

**Integrated Community Pharmacy Services Agreement
National Annual Agreement Review 2024
Meeting 4 Minutes**

Date	Thursday 11 July 2024	
Time	1 – 3:15 pm	
Location	MS Teams Click here to join the meeting Meeting ID: 488 450 185 622; Passcode: P8AuLN (if link above doesn't work)	
Independent Chair	Shenagh Gleisner	
Health New Zealand - Te Whatu Ora	<ul style="list-style-type: none"> • Martin Hefford, Director Living Well, National Commissioning • Astuti Balram, Group Manager Primary Care, Living Well, National Commissioning • Nicola Ehau, Regional Wayfinder, Commissioning, Te Manawataki • Danny Wu, Regional Wayfinder, Commissioning, Northern Region 	
Ministry of Health	<ul style="list-style-type: none"> • Helen Connole, Clinical Chief Advisor Rural, Manatū Hauora 	
Provider representatives	Alchemy Group Ravnit Lal	Bargain Chemist Group Peter Shenoda
	Canterbury CP Group Fiona Bradley, Alex de Roo	Chemist Warehouse Group Ravniel Singh, Saif Al-Sheibani
	Girn Group Jatinder (Jay) Girn	Green Cross Health Gemma Buchanan, Joel Sathuluri
	Independent Pharmacy Group Phil Berry	Kiwi Pharmacy Ming Goh, Mitchell Trezise
	Midland CP Group Cath Knapton	NDL Group Nikil Lal
	Oakley Brown Pharmacy Group Carolyn Oakley Brown, Linda Hermiston	Pharmacy Care Group Amrit Ram
	Pharmacy Guild of NZ Andrew Gaudin, Nicole Rickman, Glenn Mills, Sally McKechnie (Simpson Grierson)	Pharmacy Partners David Mitchell
	PillDrop Jack Lee, Suzanne Burge	Totem Group Kerry Oxenham
	Woolworths Pharmacy Group Jeremy Armes, Jason Wong	ZOOM Pharmacy David Taylor, Din Redzepagic
Independent representatives	Ibrahim Al-Mudallal	David Bullen
	John Handforth	Mickaela Healy
	Sam and Eliza Hood	Brett Hunter
	Ian McMichael	Jessica Moh
	Nancy Nasef	Natalia Nu'u
	Samit Patel	
Observers	<ul style="list-style-type: none"> • Māori Pharmacists Association: Mariana Hudson • Pacific Pharmacists Association: Diana Phone • Pharmaceutical Society of NZ: Helen Morgan-Banda, CEO • Pharmacy Council of New Zealand: Michael Pead, CEO 	

Te Whatu Ora In attendance	<ul style="list-style-type: none"> • Billy Allan, Principal Service Development Manager, Pharmacist Services • Andrew Bary, System Design Manager, Pharmacist Services • Lisa Britton, Senior Service Development Manager, Primary Care • Alex Rodgers, Principal Investment Analyst, Funding & Investment team, National Commissioning • Karney Herewini, Senior Advisor Service Development, Hauora Māori Services
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Meeting papers

		Pack page numbers
1.	Minutes from last meeting - agreed and published Integrated Community Pharmacy Services Agreement National Annual Agreement Review 2024, meeting 3, 21 May 2024	Pages 4-12
2.	Actions from last meeting NAAR 2024 – meeting 3, 21 May, actions	Pages 13-14
3.	Actions 20240521:1 and 20240521:2 Provider representatives to provide feedback on scenarios for modelling analysis: a. Summary paper b. Paper from The Guild, Green Cross Health, Totem Group c. Paper from Canterbury Community Pharmacy Group	Pages 15 Pages 16-17 Pages 18-23
4.	Action 20240521:9 and 20240521:10 Provider representatives feedback on the Pharmacy design workstream: a. Paper from The Guild, Green Cross Health, Totem Group b. Paper from the Canterbury Community Pharmacy Group c. Summary and Health NZ response	Pages 24-31 Pages 32-33 Pages 34-37
5.	EAG a. EAG Minutes, meeting 1, 25 June 2024 b. EAG recommendations to NAAR	Pages 38-41 Pages 42
6.	Letter: Health NZ price uplift offer FY 2024/25 (Martin Hefford) FYI. Originally circulated 27 June 2024	Pages 43
7.	Integrated Community Pharmacy Services Agreement – June 2024 forecast of demand and expenditure (13 June 2024) For information This forecast does not assume any changes to fees from NAAR 2024 or beyond Spreadsheet with calculations provided separately	Pages 44-76 + separate spreadsheet
8.	Modelling Options for applying the price uplift and otherwise amending the ICPSA fee structure	Pages 77-84
9.	Compulsory variation: reinstatement of the prescription co-payment FYI. Previously circulated	Pages 85-89

Agenda

Time	Item	Page
1:00 pm	1. Welcome, Introduction and apologies <ul style="list-style-type: none"> a. Welcome, karakia, introductions, new members b. Confirmation of the agenda 	
1:15 pm	2. Review of the actions from Meeting 3, 21 May 2024 (paper) <ul style="list-style-type: none"> • General summary 	Pages 15-14
1:30 pm	3. Health NZ price uplift offer and its application across service lines <ul style="list-style-type: none"> • Forecast June 2024 – for noting • Provider representatives feedback on scenarios for modelling analysis (Actions 20240521:1 and 20240521:2) • Application across service lines modelling + APAS redistribution 	Pages 43 Pages 44-76 Pages 15-23 Pages 77-84
2:30 pm	4. Provider representatives feedback on the Pharmacy design workstream (Actions 20240521:9 and 20240521:10) <ul style="list-style-type: none"> • Provider reps feedback on the Pharmacy development workstream • Health NZ response 	Pages 24-33 Pages 34-37
2:45 pm	5. EAG report <ul style="list-style-type: none"> • EAG recommendations to NAAR 	Pages 38-42
3:00 pm	6. Summary and next steps <ul style="list-style-type: none"> a. Discussion summary b. Agreed actions c. Joint communique: key messages agreed d. Next meeting Wednesday 24 July 2024, 1-4 pm e. Karakia 	
3:15 pm	Meeting close	

1. Welcome, Introduction and apologies

Welcome: The Chair opened the meeting and welcomed everyone.

Karakia Timatanga: Martin Hefford

Present:

1. Alex De Roo, Canterbury CP Group
2. Alex Rodgers, Health NZ | Te Whatu Ora
3. Andrew Gaudin, Pharmacy Guild of NZ
4. Andrew Bary, Health New Zealand | Te Whatu Ora
5. Astuti Balram, Health New Zealand | Te Whatu Ora
6. Billy Allan, Health New Zealand | Te Whatu Ora
7. Danny Wu, Health New Zealand | Te Whatu Ora
8. David Bullen, Independent member
9. David Mitchell, Pharmacy Partners
10. David Taylor, Zoom Pharmacy
11. Diana Phone, Pacific Pharmacists Association
12. Din Redzepagic, Zoom Pharmacy
13. Fiona Bradley, Canterbury CPG
14. Gemma Buchanan, Green Cross Health
15. Glenn Mills, Pharmacy Guild
16. Helen Morgan-Banda, Pharmaceutical Society of NZ
17. Jason Wong, Woolworths Pharmacy
18. Jeremy Armes, Woolworths Pharmacy Group
19. Joel Sathuluri, Green Cross Health
20. Karney Herewini, Health new Zealand | Te Whatu Ora
21. Linda Hermiston, Oakley Brown Pharmacy Group
22. Martin Hefford, Health New Zealand | Te Whatu Ora
23. Mitchell Trezise, Kiwi Pharmacy
24. Nicola Ehau, Health New Zealand | Te Whatu Ora (joined at 1:55 pm)
25. Owain George, Pharmacy Council of NZ (for Michael Pead)
26. Ravnit Lal, Alchemy Group
27. Sally McKechnie, Simpson Grierson (for Pharmacy Guild)

New members:

1. Helen Connole, Clinical Chief Advisor Rural, Manatū Hauora

Apologies:

1. Carolyn Oakley Brown, Oakley Brown Pharmacy Group
2. Ibrahim Al-Mudallal, Unichem Peninsula Pharmacy
3. Ian McMichael, Independent member
4. Kerry Oxenham, Totem Group
5. Lisa Britton, Health New Zealand | Te Whatu Ora
6. Michael Pead, Pharmacy Council of NZ
7. Mariana Hudson, Māori Pharmacy Association
8. Nicole Rickman, Pharmacy Guild of NZ

Not present:

1. Amrit Ram, Pharmacy Care Group
2. Brett Hunter, Independent member
3. Cath Knapton, Midland CP Group
4. Eliza Hood, Independent member
5. Jack Lee, Pill Drop
6. Jatinder (Jay) Girm, Girm Group
7. Jessica Moh, Independent member
8. John Handforth, Independent member
9. Mickaela Healy, Independent member
10. Ming Goh, Independent member
11. Nancy Nasef, Independent member
12. Natalia Nu'u, Independent member

13. Nikil Lal, NDL Group
14. Peter Shenoda, Bargain Chemist Group
15. Phil Berry, Independent Pharmacy Group
16. Raviel Singh, Chemist Warehouse Group
17. Saif Al-Sheibani, Chemist Warehouse Group
18. Sam Hood, Independent member
19. Samit Patel, Independent member
20. Suzanne Burge, Pill Drop

The Chair confirmed the agenda.

2. Review of actions from Meeting 3, 21 May 2024

The Chair confirmed that the actions were complete except that Health NZ has not yet managed to secure Māori representation for the EAG but are still working to do this.

An update was sought on when the Minor Health Conditions Service evaluation report would be released, and Health NZ advised that this would be available 'very soon'.

Health NZ offered their apology re: the timing of notification of changes to the funding for Paxlovid services and advised this was due to the withdrawal of specific COVID funding in the Budget 2024 announcement.

3. Health NZ price uplift offer and its application across service lines

The proposed price uplift offer, for cost pressures, to be applied to the ICPSA funding envelope is 2.51%. There was overwhelming feedback from NAAR provider representatives that this is unacceptable and inadequate, that it fails to meet the current cost pressures faced to sustain ongoing access to community pharmacy services, including by, failing to address workforce cost pressures and is also a missed opportunity to address the chronic long-term underfunding of community pharmacy services.

There were many comments to support this,¹ for example:

- Information from a recent workforce survey undertaken by PSNZ was raised, noting that 51% of pharmacists and technicians working in community pharmacy plan to leave the profession in the next 5 years and 66% of community pharmacy technicians and pharmacists stating that their work is having a negative impact on their mental health in the past 12 months. There is a significant workforce retention problem.
- It was also stated that a 2.51% uplift and CPI at 4%, this means a 1.5% decline. There was one suggestion that a 9.6% uplift would be appropriate bearing in mind historical underfunding.
- The costs of staffing are very high so committing to training of staff is a challenge. This uplift decision was described as short sighted particularly as it signifies no investment in creating a sustainable workforce for the future.
- In addition, cross subsidisation from the retail business in pharmacies is less viable in the current economic conditions.
- It was noted that the uplift for aged care was 3.2% and for General Practice nearer 5.88%. The reasons for these differences compared with the Pharmacy uplift have not been articulated.
- A bottom-up costing process is needed, to avoid pharmacies merely receiving 'the crumbs' when other allocations are complete.
- The funding is gradually becoming less and less, while the service demand increases. This cannot be sustained. If there is to be a pharmacy workforce for the future, it must be supported now. And decisions to underfund every year we're going to get further behind and it's going to take a lot to get back on top of it.

¹ Including the Totem Group who sent in a written communication, being unable to attend the meeting.

Furthermore, NAAR provider representatives questioned why the offer was received at 4.33pm just before Matariki weekend and said this was a shock to many, without any opportunity for discussion or 'back and forth' with the Board. This does not contribute to trust. Health NZ explained the information had only been received just before this time, and it was the practice to send it out as soon as it was available.

The Pharmacy Guild put a specific question to Health NZ regarding the rationale for this 2.51% uplift for cost pressures as there had been no supporting information or rationale provided in the NAAR pack for consideration. The Guild was interested in what sits behind this figure, for example, what specific community pharmacy cost pressures were considered, and what precise advice was given to the Board? The Guild also asked why there is a much higher uplift for general practice (and aged care sector) and why the announcement of the general practice cost pressures uplift was available before the details of the Pharmacy uplift. Other NAAR representatives supported the Guild in seeking to learn more about the rationale for the Health NZ Board decision.

The Pharmacy Guild advised that they had requested the Health NZ Board decision-making paper which covered the advice on the uplift for cost pressures. Health NZ is currently treating this request as an OIA request. The timing of the paper release was not currently known. In the interim, Health NZ responded to the questions asked by the Guild and others.

- The criteria used for the advice to the Board includes a few key components. These include forecast volume increases including demographic changes, cost pressures, contractual commitments and the requirement to fund various initiatives already signalled. There were some significant commitments for initiatives in the health sector (examples of replacement of helicopters and breast screening eligibility criteria changes were given) which are taken out of the appropriation. Health NZ summarised by outlining they prioritised by funding what they needed to fund, provisioning for volume increases and that the "residual amount left" was then used for the cost pressure uplift.
- In relation to the timing of announcements, all the budget uplift allocations to all sectors were made in one paper at the same time. The decisions were taken together, even if the announcements did not occur together. It was noted that specific cost pressures for community pharmacy were not taken into account for the community pharmacy price uplift offer, but cost pressures were taken as an overall approach except where Health NZ had some specific contractual issues to address.
- In relation to the general practice uplift, there were several issues considered, including specific clauses in provider agreements. The access to general practices has become more and more difficult. Even with the uplift, copayments will have to rise, sometimes as much as 8%. It was noted that the proposed uplift for general practice varies according to service lines with some service lines not receiving any uplift. Health NZ didn't want co-payments to be any higher given cost of living pressures.
- Health NZ staff indicated that Health NZ must live within the budget available. This includes, in the case for pharmacy, funding associated with volume and case mix increases which could give additional revenue of around 5%, while noting significant volume volatility remains around this estimate. The revenue rise could therefore be over 7%.

NAAR provider representatives indicated their wish to convey the strongest possible message for a reconsideration of an increase on the proposed uplift for community pharmacy. It was noted that there has been backtracking on other government decisions so why not this decision? The Guild also requested that Health NZ staff seek to support the Board Paper being released expeditiously, which Health NZ acknowledged. Health NZ staff invited, and listened carefully, to the feedback, and agreed that Health NZ would discuss and further consider the views of NAAR participants. They pointed out, however, that the parameters for the decisions are unlikely to change.

The application across service lines

The Pharmacy Guild had, prior to receiving the uplift decision, presented a brief paper noting that any distribution should ensure that all providers are financially better off, that is, no pharmacy is negatively impacted. The Guild also noted that they support new cost pressures funding being applied fully into service fees and do not support any new funding being put into APAS. However, the Guild and Green Cross Health were not prepared to discuss the application of the funding to service lines without a complete understanding of the extent of consideration of community pharmacy cost pressures and the reasoning behind the decision on the 2.51% pharmacy uplift offer. As a result, the Pharmacy Guild and Green Cross Health made no further comment in this meeting on the application across service lines.

CCPG had also given some consideration in writing prior to receiving the uplift offer, with the suggestion about favouring the underfunded services. They noted that named patient pharmaceutical assessment (NPPA) services B and extemporaneous compounding services are not reasonably nor sustainably funded. These should be addressed with immediate priority. However, CCPG agreed with the Guild and Green Cross Health that the uplift was inadequate.

Health NZ had presented a paper to NAAR laying out six scenarios for the application of the funding which built directly on this input received in advance of the uplift decision. Appreciation by NAAR was expressed for this work. Health NZ agreed to undertake any further modelling requested by NAAR participants.

During the meeting some views were briefly expressed on potential issues to address in considering the distribution of the funds into service lines, for example:

- APAS should go, but in a staged manner, and it was suggested a gradual reduction in the APAS pool from \$12 million to \$6 million could be appropriate.
- Support was expressed for the scenario which decreased the APAS payment pool and reassigned that funding to case mix, handling fees and per pack fees and also increased the handling fee multipliers for NPPA Service B and extemporaneously compounded preparations.
- Some remuneration for stock supply issues would be useful.
- A comment was also made that the operational reality of applying the \$5 prescription co-payment to the supply of the COVID-19 antiviral medicines (Paxlovid) is not logical. Health NZ said this was being reviewed.

Health NZ noted these initial comments from NAAR representatives and will be able to model these, and other, requests when NAAR participants are ready. Health NZ noted that these initial comments from NAAR representatives did not include the Guild and Green Cross Health.

In relation to Paxlovid supply funding

Green Cross Health and other NAAR provider representatives were very critical of both the delay and the lack of engagement in relation to this, including the failure of Health NZ to give timely feedback.

There was specific feedback to Health NZ about the participation of the sector in decisions. The broader point was made that it is crucial that Health NZ engages very well.

4. Provider representatives feedback on the pharmacy development workstream

Health NZ gave a presentation to NAAR at their last meeting laying out the draft plans for the Pharmacy Services workstream. The Pharmacy Guild, Green Cross Health and Totem Pharmacy had given written feedback on this plan prior to this current meeting. This document was distributed with the NAAR papers for this meeting. CCPG also gave comment in writing on this plan, included in the NAAR meeting papers. In addition, the Pharmacy Guild presented their own plan for developing and implementing sustainable community pharmacy services and funding model. The Guild noted that their own plan differed quite markedly from the Health NZ plan, especially noting that there is an inadequate focus in Health NZ's draft plan on addressing the pressing and growing community pharmacy service sustainability concerns (sector viability, workforce sustainability).

Other key concerns included the following.

- An overall request to be fully involved in the development of this work, and a perception that decisions were being made without engagement with the sector.
- The case for change to the existing ICPSA to support Health NZ's draft work plan is not articulated. It is unclear that any redesign is in fact needed at all.
- Wage cost pressures does not figure enough in the plan.

- New funding needs to come into the sector, to address funding shortfalls.
- Meso level organisations may be needed for community pharmacy and the current provider groups offer the basis for these.
- Assurance about the role of the EAG in this broader development work.

Health NZ responded to many of these concerns verbally and in a written response included in the meeting papers.

- There is to be a Community Pharmacy Development Advisory Group which is being planned at the moment and likely to be established soon. The sector will be fully involved. Health NZ acknowledged that this cannot “be about you, without you”.
- Agreed that the term redesign is not correct. This is a pharmacy development workstream within the broader primary care development process, so broader than a pharmacy plan, but with pharmacies being an important player.
- The sustainable funding issue will be considered as part of this development programme and a range of funding models will be considered. New services will require new funding. Workforce will be considered as part of the broader primary care workstream.
- A discussion paper is being developed on meso organisations, flowing from many workshops. Once the paper is ready, there will be consultation and engagement on this subject. Participation in this process is welcomed.
- There are no predetermined outcomes with this development plan. The case for change is largely at the system level. For example, pharmacy is a door into health care which could be enhanced.

There was specific reassurance given that the Community Pharmacy Development Advisory Group is nearly ready for setting up and there will be both a nominations process and shoulder tapping to ensure provider representatives and community pharmacists are involved with this. The NAAR will be especially important as the new agreement is finalised in 2026, but Community Pharmacy will be involved throughout the process for the next two years.

5. EAG report

The EAG had a very well attended first meeting and an excellent discussion. The recommendations focus on two workstreams, one on a Clozapine Services review and a second one, starting in around October, looking at progressing the work towards enabling a Minor Health Conditions Service.

NAAR representatives on the EAG felt the minutes captured the discussion well, but the summary recommendations page for NAAR (not yet approved by the EAG) was not accurate. Therefore, EAG will be asked to directly endorse a summary page specifying the recommendations, and this will be approved at the next NAAR meeting.

ACTION: 20240711:1

Reformulate the summary page to match the EAG discussion as recorded in the minutes, send to EAG for approval by email, and once endorsed, send to NAAR for their agreement.

6. Summary and next steps

The Health NZ staff cannot guarantee that the Board paper will be released for consideration in adequate time for consideration at the next NAAR meeting on 24 July 2024. If there is not enough time, it may be necessary to delay the next meeting, which will have implications for the letter of offer and variation timelines.

If, however, the Board paper, with the rationale for the 2.51% is received and discussed, NAAR could progress to consider the application of the uplift to service lines on July 24th.

NAAR participants accepted that the timing cannot be definitively laid out at this point.

The communique for this meeting will be out to NAAR participants for comments and approval very promptly and therefore available for communication next week. The minutes will be sent for NAAR approval early next week and for finalisation later in the week.

Meeting Close 2:45 pm

Karakia whakamutunga: Astuti Balram

Summary of the actions

Number	Action	Date due
20240711:1	Reformulate the summary page to match the EAG discussion as recorded in the minutes, send to EAG for approval by email, and once endorsed, send to NAAR for their agreement.	19 July 2024