

## **Integrated Community Pharmacy Services Agreement**

### **National Annual Agreement Review 2025**

#### **Meeting 6 September 25<sup>th</sup>, 2025**

### **Statement**

The sixth meeting of the 2025 Integrated Community Pharmacy Service Agreement (ICPSA) National Annual Agreement Review (NAAR) took place on Thursday September 25th, 2025, between Health New Zealand | Te Whatu Ora (Health NZ) and community pharmacy provider representatives.

The purpose of the meeting was to receive feedback on the draft Letter of Offer - for Variation 7 - with the goal of completing NAAR 2025 as soon as possible. This offer included the 3% uplift, suggestions for application of the uplift across service lines, and commitments to a future work programme including a funding review. The NAAR provider representatives rejected the draft offer. No consensus could be reached with significant disagreements remaining.

Provider representatives continued to have a general view that the offer uplift does not meet pharmacy cost pressures, and that they were concerned about whether the work programme would be delivered, given previous history. However, the most significant disagreement and obstacle to acceptance of the draft Letter of Offer related to the implementation of the 12-month prescription policy change.

Provider representatives took the position that the impacts of the 12-month prescriptions policy must be finalised and mitigated before the voluntary Variation could be accepted. The Pharmacy Guild indicated that their concerns had been elevated by the content of the recently discovered Regulatory Impact Statement on the policy. Their view was that it indicated an intended adverse impact on pharmacy revenue of the policy change and raised serious concerns relating to this policy advice. The parties acknowledged that Health NZ had been transparent from the beginning on the available estimates on the financial impact on both pharmacy and Health NZ.

Health NZ's position remains that the 12-month prescription change will be a compulsory Variation, triggered by government policy, dealt with separately and not resolved through the NAAR voluntary Variation process. Health NZ will prepare the draft compulsory Variation and engage with sector representatives to fully understand the likely impacts, and to propose options about what can be done to mitigate adverse consequences. Health NZ and provider representatives disagreed on whether the compulsory variation established a new Service, which would allow the providers to terminate the Service if it proved to be not financially viable.

NAAR provider representatives expected that the work programmes would have already commenced, and that Health NZ would propose options to mitigate adverse 12-month prescription impacts by October 2025. Health NZ explained that the commitments to the future work programme were part of a package, including the uplift offer. The package will be progressed once the voluntary Variation is agreed. This means that the work on the sustainable funding review may not begin immediately. NAAR representatives expressed considerable disappointment as they have been waiting many years for this review and that Health NZ had committed to this last year, subject to having sufficient budget.

NAAR participants agreed that it was not possible to reach a consensus on the voluntary Variation. Therefore, in accordance with the NAAR terms of reference, NAAR provider representatives and the Health NZ team will now provide separate recommendations to the Chief Executive of Health NZ.

The next meeting of NAAR will take place once the response from the Chief Executive of Health NZ has been received. Submissions will be sent directly to the Chair for submission to the Chief Executive in two weeks' time (10 October 2025).