

**Integrated Community Pharmacy Services Agreement  
National Annual Agreement Review 2025  
Meeting 3 Minutes**

<b>Date</b>	<b>24 June 2025</b>	
<b>Time</b>	9:30-12:30am	
<b>Location</b>	By Teams	
<b>Independent Chair</b>	Shenagh Gleisner	
<b>Health New Zealand -Te Whatu Ora</b>	Martin Hefford, Director Living Well, National Commissioning Astuti Balram, Group Manager Primary Care, Living Well, National Commissioning Nicola Ehau, Regional Commissioner, Te Manawa Taki Danny Wu, Regional Commissioner, Northern Region	
<b>Ministry of Health</b>	Chris James, Group Manager, Medsafe, Manatū Hauora	
<b>Representative Groups</b>	Pharmacy Guild	Green Cross Health
	Independent Community Pharmacy Group	Midland Community Pharmacy Group
<b>Representatives -Self</b>	Aaron Heath	Nancy Nasef
	Alex De Roo	Natalia Nu'u
	Bargain Chemist Group	NDL Group
	Brett Hunter	Oakley-Brown Pharmacy Group
	Chemist Warehouse Group	Pharmacy Care Group
	David Bullen	PillDrop
	Gemma Buchanan	Qais Nayle
	Ian McMichael	Sam and Eliza Hood
	Ibrahim Al-Mudalla	Totem Group
	Jatinder (Jay) Girn	Woolworths Pharmacy
	Kiwi Pharmacy Group	Zoom Pharmacy
<b>Observers</b>	Nil	
<b>Health NZ in attendance</b>	Andrew Bary, System Design Manager, Pharmacy Services Vardhan More, Funding & Investment team, National Commissioning Karney Herewini, Senior Advisor Service Development, Hauora Māori Services Lisa Britton, Senior Service Development Manager, Primary Care	

## Meeting papers

		Pack page numbers
1.	<b>Minutes from last meeting -</b> Integrated Community Pharmacy Services Agreement National Annual Agreement Review 2025, Meeting 2, 5 June 2025	To be circulated once approved
2.	<b>Actions from last meeting</b> NAAR 2025 – Meeting 2, 5 June 2025, Actions	To be circulated once approved
3.	<b>NAAR Meeting 2 Summary of Questions and Health NZ Responses</b>	Attached
4.	<b>Long Term Conditions Service Funding and Extended Pharmacy Services</b>	To be circulated
5.	<b>Paxlovid Pharmacy Services Transition to the Integrated Community Pharmacy Services Agreement (ICPSA)</b>	Attached
6.	<b>EAG Update</b>	Attached

## Agenda

Time	Item	Page
9:30 am	<b>1. Welcome, Karakia</b> <b>2. Apologies</b> <b>3. Confirmation of the agenda</b> <b>4. Minutes</b>	
	<b>5. Actions</b>	To be circulated
	<b>6. NAAR Process</b> <b>6.1. Chair</b> <b>6.2. ICPG</b>	To be circulated by ICPG
	<b>7. Meeting 2 Summary of Questions and Health NZ Responses. Discussion</b>	Attached
	<b>8. Community Pharmacy Cost Pressures</b> <b>8.1. Provider Responses to Health NZ request for information</b>	To be circulated by participants
	<b>9. Uplift Offer</b> <b>9.1. Next Steps</b> <b>9.2. Options to apply uplift across service lines</b>	
	<b>10. Covid-19 Antivirals 1 July 2025 onwards</b>	Attached
	<b>11. LTC and Extended Pharmacy Services Funding</b>	To be circulated
	<b>12. Immunisation administration fees and Covid Imms update</b>	
	<b>13. EAG Update-</b> <b>13.1. Recommendations to NAAR</b>	Attached
	<b>14. Summary and next steps</b> <b>14.1. Discussion summary</b> <b>14.2. Agreed actions</b> <b>14.3. Joint communique: key messages agreed</b> <b>14.4. Next meeting</b> <b>15. Karakia</b>	
12:30 pm	<b>16. Meeting close</b>	

## **1. Welcome, Karakia and 2. Apologies**

### **Karakia Timatanga:**

#### **Welcome:**

#### **Present:**

Astuti Balram – Health New Zealand  
Andrew Bary – Health New Zealand  
Lisa Britton – Health New Zealand  
Vardhan More – Health New Zealand  
Tara McGibbon – Health New Zealand  
Martin Hefford – Health New Zealand  
Kerry Oxenham – Totem Group  
David Bullen – Self  
Ravnit Lal – Alchemy Group  
Jeremy Armes – Woolworths Pharmacy Group  
Natalia Nu'u – Self  
Andrew Gaudin – Pharmacy Guild of New Zealand  
Nicole Rickman – Pharmacy Guild of New Zealand  
Glenn Mills – Pharmacy Guild of New Zealand  
Sally McKechnie – Simpson Grierson, for Pharmacy Guild of New Zealand  
Chris James – Ministry of Health  
Din Redzepagic – Zoom Pharmacy  
Clive Cannons – Independent Community Pharmacy Group  
Linda Hermiston – Oakley Brown Pharmacy Group  
David Holt – Independent Community Pharmacy Group  
Gemma Buchanan – Self  
Peter Shenoda – Bargain Chemist Group  
Mohamad Al Mudallal – Chemist Warehouse Group  
Joel Sathuluri – Green Cross Health  
Jason Wong – Woolworths Pharmacy Group  
Paul Webber – Green Cross Health  
Nikil Lal – NDL Group  
Jack Lee – PillDrop  
Alex De Roo – Self

#### **Apologies:**

Danny Wu – Health New Zealand  
Cam Monteith – Independent Community Pharmacy Group  
Max Harris – Independent Community Pharmacy Group  
Carolyn Oakley-Brown – Oakley Brown Pharmacy Group  
Ibrahim Al-Mudalla – self  
Karney Herewini – Health New Zealand  
Lisa Britton – Health New Zealand (for lateness)

## **3. Introduction to the meeting**

The Chair opened with a Karakia. The main focus of this meeting is to discuss the offer. At least two more meetings of NAAR are scheduled at weekly intervals, so it will be hard to share information or answer questions effectively between meetings. Shenagh made a few suggestions about how to manage this better. To ensure discussion about the offer were not rushed, the order of the agenda was changed. The paper on the review of the NAAR process was moved to the end of the meeting. One agenda item was added - "extending maximum prescription lengths, financial impacts of 12-month prescriptions".

However, in light of the announcement from the Minister of Health this morning about the significant general practice uplift, the Chair asked Health NZ to briefly speak to this.

Health NZ talked to the details of the PHO and general practice uplift. Health NZ acknowledged that this is a significant investment. The case for such an investment has been developed over a long period of time, and there are visible access barriers to general practice.

Provider Representatives expressed disappointment at what they see as favouritism towards GPs, which was evident in NAAR 2024 and appears worse in NAAR 2025. Comments included:

- Significant investments are not the purpose of cost pressures appropriation. The support for GPs is vital, but it should not come at the expense of community pharmacy.
- GPs can close books and surcharge. Community pharmacists can do neither. The consequences for community pharmacy are serious while there is no sustainable funding model – despite this being identified in 2020 by Sapere as a pressing need to develop and implement for community pharmacy.
- Health NZ is looking to take the money for a minor ailments service out of the existing pharmacy budget, rather than a new investment. This is hard to understand in the light of the new money into general practice
- Complete transparency from Health NZ is crucial to ensure trust and confidence is not lost with the community pharmacy sector. Health NZ believes it has been transparent.

#### 4. Minutes and Actions of NAAR Meeting-2

The minutes have been accepted. There were three actions: The Q and A for the last meeting have been sent out and are on the agenda; the June 2025 financial forecast will be ready by late July/early august, as noted in the Q and A; calls for the establishment of a small working group on extending maximum prescription lengths to 12 months will be done this week.

ACTION: 20250624 -1

Health NZ will contact NAAR members and sector stakeholders this week to join a working group on extending maximum prescription lengths to 12 months.

#### 5. Meeting 2 Summary of Questions and Health NZ Responses.

NAAR agreed that the questions had been answered or would be covered in other parts of the agenda.

#### 6. Community Pharmacy Cost Pressures

Health NZ had asked Provider Representatives to share evidence/analysis about cost pressures specifically for the community pharmacy sector. Some papers were presented to Health NZ, one from the Guild today and one from ICPG is due on Friday. The work by Moore Markhams produced for the Guild, uses actual financial reporting and activity-level information from pharmacies – showing an average cost pressures growth of 5.3% per annum (excluding volume growth).

Health NZ has not had an opportunity to review these responses. Health NZ will review this evidence. The findings and recommendations will be presented to senior staff within Health NZ, including Director PFO.

Provider Representatives made the following comments overall about cost pressures.

- The ICPSA states that Health NZ must “consider” reasonable cost pressure adjustments. Health NZ explained that the cost pressures must be considered but it may not be possible to meet them. Provider Representatives questioned whether there has been adequate “consideration”.
- Attention was drawn to wage cost increase per dispensed item growth of 27.8% across financial years 2021 to 2024 included in the information provided by the Guild. Wage and salary unit cost increases are the major cost pressures.

- The historic underfunding should not be ignored. In addition, discussion about cost pressures must include the planned changes to extend prescription lengths to 12 months.
- NAAR Provider Representatives would like to see the extent of cost pressure analysis for general practice.
- Health NZ have acknowledged that there has been a gap between the offer and cost pressures, last year. Health NZ outlined that clarity on the problem to be solved from a patient and system perspective, through data collection and information gathering, and clear value to be gained would help make community pharmacy the focus of investment.
- Some Provider Representatives have reserved their right to escalate outside of NAAR, noting that the existing NAAR process allows for some escalation too.
- Providers queried if NAAR is exempt from the dispute resolution process in the ICPSA. Health NZ said they believed the clause in the ICPSA referred to individual contract holders but would confirm.

ACTION: 20250624 -2	ICPG will submit their paper on cost pressures by Friday 27 <sup>th</sup> June. Health NZ will arrange for review all the information and present the findings to relevant decision-makers in Health NZ
ACTION: 20250624 -3	Health NZ will clarify the clause in the ICPSA on disputes resolution.

## 7. Uplift Offer

Provider Representatives reiterated that the 3% uplift offer was inadequate. There are also many uncertainties, including the 12-month prescription changes and other factors which could have a material adverse funding impact. They felt it was premature to think about the application of the uplift across service lines. Health NZ agreed to delay this discussion, pending the outcomes of the cost pressure consideration.

## 8. Covid-19 Antivirals 1 July 2025 onwards

Health NZ propose a staged approach to bring the Paxlovid (Antivirals) into the ICPSA. Health NZ is also considering a higher dispensing fee. No final decisions have been made until feedback is received from NAAR

NAAR provider representatives noted

- There is a potential impact on service provision as some pharmacies might withdraw from offering this medicine. Has an impact assessment upon patients been done?
- The financial implications of stock being unused -this is a high-cost medicine. Can pharmacies claim for unused stock?
- The fees for this work are low considering the amount of time spent on it. They also, asked whether the proposed funding model includes medicine margin.

HNZ will do further work on this and bring information to the next NAAR meeting as part of a collective package

ACTION: 20250624 -4	Health NZ will prepare a summary of the elements of the offer, including the financial impact and related services changes.
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## 9. LTC and Extended Pharmacy Services Funding

There is an upsurge in LTC enrolments above the cap and notable regional and sub-regional variation in registrations and LTC dispensing frequency. Options for the modification of the LTC service specifications were presented to NAAR

NAAR Provider Representatives had questions and comments; for example:

- The primary issue is with the lack of funding and changing the access criteria to the LTC.
- Consideration should be given to raising the cap.
- There are clearly outlier pharmacies – have they been audited? What is the quantum of funding in these outliers?
- Has the impact of an aging population been effectively factored in? It is very important to look at the population base. LTC could even be underfunded.
- A question about whether different districts approach the cap in different ways? The overall approach to LTC has been inconsistent
- Has any assessment been made of the impact of these changes on vulnerable patients?
- Investment in LTC has a very positive impact on health outcomes.
- Working with LTC patients is intensive work, so likely to be value for money for Health NZ

Health NZ acknowledged many of these points, appreciated the engagement on this paper and will bring more answers and information to the next NAAR meeting.

**ACTION:** 20250624 -5

Health NZ will consider this feedback on and include further options for the LTC programme in the overall summary.

## 10. Immunisation administration fees and Covid Immunisation update

Health NZ gave a verbal update on proposed changes to funding for immunisations. It aligns with the changes for general practice and fulfils the wish of community pharmacists to be funded for immunisation on the same basis as general practitioners, and other providers for the delivery of the same activity. It includes a differential funding for children, bringing in Covid into the ICPSA and putting a co administration fee on this. There are no forecasted savings for Health NZ. Health NZ acknowledged that this data has only just been presented to NAAR and more discussion must occur.

Some initial comments from Provider Representatives included:

- This could represent a serious drop in income for community pharmacies as they do most of the Covid vaccinations. These help to make up for inadequate funding in the rest of the contract. Accordingly, these proposed changes do not favour pharmacy
- Some concern that GPs and community pharmacists could be pitted against each other in competing for immunisation funding, noting the childhood immunisation capitation related performance incentive is only being made available to GPs and not community pharmacy.

Health NZ encouraged all providers to think what is best for communities but understood the potential financial impact upon community pharmacies must be considered in the whole package for NAAR 2025.

**ACTION:** 20250624 -7

Health NZ will include the proposed immunisation changes in the overall summary offer.

## 11. Extending the maximum prescription lengths to 12 months

Health NZ had prepared a paper estimating the financial impact of extending the maximum prescription length to 12 months, which comes into effect on 1 Feb 2026. A working group will be set up this week to look further at the details, as they are many uncertainties. NAAR Provider Representatives were invited to give feedback on the paper.



- Deep concern about this policy change was expressed. It is seen as a huge change likely to have a major adverse funding impact and represents a possible major stumbling block to reaching an agreement for NAAR-25.
- NAAR Provider Representatives, looking at the data presented in the Health NZ paper, concluded that 44% of prescriptions volumes could be affected by this change. So, in a worst-case scenario, total basic dispensing fees across all prescriptions long term and short term could be reduced by 11.4%.
- NAAR Provider Representatives wanted a commitment that this policy would have no adverse financial impact on community pharmacy. The Guild suggested that Health NZ could continue to pay pharmacy initial dispensing fees every three months so that we wouldn't need to rebalance initial and repeat dispensing fees.
- The Guild have submitted an OIA request to see the cabinet papers containing the Ministry of Health advice on this subject.
- NAAR Provider Representatives assume this would be achieved by a compulsory variation? Providers queried the process where there is no agreement on the terms of the variation, including consideration of financial impacts.

The next step is establishing the working group (noted as Action Point 1 above) and further discussion in the next NAAR meeting.

## 12. EAG Update

A slight change to the membership of EAG was approved (see below)

At the end of NAAR 2024, there was a request for the EAG to move at pace. NAAR representatives emphasised the importance of this, especially on the extended pharmacy services workstream.

**DECISION: NAAR have approved the appointment of Joel Sathuluri as a provider representative on the EAG and Alex de Roo as a practising community pharmacy member**

## 13. Review of the Terms of Reference and Process for NAAR

ICPG proposed a review of the terms of reference and the process for NAAR. They noted flaws in the current process including papers not arriving in time for proper consideration and inadequate time for collaborative discussions. They suggested, amongst other things, a more structured process for consideration of cost pressures and meetings in the first and second quarter of the years to maintain relationships and trust.

Health NZ agreed to set up this review after the end of NAAR 2025

**ACTION:** 20250624 -8

Health NZ will establish a review of the NAAR process and terms of reference once NAAR 2025 is concluded

## 14. Summary and next steps


It was agreed that there will be no public comments from anyone whilst the discussions are in process. The communique, agreed by all members, will be the official communication.

It was agreed that the next meeting of NAAR should be in the week beginning July 14<sup>th</sup>. This gives enough time for the analysis on cost pressure information, the preparation of more information on all parts of the offer and the working group on extended pharmacy times to have met.

**Karakia whakamutunga:** Shenagh Gleisner

**Meeting close:** 12.30pm





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## Summary of the actions

Number	Action	Date due
20250624:1	Health NZ will contact NAAR members this week to join a working group on extending maximum prescription lengths to 12 months.	June 27 <sup>th</sup> 2025
20250624:2	ICPG will submit their paper on cost pressures by Friday 27 <sup>th</sup> June. Health NZ will use an independent person to review all the information and present the findings to relevant decision-makers in Health NZ	By July 7 <sup>th</sup> 2025
20250624:3	Health NZ will clarify the clause in the ICPSA on disputes resolution.	In time for the NAAR meeting on July 15 <sup>th</sup>
20250624:4	Health NZ will respond to the feedback on the transition of Paxlovid pharmacy services into the ICPSA in a paper to the next NAAR meeting	In time to be distributed for the NAAR meeting on July 15 <sup>th</sup>
20250624:5	Health NZ will respond to the feedback on potential options for LTC in a paper to the next NAAR meeting	In time to be distributed for the NAAR meeting on July 15 <sup>th</sup>
20250624:6	Health NZ will prepare an analysis of the financial impact of the whole offer, containing all elements, to the next NAAR meeting	In time to be distributed for the NAAR meeting on July 15 <sup>th</sup>
20250624:7	Health NZ will present a paper with more data and explanations on immunisation administration fees and COVID immunisations at the next NAAR meeting	In time to be distributed for the NAAR meeting on July 15 <sup>th</sup>
20250624:8	Health NZ will establish a review of the NAAR process and terms of reference once NAAR 2025 is concluded	After NAAR 2025 is complete