

Integrated Community Pharmacy Services Agreement National Annual Agreement Review 2024 Meeting 4, 11 July 2024

Statement

The Fourth meeting of the 2024 Integrated Community Pharmacy Service Agreement (ICPSA) National Annual Agreement Review (NAAR) took place on Thursday 11 July 2024 between Health New Zealand (Health NZ) and the Pharmacy provider representatives. The meeting's focus was the proposed price uplift from Health NZ.

The proposed price uplift offer, for cost pressures, to be applied to the ICPSA funding envelope is 2.51%. NAAR provider representatives were unanimous that this uplift was unacceptable, inadequate to meet current cost pressures and insufficient to address chronic long-term underfunding to sustain ongoing access to community pharmacy services. It was also noted that some other sectors (eg, general practice, aged care) are receiving a higher uplift.

The Pharmacy Guild and Green Cross Health were not willing to consider any scenarios to distribute the price uplift across ICPSA service lines without a complete understanding of the extent of consideration of community pharmacy cost pressures and of how the figure of 2.51% for cost pressures was reached. To this end, the Pharmacy Guild requested that the Health NZ staff express this concern in the strongest possible terms for the soonest possible release of the advice that was given to the Board of Health NZ. There is currently a request in from the Pharmacy Guild for the Board decision-making paper, which Health NZ is treating as an OIA request.

Health NZ staff invited, and listened carefully, to the feedback, answered the questions put to them and agreed to consider the views of NAAR participants. Staff indicated that Health NZ has to live within the budget available. This includes, in the case for pharmacy, funding associated with volume uplifts which as forecast could give additional revenue of around 5%, while noting significant volume volatility remains around this estimate.

Some initial general discussion took place on the scenarios developed by Health NZ for the distribution of the price uplift amongst the service lines. An overall view was that a stepped reduction of APAS was desirable, but no further discussion will occur until a complete explanation of the 2.51% price uplift is considered.

NAAR participants expressed concern about some of the processes followed by Health NZ, for example, in relation to the reduced Paxlovid service funding, including inadequate notice and lack of any engagement with provider representatives. There was a request for complete and timely engagement with the sector on all service and funding model change management issues.

Feedback was given on the draft Pharmacy Service Development Workstream. A range of concerns were raised including (but not limited to): the absence of an overall case for change to the existing ICPSA to support the draft work plan, an inadequate focus on addressing the pressing and growing community pharmacy service sustainability concerns (sector viability, workforce sustainability) and unclear participation and engagement of the community pharmacy sector in the future work. NAAR provider representatives did not consider there was a strong case for 'redesign', when the key problem was the inadequacy of funding. Health NZ assured NAAR provider representatives that there would be

engagement with community pharmacy in this broader development programme and that there has been no predetermination of outcomes.

NAAR heard that EAG had met successfully and asked that the Summary of the Recommendations be approved by the EAG prior to coming back to NAAR. This summary needs to be amended to express the support of the EAG for scheduling work on a Minor Health Conditions Service, starting after the recommended work on reviewing the Clozapine Service is complete.

Health NZ staff were unable to guarantee the timing of the release of the Board paper on the 2.51% price uplift, which may affect the content or timing of the meeting planned for 24 July 2024.
