <li>• Danny Wu, Regional Commissioner, Commissioning, Northern Region</li> </ul>	
<b>Ministry of Health</b>	<ul style="list-style-type: none"> <li>• Helen Connole, Clinical Chief Advisor Rural, Manatū Hauora</li> </ul>	
<b>Provider representatives</b>	<b>Alchemy Group</b> Ravnit Lal	<b>Bargain Chemist Group</b> Peter Shenoda
	<b>Canterbury CP Group</b> Fiona Bradley, Alex de Roo	<b>Chemist Warehouse Group</b> Ravniel Singh, Saif Al-Sheibani
	<b>Girn Group</b> Jatinder (Jay) Girn	<b>Green Cross Health</b> Gemma Buchanan, Joel Sathuluri
	<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
	<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>PillDrop</b> Jack Lee, Suzanne Burge	<b>Totem Group</b> Kerry Oxenham
	<b>Woolworths Pharmacy Group</b> Jeremy Armes, Jason Wong	<b>ZOOM Pharmacy</b> David Taylor, Din Redzepagic
<b>Independent representatives</b>	Ibrahim Al-Mudallal	David Bullen
	John Handforth	Mickaela Healy
	Sam and Eliza Hood	Brett Hunter
	Ian McMichael	Jessica Moh
	Nancy Nasef	Natalia Nu'u
	Samit Patel	
<b>Observers</b>	<ul style="list-style-type: none"> <li>• <b>Māori Pharmacists Association:</b> Mariana Hudson</li> <li>• <b>Pacific Pharmacists Association:</b> Diana Phone</li> <li>• <b>Pharmaceutical Society of NZ:</b> Helen Morgan-Banda, CEO</li> <li>• <b>Pharmacy Council of New Zealand:</b> Michael Pead, CEO</li> </ul>	

<b>Te Whatu Ora In attendance</b>	<ul style="list-style-type: none"> <li>• Billy Allan, Principal Service Development Manager, Pharmacist Services</li> <li>• Andrew Bary, System Design Manager, Pharmacist Services</li> <li>• Lisa Britton, Senior Service Development Manager, Primary Care</li> <li>• Alex Rodgers, Principal Investment Analyst, Funding &amp; Investment team, National Commissioning</li> <li>• Karney Herewini, Senior Advisor Service Development, Hauora Māori Services</li> <li>• Andrea Tamahaga, Executive Assistant, Primary Care</li> </ul>
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## Meeting papers

		<b>Pack page numbers</b>
1.	<b>Minutes from last meeting</b> - agreed and published Integrated Community Pharmacy Services Agreement National Annual Agreement Review 2024, meeting 5, 19 August 2024	Pages 4-14
2.	<b>Actions from last meeting</b> NAAR 2024 – meeting 5, 19 August 2024, actions	Page 15
3.	<b>Guild paper: Response to HNZ uplift offer 19 August 2024</b> (circulated previously)	Pages 16-20
4.	<b>Health NZ response to Guild uplift letter 26 August 2024</b> (circulated previously)	Pages 21-23
5.	<b>NAAR 2024 indicative timeline for agreeing and activation of the new variation</b> (circulated previously)	Page 24
6.	<b>Immunisation administration fee uplift offer</b> (circulated previously)	Page 25
7.	<b>Modelling</b> Options for applying the price uplift and otherwise amending the ICPSA fee structure <ul style="list-style-type: none"> <li>• Pharmacy NAAR 2024 – options for applying the price uplift and otherwise amending the ICPSA fee structure (circulated previously)</li> <li>• NAAR 2024: Scenarios for applying the price uplift, second paper (circulated previously)</li> </ul>	Pages 26-33  Pages 34-39

## Agenda

Time	Item	Page
8:00 am	1. Welcome, Introduction and apologies <ul style="list-style-type: none"> <li>a. Welcome, karakia, introductions, new members</li> <li>b. Confirmation of the agenda</li> </ul>	
8:10 am	2. Review of the actions from Meeting 5, 19 August 2024 (paper) <ul style="list-style-type: none"> <li>• General summary</li> </ul>	Page 15
8:20 am	3. Health NZ price uplift offer and its application across service lines <ul style="list-style-type: none"> <li>• Guild paper: Response to HNZ uplift offer 19 August 2024 (circulated previously)</li> <li>• Health NZ response to Guild uplift letter 26 August 2024 (circulated previously)</li> <li>• NAAR 2024 indicative timeline for agreeing and activation of the new variation (circulated previously)</li> <li>• Immunisation administration fee uplift offer</li> <li>• Modelling – 2 papers</li> </ul>	Pages 16-20 Pages 21-23 Page 24 Page 25 Pages 26-39
9:20 am	4. Summary and next steps <ul style="list-style-type: none"> <li>a. Discussion summary</li> <li>b. Agreed actions</li> <li>c. Joint communique: key messages agreed</li> <li>d. Next meeting Tuesday 10 September 2024, 9-11 am</li> <li>e. Karakia</li> </ul>	
9:30 am	<b>Meeting close</b>	

## 1. Welcome, Introduction and apologies

**Welcome:** The Chair opened the meeting and welcomed everyone.

**Karakia Timatanga:** Astuti Balram

### Present:

1. Alex De Roo, Canterbury Community Pharmacy Group
2. Andrea Tamahaga, Health New Zealand | Te Whatu Ora
3. Andrew Gaudin, PGNZ
4. Andrew Bary, Health New Zealand | Te Whatu Ora
5. Astuti Balram, Health New Zealand | Te Whatu Ora
6. Billy Allan, Health New Zealand | Te Whatu Ora
7. Cath Knapton, Midland CP Group
8. David Bullen, Unichem Morrinsville and Unichem Ōtorohanga
9. David Mitchell, Pharmacy Partners
10. Diana Phone, Pacific Pharmacists Association
11. Gemma Buchanan, GCH
12. Glenn Mills, PGNZ
13. Helen Connole, Manatū Hauora
14. Helen Morgan-Banda, Pharmaceutical Society
15. Jack Lee, Pill Drop
16. Jason Wong, Woolworths Pharmacy Group
17. Joel Sathuluri Green Cross Health
18. Karney Herewini, Health New Zealand | Te Whatu Ora
19. Linda Hermiston, Oakley Brown Pharmacy Group
20. Lisa Britton, Health New Zealand | Te Whatu Ora
21. Martin Hefford, Health New Zealand | Te Whatu Ora
22. Mickaela Healy, Unichem Paeroa Pharmacy
23. Nicole Rickman, PGNZ
24. Peter Shenoda, BCG
25. Sally McKechnie, Simpson Grierson (for Pharmacy Guild)

### Apologies:

1. Alex Rodgers, Health New Zealand | Te Whatu Ora
2. Carolyn Oakley-Brown, Oakley Brown Pharmacy Group
3. Danny Wu, Regional Commissioner
4. Fiona Bradley, Canterbury Community Pharmacy Group
5. Ian McMichael, Anglesea Pharmacy
6. Ibrahim Al-Mudallal, Unichem Peninsula Pharmacy
7. Jeremy Armes, Woolworths Pharmacy Group
8. Kerry Oxenham, Totem Group
9. Mariana Hudson, Māori Pharmacists Association
10. Michael Pead, Pharmacy Council of NZ
11. Nicola Ehau, Regional Commissioner
12. Ravnit Lal, Alchemy Group

### Not present:

1. Amrit Ram
2. Brett Hunter
3. David Taylor
4. Din Redzepagic
5. Eliza Hood
6. Jatinder (Jay) Girm
7. Jessica Moh
8. John Handforth
9. Ming Goh
10. Mitchell Trezise
11. Nancy Nasef
12. Natalia Nu'u
13. Nikil Lal

14. Phil Berry
15. Ravnish Singh
16. Saif Al-Sheibani
17. Sam Hood
18. Samit Patel
19. Scott Moir
20. Suzanne Burge

## 2. Review of actions from Meeting 5, 19 August 2024

The Chair confirmed the purpose of the meeting. The previous minutes were confirmed as accepted.

### Matters Arising

The Pharmacy Guild (the Guild) raised that the previous minutes record that the offer to PHOs and general practice was close to 3% however the Guild does not consider that Health NZ's response accurately reflects what is effectively a 5.88% cost pressures uplift. The Crown average is 4% and 7.76% for co-payments. It's a weighted average, as contained in the paper Health NZ released. The Guild wants it noted that the advice that has gone to PHOs has been that the input-based cost adjustment is 5.88% for 2024/25, with capitation uplift at 4% and a 7.76% increase in average allowable fee increases, giving a combined 5.88% total revenue increase.

The Pharmacy Guild requested an update on the EAG and Pharmacy Development Workstream.

Health NZ confirmed that the EAG is starting work on the Clozapine Services review workstream next week beginning with forming the clozapine working group. It is not possible to run two workstreams concurrently due to internal resources, so the minor health conditions service (MCHS) work will begin after the Clozapine Services review. An update on the Pharmacy Development Workstream is planned for the next NAAR meeting.

## 3. Health NZ price uplift offer and its application across service lines

The Chair noted the Health NZ response to the proposal from the Guild is in the meeting papers. The aim of this discussion is to hear the view of provider representatives to this response and to determine the next steps that NAAR wish to take.

The Pharmacy Guild thanked Health NZ for its timely response.

The main points made by the Guild included the following:

- Acknowledging that Health NZ will not accept an increase in the price uplift above 2.51% despite the Health NZ Board quantifying reasonable cost pressures at 5.62% for 2024/25.
- Appreciation that the immunisation service delivers pricing parity with general practice.
- Noting that there is not yet a commitment from Health NZ to introduce a funded nationwide MHCS despite it being in the workstream.
- Noting that Health NZ hasn't committed to updating the Integrated Community Pharmacy Services Agreement (ICPSA) permitted pharmacy charging rules for ICPSA funded services in 2024/25. The Guild wanted further discussion about what being 'open to consideration' might mean.
- Noting Health NZ does not support endorsement of a change to a mandatory prescription co-payment policy setting due Commerce Act issues, rather than the intention for a consideration of government policy options.
- Noting a funding model review for sustainable community pharmacy services with an update to completed by June 2025 subject to Health New Zealand budget availability.

Health NZ responded that the Guild's summary was accurate.

### ***In relation to the MHCS***

Health NZ considers there is a real potential to explore this service more fully as part of services that improve access to people and is enthusiastic about doing further work through the EAG. But that is not a guarantee of future funding.

Green Cross Health asked if the release of the MHCS evaluation report has had an impact on decisions, and whether the Commissioner has made any comment. Health NZ advised the Minister and Commissioner had been informed but had not made any comment.

### ***In relation to charging for services***

The Pharmacy Guild was unclear how the service coverage schedule and the permitted pharmacy charging rules work together. They understood the service coverage schedule ensures a minimum coverage for all New Zealanders in terms of accessing ICPSA services. The permitted pharmacy charging rules they see as more of an administrative issue. They noted that general practice and aged care can surcharge, and that allowing surcharging would go some way towards addressing the inadequate price uplift offer. They note the openness of Health NZ to work on the issue, but the key question is what is feasible or practical to be done in the next few months in time for the 2024/25 year.

Health NZ responded in some depth on the subject of charging. There are webs of rules around aged care and general practice surcharging. In terms of what premium services that they can provide that can be charged for and these rules are different for each sector. Health NZ outlined some details. In the pharmacy sector there is also a complex set of regulations around what could and could not be charged. Obviously in terms of dispensing there are some clear rules. Some pharmacies have local agreements around things like supply of emergency contraceptive pills. Some have private services to provide things like various medicines that can be prescribed to the pharmacy and have charges for those. Health NZ thought that the sector itself is in a better position to say premium services they can provide and what sort of charging regime they would want to see.

Health NZ explained that for the things that would be covered in the service coverage schedule, to change that would be more work than a few months. That definitely would require conversations with Ministry and the Minister potentially. Health NZ made it clear that it would not be possible to progress even some key examples in the next two or three months.

NAAR provider representatives noted some broader issues and specifically some matters which could be included in further discussion on this subject of charging. For example:

Canterbury Community Pharmacy Group reiterated that continuing to get an uplift which is insufficient to cover costs is unacceptable. It is impossible to make up the shortfalls anymore, and so it's just continuing to hurt pharmacy. One example is general medicines that when they become short supply, pharmacies are increasingly having to use secondary wholesalers, and usually you are on much worse terms of trade. This generally leads to the pharmacy losing significantly on those medicines. If it is not possible to charge under the present rules, then we need a discussion over this next year about how pharmacies can charge.

The Pharmacy Guild noted that there is a need to understand what it means in practice. For example, there are a number of things in the mix like compounding or special foods. There are examples where the cost is much greater than the income.

Green Cross Health Not only have we got a much lesser uplift than ever before, and not on parity with our general practice colleagues, but we're in an environment that's actually creating additional work for pharmacy at the moment with the pressure on our general practice colleagues and the issues with medicine shortages and Pharmac. Health NZ needs to fund reasonable cost pressures to help us bridge the gap.

### ***In relation to pharmacies cherry picking***

The Pharmacy Guild noted that issues of cherry picking have been raised over the years. There are some pharmacies that will not dispense certain lines even though they are required to under the ICPSA, and so other nearby pharmacies are taking all the extra workload and loss of income. Can Health NZ do something about this?

David Bullen Pharmacies lose money on specific dispensings. Interested to get some comment from Health NZ about (a) whether they accept that and (b) whether they think that is fair and reasonable.

Oakley Brown Pharmacy Group If we're expected to accept losing money on certain lines like compounding, section 29 [unapproved] medicines, controlled drugs, high cost ethicals that are 'no return' to wholesalers if not used, if we're supposed to lose on those, why is it not fairly applied across the board? Why are some pharmacies seemingly allowed to just reject all of those things and send them onto another pharmacy.

Health NZ responded to the issues of losing money on a particular service. It is not uncommon to have a mix of service lines, some of which make money and some of which lose money. It is the same with capitation, some patients attend much more than others, but our rules specifically prohibit practises from not enrolling people that cost them money on a capitation basis. However, Health NZ would need formal notification of pharmacies not providing the services required and will look at the levers to impact this.

#### ***Other points made by NAAR provider representatives***

Oakley Brown Pharmacy Group noted that Health NZ's contracting policy has contributed to the problems that we're seeing with cost pressures, by enabling more pharmacies to operate.

Green Cross Health As pharmacy gets squeezed more and more pharmacy will look at different ways that they can continue to make their businesses viable and opening hours will be on the list. If pharmacy continues to be squeezed financially overall service delivery will be compromised.

Oakley Brown Pharmacy Group noted that they are seeing general practices close on some weekend days and reduce their hours. If pharmacy takes that move as well, people are going to have even less access to health care.

#### ***The next step is to put separate advice to the Commissioner***

The Pharmacy Guild concluded that the Health NZ's response fails to address the substance of the counterproposal concerns, namely that is to deliver reasonable cost pressure adjustments for 2024/25 and it also fails to commit to developing a sustainable community pharmacy funding services model. There is an impasse with Health NZ in term of successfully concluding the NAAR 2024/25 process. So, the Guild are now looking to use the provisions that sit within the NAAR terms of reference to escalate and provide its separate advice and recommendations to the Commissioner, with Health NZ also to do the same.

Further, the Guild is prepared to produce its advice very quickly. It is important to clarify the quantum of the uplift to be able to then consider the distribution impacts in terms of price uplift and the time pressure on resolving this is tight. It would be valuable to get the view of the Commissioner to enable decisions about the distribution of the uplift on 10 September 2024.

Health NZ agreed to put up its advice and recommendations to the Commissioner, which will also include its comments on the Guild's advice. The Commissioner has made positive calls on matters like this, and it is his role to make these decisions. It will be good to get this advice in and to move the process along.

Health NZ proposed both sides to have their advice prepared for submission to the Commissioner by 4 September 2024, and that Health NZ would, signal the urgency of a decision.

The Guild will have their paper in by the end of the day on Tuesday 3 September 2024 and Health NZ will have completed their paper to the Commissioner by 5pm on Wednesday 4 September 2024. It was agreed that these separate advisory papers would be shared between the Pharmacy Guild and Health NZ. If a decision is not received by 9 September, the next NAAR meeting which is scheduled for 10 September 2024 will be delayed.

The Pharmacy Guild confirmed that its submission will only include points discussed at NAAR and will not raise new issues.

#### ***NAAR 2024 indicative timeline for agreeing and activation of the new variation***

Health NZ outlined several constraints on the timeline: availability of the Chair; allowance of adequate time for drafting the offer letter and contract variation; allowance for Sector Operations to perform their part; and allow enough time for ICPSA holders to consider the offer. The earliest variation activation date as it stands is 1 December 2024, and if there are delays then this would likely shift to 1 March 2025, after accounting for the Christmas period.

The Chair asked Health NZ to adjust the timeline if needed.

**Modelling: Options for applying the price uplift and otherwise amending the ICPSA fee structure**

The Chair confirmed with NAAR members that the principles of the scenario modelling would not be discussed at this meeting and could be considered at the next meeting on 10 September 2024 assuming the response from the Commissioner had been received.

The Pharmacy Guild said it was happy to work offline on the service modelling scenarios when the time comes to address that.

ACTION: 20240830:1	The Pharmacy Guild to provide its contested advice to Health NZ by 5 pm on 3 September 2024
ACTION: 20240830:2	Health NZ to submit its advice and the Pharmacy Guild’s contested advice to the Health NZ Commissioner by 5 pm on 4 September 2024 (and share this with the Pharmacy Guild).
ACTION: 20240830:3	Health NZ to adjust the indicative timeline for agreeing and activating the new variation if this is needed

**4. Summary and next steps**

The Chair confirmed that the communique for this meeting will be out to NAAR participants for comments and approval very promptly tomorrow. The minutes will be sent for NAAR approval as soon as possible.

**Meeting Close** 9 am

**Karakia whakamutunga:** Astuti Balram

**Summary of the actions**

Number	Action	Date due
20240830:1	The Pharmacy Guild to provide its contested advice to Health NZ by 5 pm on 3 September 2024	3 September 2024
20240830:2	Health NZ to submit its advice and the Pharmacy Guild’s contested advice to the Health NZ Commissioner by 5 pm on 4 September 2024 (and share this with the Pharmacy Guild)	4 September 2024
20240830:3	Health NZ to adjust the indicative timeline for agreeing and activating the new variation if this is needed	As required