

**Integrated Community Pharmacy Services Agreement**  
**National Annual Agreement Review 2025**  
**Meeting 6 Minutes**

<b>Date</b>	<b>25 September 2025</b>	
<b>Time</b>	1:00pm-4:00pm	
<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) Girm	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 5, 28 August 2025	4 - 13
2.	<b>Actions from last meeting</b> NAAR 2025 – Meeting 5, 28 August, Actions	14
3.	<b>DRAFT Letter of Offer</b>	15 – 22
4.	<b>Uplift Scenarios.</b>	Circulated by email 19/09/25

## Agenda

Time	Item	Page
1:00 pm	1. Welcome, Karakia	
	2. Apologies	
	3. Confirmation of the agenda	
	4. Minutes	4 – 13
	5. Actions	14
	6. Draft Letter of Offer	15 – 22
	7. Application of the Uplift.	
	8. Summary and next steps	
	8.1. Discussion summary	
	8.2. Agreed actions	
	8.3. Joint communique: key messages agreed	
	9. Next meeting	
	10. Karakia	
4:00 pm	11. Meeting close	

## **1. Welcome**

### **Present:**

Andrew Bary – Health New Zealand  
Andrew Gaudin – Pharmacy Guild of New Zealand  
Astuti Balram – Health New Zealand  
Cam Monteith – Independent Community Pharmacy Group  
Carolyn Oakley-Brown – Oakley Brown Pharmacy Group  
Clive Cannons – Independent Community Pharmacy Group  
David Bullen – Self  
David Holt – Independent Community Pharmacy Group  
David Taylor – Zoom Pharmacy  
Din Redzepagic – Zoom Pharmacy  
Gemma Buchanan – Self  
Glenn Mills – Pharmacy Guild of New Zealand  
Jack Lee – PillDrop  
Jeremy Armes - Woolworths Pharmacy  
Joel Sathuluri – Green Cross Health  
Kerry Oxenham – Totem Group of Pharmacies  
Linda Hermiston – Oakley Brown Pharmacy Group  
Martin Hefford – Health New Zealand  
Max Harris – Independent Community Pharmacy Group  
Nikil Lal -NDL Group  
Alex De Roo – Self  
Paul Webber – Green Cross Health  
Peter Shenoda - Bargain Chemist  
Ravnit Lal – Alchemy Group  
Shenagh Gleisner - Independent Chair  
Tara McGibbon – Health New Zealand  
Vardhan More – Health New Zealand  
Viji Ratnavel – Woolworths Pharmacy  
Nicole Rickman – Pharmacy Guild of New Zealand

### **2. Apologies:**

Chris James – Ministry of Health  
Young Son – Woolworths Pharmacy  
Sally McKechnie – Simpson Grierson, for Pharmacy Guild of New Zealand  
Karney Herewini – Health New Zealand  
Lisa Britton – Health New Zealand

## **3. Confirmation of the agenda**

The Chair confirmed the purpose of the meeting was to obtain feedback to the draft Letter of Offer with a view to resolution and completion of NAAR 2025. However, it was clear from correspondence from NAAR provider representatives, that significant disagreements and concerns remain. The agenda was amended to enable NAAR provider representatives to present their responses, specifically, Woolworths, ICPG and the Guild, before opening up to wider discussion.

## **4. Minutes of NAAR Meeting-5**

The minutes had already been edited to incorporate the views of NAAR representatives and were accepted. Matters arising in the minutes can be taken up in the discussion of the draft Letter of Offer.

There was however one matter arising from the discussion relating to the statement in Meeting 5. It was stated that providers could not withdraw from the 12-month prescription policy without also withdrawing from other dispensing services. Woolworths prepared a paper contesting this.

**Woolworths** outlined the critical financial challenges that the proposed 12-month prescribing model presented to community pharmacies, which would undermine their financial viability. They stated that the ICPSA must evolve to reflect the value pharmacists provide beyond simple dispensing. In addition, any attempt to quantify the volume uplift attributable to this policy will be impossible.

As background Woolworths asserted that

- The existing ICPSA funding structure was designed to reflect legislation that allowed for a maximum of three months of publicly funded medicine per prescription.
- The steep drop in fees after the second repeat dispensing was intentionally built in to prevent pharmacists from creating additional dispensing fees by dispensing an item more often than monthly.

There was no disagreement from NAAR provider members on these points

Woolworths had received legal advice that the ICPSA does not permit Health NZ to link the new 12-month service to the provision of all existing dispensing services i.e. a provider could terminate an obligation to provide a service that has been affected by the compulsory variation with all other existing services unaffected. Green Cross indicated they had received a similar legal opinion.

**Health NZ** disagreed with this position. In its view dispensing pharmaceuticals under a long-term prescription does not establish a new or separate service. All prescriptions will be long term prescriptions following the change in law with the period of supply determined by the prescriber. In Health NZ's view, it would not be possible to terminate '12-month prescription' dispensing as that is not a separate service; rather the service is part of Dispensing Services. The provider could choose to terminate the relevant service (Dispensing Services) if it took the view that to continue to provide that service was no longer viable, but this would require termination of that Schedule. HNZ also expressly referred to its contractual obligation under the ICPSA to endeavour to minimise adverse impacts from the policy change in the compulsory variation.

## 5. Draft Letter of Offer

The draft Letter of Offer was presented to NAAR provider representatives prior to the meeting and laid out in writing on the agenda. It included the 3% uplift offer, some other funding details in relation to other services, and the Health NZ commitments to a programme of work relating to scope of services and related funding for community pharmacy. The details of these are covered in the minutes of the last two meetings of NAAR.

**ICPG** had submitted comments in writing prior to the meeting. These are the key points.

- There has been clear and substantial disagreement from all NAAR provider representatives with the 3% offer
- Health NZ has done nothing to address the material financial threats that pharmacy faces from the 12-month prescription policy, despite many suggestions from NAAR members
- No attempts have been made by Health NZ to work through the disagreements expressed about the 3% uplift and the negative impacts from Health NZ's implementation of the 12-month prescription policy in the last meeting – both issues have been side stepped. No consensus has been reached.
- The Guild has engaged separately on the workstreams, but Health NZ has an obligation to each provider under each ICPSA; it does not just have an obligation to a subset of the sector. The workstreams were presented without discussion and have not been fully explained. There is a lack of detail, no terms of reference and no timeline. ICPG doubts that anything useful or binding will come out of the workstreams.
- The whole process of NAAR 2025 has been haphazard and unsatisfactory. The NAAR consultation has not been collaborative nor undertaken in good faith.

ICPG concluded by saying that there is significant concern and unease about the combined effect of the 12-month prescription changes and the 3% offer. ICPG is of the view that no attempt has been made to work

through disagreements raised in NAAR meetings - including over process - and we cannot see how the offer can be accepted in the face of unresolved disagreement.

**The Guild** made the following key points in response to the draft Letter of Offer

- The 12-month prescription policy will have an intended adverse impact on community pharmacy. The Guild was shocked to see the Regulatory Impact statement (RIS) on this policy which said that there will be a reduction in Health NZ pharmacy expenditure. The viability of pharmacies is threatened. Pharmacies do not have a 6% margin to play with (i.e. HNZ's uplift offer is at least 2.5% too low, plus the 3.5% intended funding reduction from the new 12-month prescription policy).
- The 12-month prescription policy impact must be fully mitigated before any voluntary variation can be agreed. This has been a consistent and firm view of the Guild and with the recently discovered RIS this is a non-negotiable issue for satisfactory resolution. The Guild will not hesitate to take all necessary escalatory measures if this matter is not resolved.
- The Guild has no confidence in the accuracy of the estimates of new stable long-term medication volume uptakes under the new 12-month prescription policy. Other NAAR provider representatives supported this.
- In relation to the analysis promised in the work programme, disappointment that there has been no progress on the impact analysis and possible responses to fully mitigate the adverse fee impacts for 12-month prescription policy as it was proposed at NAAR meeting 5 that this could be completed by October 2025. No progress has been made in relation to the work the EAG is doing on the expanded pharmacy clinical services.
- Overall, the drafting of the Letter of Offer appears to have taken a back step in terms of the firmness of its agreed commitments from NAAR meeting 5 in the communique and minutes. The Guild also noted the lack of timelines for the workstreams.
- There is particular concern about HNZ's genuine commitment to the sustainable funding model workstream. NAAR representatives have not yet been involved yet. This has been a priority for the Guild since 2019 and there is a short timeframe to do this work to impact budget 2026.
- The Guild also noted appreciation for the intention by Health NZ to try to address some of the long-standing issues for the pharmacy sector and are very keen to see progress.
- The Guild has submitted a range of OIA requests to the Ministry of Health in respect of which no response has yet been received. All of this contributes to concerns around working transparently and in good faith with respect to the intention and impacts of the new 12-month prescription policy.

**The Chair summarised by stating that the depth of provider dissatisfaction with both the draft Letter of Offer and the NAAR process was very clear. Both ICPG and the Guild, supported by other NAAR provider representatives, felt it was not yet possible to present the draft Letter of Offer to the sector.**

**Health NZ** responded to both these views, the main points being as follows

- The 12-month prescription changes are government policy which Health NZ is obliged to implement. It is not part of the voluntary variation. It will be effected by a compulsory variation
- Health NZ will work with NAAR to understand and mitigate, to the extent possible, the adverse impact on pharmacy. That is a parallel and separate process from the voluntary variation. The goal is to come out to the sector with the compulsory variation in October. The aim is to mitigate the impacts if possible. Health NZ does not intend to profit financially from the policy change. This is stated in the draft Letter of Offer
- Health NZ presented the workstreams for the future work programme in August, and these are committed to in the draft Letter of Offer. However, it is a package along with the 3% uplift. Health NZ must get agreement on the whole package before work starts on the workstreams.
- Health NZ has a very small pharmacy team so its capacity to do all this work is limited, timeframe commitments for delivery must be realistic. There is uncertainty with no agreed voluntary variation yet.
- The RIS is policy advice from the Ministry of Health and is not prepared by Health NZ. Health NZ asserts it has been very transparent about the potential impacts on the pharmacy sector from the



12-month prescription policy. This has included the uncertainty related to the impact modelling. NAAR provider representatives accepted that Health NZ has been transparent.

- Health NZ is impatient to get agreement on the draft Letter of Offer and to get on with the future work programme. There was agreement at the last NAAR meeting to discuss and resolve the draft Letter of Offer, knowing that the 3% could not change and that the compulsory variation for the 12-month prescription policy cannot be part of the voluntary variation. Health NZ cannot commit to additional money apart from the \$5 million already promised for the Extended Clinical Service work.
- Listening to the two presentations from ICPG and the Guild, Health NZ agreed that there is a substantial problem in reaching agreement. Consensus does not exist.

#### **NAAR provider representatives made further comments**

- It may be legally correct to separate the voluntary and compulsory variation, but from a provider, front line perspective, they cannot be separated.
- NAAR provider representatives are ready to begin the work on the workstreams – they can contribute resource to assist to enable the work to be done in parallel. A plea to get cracking because there's a lot of work to do and there is no good reason to pause.
- Real scepticism was expressed on the work programme commitments, because from their perspective Health NZ still hasn't made good on promises that were contained in the Letter of Offer in NAAR, 2024
- NAAR provider members have proposed possible solutions to negate the financial losses attributed to 12-month prescriptions, all of which Health NZ have declined. No reasons or explanations have been given by Health NZ that are satisfactory to NAAR provider representatives. Provider reps specifically questioned as to whether Health NZ have carried out work on possible solutions which Health NZ confirmed that they had. Provider reps suggested that it would be helpful if Health NZ shared this work with Provider Reps.

#### **NAAR provider representatives agreed to reject the draft Letter of Offer.**

#### **Proposal from Health NZ**

#### **Health NZ put forward two possible options for a way forward.**

##### ***Option 1***

Using the escalation process outlined in the NAAR terms of reference, whereby NAAR participants can make recommendations to the Chief Executive of Health NZ. These recommendations can be made individually or severally by NAAR provider representatives. Health NZ will offer a separate paper outlining their advice.

##### ***Option 2*** – building on a possible approach suggested by the Guild

Finalise the voluntary variation and Letter of Offer, get it out to pharmacies with good time for consideration. While this is happening, work in parallel on the how the compulsory variation can proceed, with options to mitigate the adverse impacts of the 12-month prescriptions. In due course, NAAR provider representatives could then advise pharmacies whether or not to sign the draft Letter of Offer.

A NAAR provider representative asked if there was not a third option for Health NZ to confirm that there would be full mitigation. Health NZ reiterated this was not an option currently.

Health NZ and the NAAR provider representatives caucused separately to consider these options. Health NZ particularly wished to ensure implementing option 2 would be feasible for them.

#### **Response from NAAR provider representatives**

**NAAR provider representatives chose Option 1. Therefore, in accordance with the NAAR terms of reference, NAAR provider representatives and Health NZ will now provide separate recommendations to the Chief Executive of Health NZ.**

NAAR provider representatives urged Health NZ to continue in whatever way they could on the work needed for the future work programme. They did not believe the escalation to the Chief Executive needed to

delay the work. There was concern about how long the response could take. Once again, NAAR provider representatives offered assistance to progress the workstreams. Health NZ reiterated that the offer and the workstreams were a single package and therefore workstream work could not commence until agreement was reached on the voluntary variation, but that it would continue with work on the compulsory variation.

ACTION: 20250925:1	NAAR provider representatives will provide separate recommendations to the Chief Executive of Health NZ. They will be prepared and sent to the Chair for transfer to the Chief Executive of Health NZ within two weeks.
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## 6. Application across service lines

NAAR provider representatives were not prepared to further consider the modelling of the 3% across service lines whilst the offer was still far from being finalised.

Some concern about the LTC work mentioned in previous NAAR meeting was expressed, but this was not discussed further.

## 7. Summary and next steps

The Chair summarised the key points from the meeting for the communicate, and additional suggestions of important matters were suggested.

It is intended for the communicate to be out for NAAR to review on Friday 26<sup>th</sup> of September and the minutes in the middle of next week if this is possible. The communicate and the minutes will not be published on the website before the beginning of the subsequent week.

On the last occasion that recommendations were sent to the Commissioner where consensus had not been reached, there was a lack of clarity about the sequencing of the communications. It was agreed that all recommendations submissions will be sent to the Chair, collated and forwarded to the Chief Executive of Health NZ together in approximately two weeks, date and time to be specified. The Chair will neither read nor share any of them. NAAR representatives will receive information about when and where to submit their recommendations by the Chair quickly following this meeting.

**Meeting Close:**

## Summary of the actions

Number	Action	Date due
20250925:1	NAAR provider representatives and Health NZ will provide separate recommendations to the Chief Executive of Health NZ. They will be prepared and sent to the Chair for transfer to the Chief Executive of Health NZ within two weeks.	To be specified – likely 10 October