

Integrated Community Pharmacy Services Agreement National Annual Agreement Review 2025 Meeting 2 June 5th, 2025

Statement

The second meeting of the 2025 Integrated Community Pharmacy Services Agreement (ICPSA) National Annual Agreement Review (NAAR) took place on Thursday June 5th between Health New Zealand/Te Whatu Ora (Health NZ) and community pharmacy provider representatives.

Health NZ presented to NAAR a proposed uplift to Pharmacy Service Fees of 3%. Health NZ reiterated the tight fiscal environment it is operating in.

NAAR provider representatives' initial response is that the uplift offer is inadequate and unacceptable to address cost pressures and ensure the sustainability of community pharmacy. NAAR provider representatives raised concerns with a lack of transparency around Health NZ's analysis of cost pressures. Health NZ noted that there has been consideration of general cost pressures that apply to the wider primary and community care sector, however, there has not been specific analysis undertaken of cost pressures specific to community pharmacy. Health NZ requested, and received some initial, evidence on cost pressures being faced by community pharmacies, and has asked NAAR participants to provide any further evidence to Health NZ for consideration prior to the next NAAR meeting.

Considerable dissatisfaction was expressed with the timeliness and completeness of information received by NAAR. NAAR provider representatives sought reassurance that Health NZ is committed to the relationship principles of the ICPSA, including good faith and transparency during NAAR 2025. Health NZ explained that approval to release the offers to all sectors was only given in late May and acknowledged the difficulties created by this delay.

Health NZ reiterated the importance of pharmacies to the health system, and for general practices, pharmacy and other community providers to be functioning well for the benefit of consumers. Health NZ outlined several reasons for which, in their view, direct comparison to general practice cost pressures is not suitable. NAAR provider representatives did not agree and highlighted some additional issues arising from the differential treatment of General Practice and Pharmacy, and emphasised flow-on consequences for community pharmacists when General Practice was under pressure.

An outline of the policy in relation to 12-month prescriptions was presented. Health NZ will set up a small working group with NAAR pharmacy provider representatives to consider this further. Whilst this is not part of NAAR 2025, not being implemented until February, it was noted that there could be an adverse financial impact on community pharmacies in this contract year if existing payment mechanisms are not adjusted. NAAR provider representatives requested that Health NZ consider how to address this, with an expectation that there should be no adverse funding impact on community pharmacy from this policy.

The Ministry of Health confirmed that policy work on the potential for community pharmacy surcharging will commence in the second half of the 2025 calendar year (from July).

NAAR representatives asked a broad set of questions in relation all aspects of the offer. A table of these questions, and the answers, will be sent out to NAAR participants early next week, to enable well-informed ongoing discussion.

Community Pharmacy Representatives reiterated their significant dissatisfaction with the NAAR 2024 process and confirmed their intention to escalate in the event that the NAAR

2025 process did not substantively improve on historical process. Health NZ requested that any initial escalation be undertaken via the NAAR process set out in the ICPSA.