

## **Integrated Community Pharmacy Services Agreement National Annual Agreement Review 2025 Meeting 5 August 28th 2025**

### **Statement**

The fifth meeting of the 2025 Integrated Community Pharmacy Service Agreement (ICPSA) National Annual Agreement Review (NAAR) took place on Thursday August 28th 2025, between Health New Zealand | Te Whatu Ora and Community Pharmacy provider representatives.

Health NZ staff confirmed that they have been unable to increase the 3% uplift offer for this 2025/26 year. NAAR provider representatives stated strongly that this is inadequate, and that Health NZ has failed to consider the reasonable cost pressures faced by community pharmacy.

Health NZ committed to a significant programme of work to address sector concerns; an immediate commitment to the development of an improved and sustainable community pharmacy funding model for implementation in 2026/27; a \$5 million per annum fund of new money be added to the pharmacy budget on an ongoing basis for extended clinical services, starting in early 2026; providing updated advice on forecast financial impacts and proposed options to respond to the adverse financial impacts of the 12 month prescription policy on community pharmacies; and a nation-wide contracting policy for awarding new community pharmacy agreements. Pharmacy stakeholders will have input into these projects as subject matter experts.

NAAR provider representatives declined to support a workstream which aimed to only look at value for money savings based on reprioritisation of existing funding within the community pharmacy sector. NAAR provider representatives believe community pharmacy already provides exceptional value for money. Some provider representatives believe that such reprioritisation work should be part of a broader work programme, across the whole health sector. Health NZ indicated that considering value for money is a general expectation across all funding streams but agreed to remove this workstream from NAAR's joint work programme.

NAAR provider representatives have been requesting development and implementation of a sustainable funding model since 2020. The Guild sought a genuine commitment to this as an outcome of the current 2025/26 review. Health NZ made clear that it is unable to guarantee implementation of a new model or provision of additional resources at this point, as decisions on implementation and funding would be taken after the work is completed. The work is nevertheless recognised as being vital.

There was extremely robust debate about the 12-month prescription policy adverse impacts, described by NAAR representatives as damaging in many ways including for service and community pharmacy sustainability pressures, for amplifying workforce shortages and for reducing patient safety. Health NZ reiterated that the 12-month prescription policy is a separate government policy implementation process. It is not part of the annual voluntary variation process for NAAR 2025. Many NAAR participants considered it important that the offer for the NAAR 2025 voluntary variation be finalised quickly to ensure pharmacies receive payment as soon as possible.

There was some agreement amongst Health NZ and NAAR provider representatives about the separate 12-month policy impact advice work to be done, jointly, to develop an agreed approach to accurately measuring the impacts and providing advice on possible responses. This workstream will produce its policy impact and response proposals by October. It was decided by NAAR that this workstream would run in parallel to NAAR 2025 voluntary variation process.

The next steps are to complete the modelling on the application of the 3% uplift offer across service lines. NAAR provider representatives want to be sure that negative impacts on pharmacies are minimised. A letter of offer should then be sent out for consultation via provider representatives during the week of September 15th. Within this letter will be the confirmation of the approach to responding to the 12-month prescription policy change impacts, with clarification that Health NZ is not aiming to gain financially from this policy change.

The next meeting of NAAR is planned for the third week of September where it is hoped to finalise the offer. The precise timing will depend on all the preparatory work being done thoroughly and accurately and there being enough time for meaningful consultation.