

**Integrated Community Pharmacy Services Agreement  
National Annual Agreement Review 2024  
Meeting 8 Minutes**

<b>Date</b>	<b>Monday 21 October 2024</b>	
<b>Time</b>	9 – 11 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> John Saywell	<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, Planning Funding &amp; Outcomes</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 7, 10 September 2024	Pages 3-10
2.	<b>Actions from last meeting</b> NAAR 2024- meeting 7, 10 September 2024 actions	Page 11
3.	<b>Variation 6</b> 3a NAAR-24 ICPSA Variation-6 2024_Draft_NAAR 21Oct24_clean 3b NAAR-24 ICPSA Variation-6 2024_Draft_NAAR 21Oct24_marked-up Marked-up with provider representative amendments	Page 11 Page 11
4.	<b>Letter of Offer</b> 4a NAAR-24 ICPSA Letter of Offer 2024 (generic)_Draft 4b NAAR-24 ICPSA Letter of Offer 2024 (generic)_Draft Marked-up with provider representative amendments	Page 11 Page 11

## Agenda

Time	Item	Page
9:00 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>	
9:10 am	2. Review of the actions from Meeting 7, 10 September 2024	
9:15 am	3. Consideration of Variation-6	
9.30am	4. Consideration of Letter of Offer	
9.45am	5. Health NZ Pharmacy development workstream	
10.15am	6. NAAR 2025	
10.30 am	7. Summary and next steps <ul style="list-style-type: none"> <li>a. Discussion</li> <li>b. Agreed actions</li> <li>c. Joint communique</li> <li>d. Next meeting – NAAR 2025</li> <li>e. Karakia</li> </ul>	
10:45 am	<b>Meeting close</b>	

## 1. Welcome, Introduction and apologies

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

**Karakia Timatanga:** Astuti Balram

The Chair acknowledged the passing of Phil Berry on 21st September after a short illness with prostate cancer.

### Present:

1. Alex De Roo, Canterbury Community Pharmacy Group
2. Alex Rodgers, Health NZ | Te Whatu Ora
3. Andrea Tamahaga, Health NZ | Te Whatu Ora
4. Andrew Gaudin, PGNZ
5. Andrew Bary, Health NZ | Te Whatu Ora
6. Astuti Balram, Health NZ | Te Whatu Ora (Opening and closing Karakia)
7. Billy Allan, Health NZ | Te Whatu Ora
8. David Bullen, Unichem Morrinsville and Unichem Ōtorohanga
9. David Mitchell, Pharmacy Partners
10. Diana Phone, Pacific Pharmacists Association
11. Fiona Bradley, Canterbury Community Pharmacy Group
12. Gemma Buchanan, Green Cross Health
13. Glenn Mills, PGNZ
14. Helen Connole, Manatū Hauora
15. Helen Morgan-Banda, Pharmaceutical Society of NZ
16. Jack Lee, PillDrop (joined 9:25)
17. Jeremy Armes, Woolworths Pharmacy Group
18. Karney Herewini, Health NZ | Te Whatu Ora
19. Kerry Oxenham, Totem Group
20. Linda Hermiston, Oakley Brown Pharmacy Group
21. Lisa Britton, Health NZ | Te Whatu Ora
22. Martin Hefford, Health NZ | Te Whatu Ora
23. Mickaela Healy, Unichem Paeroa Pharmacy
24. Nicole Rickman, PGNZ
25. Nikil Lal, NDL Group
26. Ravnit Lal, Alchemy Group
27. Sally McKechnie, Simpson Grierson (for Pharmacy Guild)
28. Sophia Haynes, Pharmacy Council

### Apologies:

1. Carolyn Oakley-Brown, Oakley Brown Pharmacy Group
2. Danny Wu, Regional Commissioner Health NZ
3. David Taylor, Zoom Pharmacy
4. Din Redzepagic
5. Ibrahim Al-Mudallal, Unichem Peninsula Pharmacy
6. Ian McMichael, Anglesea Pharmacy
7. Jason Wong, Woolworths Pharmacy Group
8. Joel Sathuluri, Green Cross Health
9. John Saywell, Independent Pharmacy Group (replacing Phil)
10. Michael Pead
11. Nancy Nasef

### Not present:

1. Amrit Ram
2. Brett Hunter
3. Cath Knapton
4. Eliza Hood
5. Jatinder (Jay) Girm
6. Jessica Moh
7. John Handforth

- 8. Mariana Hudson
- 9. Ming Goh
- 10. Mitchell Trezise
- 11. Natalia Nu'u
- 12. Nicola Ehau
- 13. Ravnish Singh
- 14. Saif Al-Sheibani
- 15. Sam Hood
- 16. Samit Patel
- 17. Peter Shenoda
- 18. Suzanne Burge

## 1. Welcome Introduction and apologies

The Chair confirmed this is the final meeting of NAAR 2024. The purpose of the meeting is to get agreement on Variation 6 in the Letter of Offer.

The Chair acknowledged the disappointment and dissatisfaction, not only with the inadequacy of the uplift in relation to cost pressures and the sustainable community pharmacy funding, but also concerns about aspects of the NAAR process as conducted by Health NZ.

### Matters Arising

The Chair noted that the Guild had submitted a paper 'outstanding issues and work to progress' which was received about 20 minutes before the meeting so has not been fully considered by Health NZ or other provider representatives. Notwithstanding, two new issues in their paper – the policy proposal for 12-month prescription duration and continuous glucose monitor funding were discussed in the meeting and recorded below in these minutes.

Furthermore, the Guild also requested that Health NZ respond in writing to the unaddressed concerns raised in the Guild's escalation letter to the Commissioner on 3 September 2024 including consideration of cost pressures. Health NZ agreed to do this prior to the commencement of the substantive NAAR 2025 discussions.

**ACTION:** 20241021:1

Health NZ to respond in writing to Guild's key concerns that were contained in their letter of 3 September 2024 to the Commissioner on consideration of 'reasonable cost pressure adjustments'.

## 2. Review of actions from Meeting 7, 10 September 2024

The actions from the previous meeting had all been completed.

## 3/4. Consideration of Variation-6 / Consideration of Letter of Offer

The Pharmacy Guild noted the policy proposal to enable 12-month prescription duration. This was first received 2 October 2024, with a very tight turnaround time for feedback, by midday 14 October 2024. The Guild, and other provider representative gave their feedback. Moving from 3-month prescription duration to a 12-month duration will have a material adverse financial impact on community pharmacy. The Guild has estimated that cost at a net fee decrease of around 3.2%, which is significant given that the 2024 uplift of 2.51% offered from Health NZ.

The Deputy Director-General (DDG), Strategy, Policy and Legislation at Manatū Hauora has indicated that no decision has been made by the government, and the policy consideration is at a very early stage. The DDG also indicated that as soon as there is any change in the status of the proposal, that all affected stakeholders will be updated.

The Guild requested two things from Health NZ staff in NAAR: (1) a written assurance that the funding as

offered is guaranteed for 2024/25, in line with the full intentions of the offer, and that there won't be any funding decrease, and (2) a commitment to engage immediately in NAAR if this policy proposal progresses.

Health NZ noted that this is a potential government policy change but not definitive and confirmed that a change in mix from initial prescribing to repeat prescribing would reduce the amount of revenue a community pharmacy receives for dispensing the same number of scripts. Before answering the Guild's two questions, Health NZ gave some overall context noting the wide range of impacts such a change would incur e.g.

- an increase in the number of items dispensed because of the longer duration of prescriptions and increased uptake
- a reduction in the prescription co-payment that is received by Health NZ of \$5 per item, which only applies to initial dispensing, not to repeats, therefore there'll be an impact on Health NZ revenue
- potentially an impact on Pharmac's medicines budget if there is an increased in the volumes of medicines dispensed
- there'd be an impact on general practice which receives revenue from patients for repeat prescriptions and often that revenue is an important part of the overall income for a general practise
- for patients, there will be reduced co-payment fees and reduced payment to general practices and other prescribers for the prescriptions.

The proposal would require ministerial agreements, cabinet agreement, legislative change, and possibly changes to some of the vendor digital systems which will take some time. The likelihood of this policy being implemented quickly is low.

In answer to the Guild's two questions.

1. Health NZ can't currently provide assurance that Health NZ can absolutely protect community pharmacy from the impact of government policy choices.
2. Health NZ agree with the suggestion that if the policy is confirmed and is to be implemented prior to 30 June 2025, then Health NZ would urgently and immediately convene a special NAAR meeting, or set of meetings, to consider the implications and the options that arise from it.

Woolworths Pharmacy Group thanked Health NZ for the excellent articulation of the change and the impact it would have and stressed that there would be a fundamental change in the income coming through to pharmacies. A reiteration of the plea that pharmacies are not disadvantaged if the policy change happens.

The Pharmacy Guild asked for assurance about the extent of knowledge that Health NZ had in relation to this proposal? Had Health NZ done any impact analysis or any work prior to this coming out on 2 October 2024 to the community pharmacy sector. The Minister spoke at a GP conference in late July, posing a question about extending the prescription time so community pharmacies are asking why they were not told sooner if Health NZ knew about it.

Health NZ explained that this policy proposal came out of the blue for them. It's not a Health NZ nor a Manatū Hauora proposal. This is a ministerially driven initiative. Health NZ has not been involved in any policy discussions. The way this went from a discussion at a GP conference to a policy proposal that came out for consultation with a short time frame caught Health NZ by surprise.

We do think there are advantages to patients but are keen to understand whether the government intends to compensate Health NZ for the fiscal impacts and allow us to compensate providers accordingly.

Green Cross Health There may be benefits from a patient point of view as far as dollars in their wallet with reduced co-payments, but this proposal will lead to fewer touch points for patients with healthcare in the community and therefore more touch points with EDs and urgent clinics, which are already are under pressure. Saving a patient a couple of co-payments may end up being detrimental for patients, noting that people are able to access health care in the community less than prior to the pandemic.

Health NZ agreed that there are a range of impacts for patients but challenged the assertion about access. Overall, in New Zealand the number of people accessing primary care through enrolments has been steadily increasing as has the number of encounters that people have with general practice. It can take a long time to get an appointment, so there are constraints.

ACTION: 20241021:2

Health NZ agreed that NAAR provider representatives would be engaged if this policy proposal progresses and should any changes to prescription duration change be proposed to occur before 30 June 2025, NAAR would reconvene on an urgent and immediate basis to discuss.

The Pharmacy Guild noted that NAAR have taken all the steps they could to address the inadequacy in the offer. It was now up to the ICPSA holders to start accepting it or not as they see fit.

After inviting further comment from participants, the Chair noted **that there is approval for both Variation 6 and the Letter of Offer.**

The Chair asked for confirmation of the timeline from now.

Health NZ Following today's meeting, the Letter of Offer and Variation 6 will be:

- provided to provider representatives
- published on the Health NZ website
- provided to Sector Operations for distributions, by the regional commissioning teams, to individual ICPSA holders for their consideration, the week beginning 8 November 2024.
- Signed variations need to be returned by 5 pm, Thursday 28 November 2024.
- Variation 6 to the ICPSA will be activated 1 December 2024.
- Backdating of payments to 1 July 2024, will be provided in April 2025 to coincide with the APAS payment redistribution.

## 5. Health NZ Pharmacy development workstream (Andrew Bary)

Health NZ gave a presentation on the Pharmacy Development work programme (a copy is attached to these minutes).

### Stage 1

- The first piece of work will update and consolidate the findings of the Sapere pharmacy services review and prior reviews.
- We will look at the end to end medicine supply chain, building on the 2016 Grant Thornton report on the pharmaceutical supply chain.
- Reviewing existing innovative practice around the country and the ability to scale and spread some of the services This activity (extended pharmacy services) includes the EAG discussions on a minor health conditions service.

### Stage 2

- From March next year. considering the options that have come out of Stage one.
- Will also consider new expanded models of pharmacy service delivery, for example public health and prevention and the NAAR EAG activity (eg, extended care pharmacy services)

There's a number of dependencies and complementary activities underway, including

- NAAR 2025
- The national public health Service's enhanced immunisation work through community pharmacies
- ICPSA - significant simplification
- The Health NZ Ageing Well development programme, eg, age-related residential care services
- Home and community support development programme
- Workforce and Health NZ workforce strategy 2024-2027
- Data and Digital to promote the use of modern, interoperable and secure information system
- General practice development programme
- Rural urgent and unplanned care development programme
- Meso-level services needed for community pharmacy
- Community pharmacy quality improvement and assurance programme
- Development of a community pharmacy new provider policy.

Stakeholder engagement will be sought throughout Stage One. An advisory group will be formed from March 2025 to review Stage One findings. NAAR will be updated and advised on any work that is relevant to the ICPSA.

Health NZ clarified that there is a difference between what will continue to be done for the NAAR process and work in the Pharmacy Development workstream, but they are linked.

The Pharmacy Guild sought clarification and action on three items:

1. surcharging, the Guild would like a surcharging workgroup to be set up to progress the issue.
2. the minor health conditions, propose the EAG governance group needs to discuss this as soon as possible.
3. the funding model review (Sapere and the Grant Thornton strategic pay wages cost pressures) looking for a clear and detailed timeline for this work in Health NZ's workplans for completion by June 2025, the commitment of resourcing and understanding how provider representatives can be involved. Concern was expressed about whether the resourcing and timelines had been adequately thought through.

Health NZ responded to these three questions:

**For surcharging**, Manatū Hauora are driving The work because they're the ones that have to consider the service coverage schedule. Health NZ will talk to Manatū Hauora and come back to NAAR with some timeframes. Reviewing surcharging won't be part of the Pharmacy development workstream, but it'll be part of the work that we do with NAAR.

**ACTION:** 20241021:3

Health NZ to link Manatū Hauora and agree a timeline for clarification on what funded services community pharmacies can surcharge for under the service coverage schedule, and report back to NAAR.

**For minor health conditions**, Health NZ has agreed to consider this under the EAG. The first EAG activity is the Clozapine Service review. This is progressing well. Another EAG governance group meeting has not been scheduled, but one can be arranged for in a few weeks to agree the scope of the minor health conditions service review activity.

Green Cross Health Sought clarification on the EAG timetable and work programme. It was reiterated that the work of the EAG had to be tackled sequentially due to staff constraints. Minor Health conditions comes after the Clozapine Service review.

**ACTION:** 20241021:4

Health NZ to arrange another EAG governance group meeting in 3-4 weeks' time.

Health NZ clarified that in stage 2 of the development programme referenced 'extended pharmacy services' That future model, what we currently call 'minor health conditions' could potentially include conditions that are not minor health conditions but could include pharmacist supporting people with potentially serious health conditions managed in the community.

**For the funding model** review. It would be picked up in the NAAR, 2025 activity. The work to update the Sapere and Grant Thornton reports will be started now and will be substantial, so cannot be neatly sequenced with the NAAR 2025 work.

### **Funding for continuous glucose monitors (CGMs)**

The Pharmacy Guild The funding for CGMs is a new and pressing issue for urgent attention, with some pharmacies appearing to be out of pocket for the product costs. CGMs are a great new product for type one diabetic patients, but we can't have community pharmacies being required to provide publicly funded services that aren't funded and that pharmacies are out of pocket.

Health NZ We can facilitate a discussion around the wholesaler margin, being cognisant of the fact that Health NZ is not party to agreements between a pharmacy and their wholesaler.

ACTION: 20241021:5

Health NZ to facilitate a meeting with provider representatives, pharmaceutical wholesalers, Pharmac, and Health NZ to discuss community pharmacies costs of continuous glucose monitors.

The Pharmacy Guild and Green Cross Health indicated their desire to participate in the wholesaler meeting.

## 6. NAAR 2025

The Chair Invited discussion on NAAR 2025 and how we can avoid the problems encountered with this year's NAAR.

Health NZ The 2024 budget included a three-year planned funding uplift for Health NZ, so we already know what funding we are expected to live within next year and we already know how much of that is for primary community and public health services; it's approximately \$500 million each year, which is a little bit less than Health NZ received this year. So, we are at the point where we were 30 May last year. However, the internal Health NZ budget allocation process for 2025/26 has not confirmed. The timeframe for this is still uncertain.

Health NZ asked NAAR provider representatives to be aware of two key factors which are important contextual issues for NAAR 2025.

- Health NZ is in a financial deficit environment with something like a \$800 - \$900 million deficit for the year ended June this year. And currently spending around \$130 to \$150 million per month more than our funding, and this impacts budget processes.
- Health NZ is undergoing internal changes and there will be a process of consolidation occurring as the Health NZ national offices are being required to shrink down in the order of 20 to 30%. This will impact on personnel and resources available.

First steps are to confirm providers' nominated provider representatives to NAAR 2025 and to call for topics for consideration, so that NAAR 2025 can formally commence early in the new year.

Health NZ urged caution asking NAAR, to propose a realistic number of topics, and to focus on issues that are not already being considered under the pharmacy development workstream.

ACTION: 20241021:6

Health NZ to call for confirmation / nominations for provider representatives to NAAR 2025.

ACTION: 20241021:7

Health NZ to call for topics to be considered under NAAR 2025.

Oakley Brown Pharmacy Group There is a general feeling within the pharmacy sector that pharmacies have been left to the end with funding. However, since we were last this time, surely, we can make our way to being first for consideration in the upcoming NAAR.

The Pharmacy Guild Would like to receive the written response to their key concerns as outlined in their letter of 3 September 2024 to the Commissioner and consideration of reasonable cost pressure adjustments before entering into NAAR 2025 proper in the new year (this response will be given – see Action above).

The Guild asked Health NZ to consider a set of principles for the NAAR 2025 process based around consistency, fair and reasonable pricing/cost pressure recognition parity across primary and community services providers, and a focus on delivering increased value for money for better health outcomes and reduced waiting times. They would expect as a minimum, any price uplift offer to be on par with general practice and aged care. They would wish the predetermination and pre-allocation of this year's budget monies to others to be avoided. The value for money principle reflects their view that more can be done through the community pharmacy sector.

Health NZ will consider these principles with the NAAR 2025 group.



The Chair Asked for an indication on when the first NAAR 2025 meeting is likely to be held to consider the topics for discussion.

Health NZ indicated that the first meeting may be held before the end of the year, but it is more likely to be early in the new year.

## 7. Summary and next steps

The Chair will draft the communique today and get it to Health NZ for NAAR representative review.

**The next NAAR meeting** This was the final meeting for NAAR 2024

**Meeting Close** 10.10 am

**Karakia whakamutunga:** Astuti Balram

### Summary of the actions

Number	Action	Date due
20241021:1	Health NZ to respond in writing to Guild's key concerns that were contained in their letter of 3 September 2024 to the Commissioner on consideration of 'reasonable cost pressure adjustments'.	1 November 2024
20241021:2	Health NZ agreed that NAAR provider representatives would be engaged if this policy proposal progresses and should any changes to prescription duration change be proposed to occur before 30 June 2025, NAAR would reconvene on an urgent and immediate basis to discuss.	If required
20241021:3	Health NZ to link Manatū Hauora and agree a timeline for clarification on what funded services community pharmacies can surcharge for under the service coverage schedule, and report back to NAAR.	TBC
20241021:4	Health NZ to arrange another EAG governance group meeting in 3-4 weeks' time.	29 November 2024
20241021:5	Health NZ to facilitate a meeting with provider representatives, pharmaceutical wholesalers, Pharmac, and Health NZ to discuss community pharmacies costs of continuous glucose monitors.	29 November 2024
20241021:6	Health NZ to call for confirmation / nominations for provider representatives to NAAR 2025.	29 November 2024
20241021:7	Health NZ to call for topics to be considered under NAAR 2025.	13 December 2024