

**Integrated Community Pharmacy Services Agreement
National Annual Agreement Review 2025
Meeting 4 Minutes**

Date	4 August 2025	
Time	10:00am-1:00pm	
Location	By Teams	
Independent Chair	Shenagh Gleisner	
Health New Zealand - Te Whatu Ora	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	
Ministry of Health	Chris James, Group Manager, Medsafe, Manatū Hauora	
Representative Groups	Pharmacy Guild	Green Cross Health
	Independent Community Pharmacy Group	Midland Community Pharmacy Group
Representatives -Self	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) Girn	Woolworths Pharmacy
	Kiwi Pharmacy Group	Zoom Pharmacy
Observers	Nil	
Health NZ in attendance	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.	Minutes from last meeting - Integrated Community Pharmacy Services Agreement National Annual Agreement Review 2025, Meeting 3, 24 June 2025	4 - 11
2.	Actions from last meeting NAAR 2025 – Meeting 3, 24 June 2025, Actions	12
3.	ICPSA National Annual Agreement Review; Community Pharmacy Cost Pressures	13 – 25
4.	ICPSA National Annual Agreement Review: Community Pharmacy Proposals – for Consultation	26 – 29
5.	Annual statement of reasonable GP fee increases - 2025/26 update (Circulated previously 3 June 2025)	30 – 44

Agenda

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	3. Confirmation of the agenda	
	4. Minutes	4 - 11
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	6. Community Pharmacy Cost Pressures (Action: 20250624 -2)	13 - 25
	7. Uplift Offer	
	7.1. Summary of Proposals (Action 20250624:6)	26 - 29
	7.2. Next Steps	
	7.3. Options to apply uplift across service lines	
	8. LTC and Extended Pharmacy Services Funding Options	Discussion
	9. 12-Month Prescriptions	Discussion
	10. ICPSA disputes resolution provisions (Action: 20250624 -3)	Discussion
	10.1. NAAR	
	10.2. Compulsory Variation	
1:00 pm	11. EAG Update	
	12. Summary and next steps	
	12.1. Discussion summary	
	12.2. Agreed actions	
	12.3. Joint communique: key messages agreed	
	12.4. Next meeting	
	13. Karakia	
	14. Meeting close	

1. Welcome, Karakia

Karakia Timatanga:

Welcome:

Present:

Astuti Balram – Health New Zealand
Andrew Bary – Health New Zealand
Vardhan More – Health New Zealand
Tara McGibbon – Health New Zealand
Martin Hefford – Health New Zealand
Jason Power – Health New Zealand
Cam Monteith – Independent Community Pharmacy Group
Andrew Gaudin – Pharmacy Guild of New Zealand
Nicole Rickman – Pharmacy Guild of New Zealand
Glenn Mills – Pharmacy Guild of New Zealand
Sally McKechnie – Simpson Grierson, for Pharmacy Guild of New Zealand
Carolyn Oakley-Brown – Oakley Brown Pharmacy Group
David Bullen – Self
David Taylor – Zoom Pharmacy
Din Redzepagic – Zoom Pharmacy
Max Harris – Independent Community Pharmacy Group
Joel Sathuluri – Green Cross Health
Paul Webber – Green Cross Health
David Holt – Independent Community Pharmacy Group
Young Son – Woolworths Pharmacy Group
Jeremy Armes – Woolworths Pharmacy Group
Chris James – Ministry of Health
Gemma Buchanan – Self
Jack Lee – PillDrop
Natalia Nu'u – Self
Alex De Roo – Self
Mohamad Al Mudallal – Chemist Warehouse Group
Mickaela Healy – Unichem Paeroa Pharmacy

2. Apologies:

Lisa Britton – Health New Zealand
Kerry Oxenham – Totem Group
Clive Cannons – Independent Community Pharmacy Group
Linda Hermiston – Oakley Brown Pharmacy Group

3. Confirmation of the agenda

The Chair welcomed everyone. She expressed her regret and apologies for late papers and cancellations of meetings.

She noted that Jason Power, Health NZ Acting National Director Planning, Funding and Outcomes, would be present for the first half an hour of the meeting.

The key purpose of the meeting was to present the Health NZ response to the cost pressure information produced by NAAR members and to clarify key aspects of the offer for NAAR 2025. The Chair noted that the order of the agenda may change, but everything would be covered.

4. Minutes of NAAR Meeting-3

The Guild said that two points had not been recorded in the minutes:

- The impact of the 12-month prescription charges having unintended and adverse impact on community pharmacy.
- If the full consequences, as forecast by Health NZ, were to play through it would be up to a -4% in price. It is important to have transparency.

5. Actions

All completed

6. Community Pharmacy Cost Pressures

Health NZ acknowledged that their presentation of the response on cost pressures had not been sent out in advance and that time would be given for NAAR members to analyse it further before the next NAAR meeting. Health NZ apologised and assured provider representatives they had given very careful consideration to the way forward.

Health NZ presented information on the total funding uplift which includes the impact of volume uplifts arising from increased demand, expanded service range and more affordable patient access to community pharmacy services over the past three years being 13%, 10.9% and 8.6% respectively - and is significantly more than the annual price funding uplifts. Provider representatives made clear that the volume uplifts do not however compensate for the recent inadequate annual price funding uplifts for the cost pressures faced by community pharmacy.

Health NZ explained they are not proposing to change the 3% uplift offer for NAAR 2025. There are definite cost increases but they are complex, not systematic or comprehensive and require in-depth review. Health NZ is putting additional resource and independent input to address the shortfall in a sustained and urgent manner. They acknowledged and thanked the Pharmacy Guild (the Guild) for their strong contribution outside of NAAR on related major policy and government fiscal/ funding settings that impact upon NAAR-25.

Health NZ are proposing four streams of work.

- An expansion of clinical service, building on the minor ailments pilot – an innovation fund of \$5m which will be ongoing each year from 2026 for pharmacies to be a funded first line health provider and deal with patients with complex needs.
- undertake a sustainable funding review for dispensing services, commencing immediately and to be completed in time for Budget 2026/27.
- Undertake a line-by-line expenditure review to determine where reinvestment and disinvestment could occur to ensure the greatest possible impact.

- How to better understand the unintended financial impacts of 12-month prescriptions policy. This work is a priority.

Health NZ acknowledged that some of these things had been discussed and promised before and appreciated that NAAR might not entirely trust that it would all happen. It was pointed out that the senior leadership in Health NZ is committed to completion of this work.

Discussion

- NAAR provider representatives were pleased to see this plan. They also noted several details to resolve and develop; for example, the scope and nature of the innovation fund.
- **Health NZ confirmed** that they would engage NAAR provider representatives on the terms of reference and the methodology for the sustainable funding review.
- The Guild asked for a fifth workstream to be added – consideration of a nation-wide contracting policy so that the issuing of new community pharmacy contracts occurred only where there is a clearly demonstrated unmet health service.
- **Health NZ agreed** to add the development of a nation-wide contracting policy.
- NAAR provider representatives asked, if the analysis on sustainable funding recommended a required dollar amount, would Health NZ act on this? Health NZ was unable to give a guarantee of specific budget action but stressed the importance of doing the work. Normally Health NZ is looking for additional value rather than just cost adjustment.
- Many NAAR provider representatives reiterated that the 3% uplift is inadequate. Strong views were expressed by some NAAR representatives that community pharmacists are carrying risks every day, while the long-term work was progressing in the background. Owners are absorbing the financial pressure out of their own working capital and incurring the cost.
- There was a request to consider co-payments for community pharmacy services. Health NZ explained this was a policy issue which would be considered by the Ministry of Health

ACTION: 20250804:1	Health NZ will engage NAAR provider representatives on the terms of reference and the methodology for the sustainable funding model review.
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ACTION: 20250804:2	All five workstreams will be scoped and circulated as drafts to provider representatives one week prior to the next NAAR meeting.
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7. Uplift Offer

The urgent need to complete NAAR 2025 was emphasised by the provider representatives. Health NZ believes a formal resolution can be presented at the next NAAR meeting in three weeks' time. This would include scoping of the five workstreams- what they are, how they will be done and by when - and modelling to assist in determining the application of the offer across service lines. It may be possible to mirror the application from last year which would speed up the process. This means payment could be made in September.

Discussion

- The ICPSA states that there will be a review for the offer by 1 July each year. This has clearly not been achieved. Health NZ said that the review is not complete until discussions have finished. It is not uncommon for these discussions to go on beyond July.

- The Guild have unresolved questions around the appropriateness of the baseline on which the uplift modelling is undertaken – noting it appears the uplift has been applied to total ICPSA expenditure forecast (net of copayments), rather than on the total ICPSA expenditure forecast. It is impossible to resolve application across service lines until this is sorted out. **Health NZ agreed** to ensure analysts clarify the baseline for the uplift offer and look at alternative methodologies.
- There were questions put about whether the \$5 million innovation fund will be applied in the 25/26 year. **Health NZ to clarify.**
- NAAR provider representatives understood the importance of confidentiality while discussions are taking place but said they could not respond fully to any offer until they had consulted. Health NZ said that once the papers are discussed at the next meeting, it will be possible for NAAR representatives to consult.

In relation to immunisation

Health NZ is proposing that immunisations uplifts be increased in line with changes agreed with general practice. There will be no clawing back for COVID vaccinations from the 1st of July.

A NAAR provider representative noted that there was in effect no increase for community pharmacies for immunisations. Health NZ explained that there are opportunities for community pharmacies: for example, a pharmacy that chooses to administer 3 immunisations to a child will have the benefit of an administration fee, +2 co-administration fees.

In relation to LTC

Health NZ noted that there are some options for the review of the LTC related expenditure. This issue was not discussed in depth in this meeting other than to confirm LTC is not being removed, the focus being on eligibility criteria to see if a portion would be better directed to support the clinical service expansion programme.

In relation to Paxlovid

Health NZ has proposed a staged approach to bring Paxlovid into the ICPSA. Health NZ answered the questions put in the last NAAR meeting. Pharmacies will not be able to claim for unused stock. The proposed funding model includes the medicine margin. Some concern remains that pharmacists may withdraw from the programme.

ACTION: 20250804:4	Modelling for the application of the 3% up lift across service lines will be circulated for the next NAAR meeting.
ACTION: 20250804:5	Health NZ will provide clarification of the baseline for the 2025 uplift offer for the next NAAR meeting
ACTION: 20250804:6	Health NZ to clarify whether the \$5 million innovation fund will apply in the 25/26 year

8. 12-Month Prescriptions

The government is intending to go live with the 12-month prescription changes in February 2026. The 12-month prescriptions working group will focus on implementation of the policy, and in addition as part of the fourth workstream, Health NZ is looking at financial scenarios to explore opportunities to mitigate impact.

Health NZ noted the many uncertainties around the impact of this policy on both GP and community pharmacy revenue. The behaviour of both GPs and consumers is impossible to predict accurately. HNZ's stated view is that the government has determined its policy and communicated this to HNZ, noting a reduction in community pharmacy income is required to be netted off against an increase in an additional volume dispensed payment that is forecast from this new policy.

Health NZ reiterated that have put a top priority on work to develop scenarios on potential demand changes and resulting review data and analysis to better understand the fiscal impacts of the policy, including the likelihood of any unintended adverse funding impacts for community pharmacy.

Discussion

Several points were raised by NAAR provider representatives. Unanimous agreement was not reached on all the issues. They will all be considered prior to the next NAAR meeting. e.g.

- All the current proposed changes for the offer, noted above, would be voluntary variations. But the 12-month prescription change is likely to be a compulsory variation. The legal obligations around such a variation were specified and will be followed
- There is forecast to be an increase in workload for pharmacies and a forecast decrease in fees per item. NAAR representatives say that there has been a precedent in the past to providing compensation to pharmacies adversely impacted by quite similar changes.
- Some NAAR providers considered the 12-month prescriptions policy to be a significant change under the ICPSA. The three-month prescriptions are a fundamental base building block on which initial dispensing fees and repeat fees are based. Accordingly, they believed pharmacies can refuse to provide the service. Health NZ pointed out that, if pharmacies were to give a notice of cessation, it would apply to all their pharmacy dispensing services. Dispensing a 12-month prescription is not a distinct service in its own right.
- The Guild stated that it needed to know how the impact of the 12 months prescription policy could potentially be mitigated before they determine how best to apply an uplift.
- The 12-month prescription changes is the only item on the uplift offer which could be subject to a compulsory variation. Some NAAR members argued that it is possible to separate this off and approve the rest of the offer. Other NAAR provider representatives argued that there was a link between all parts of the offer and so all must be considered together.
- Health NZ explained that working through the 12-month prescription issues will take a considerable time.

ACTION: 20250804:7

The result of the 12-month prescription policy financial impact project (part 4 of the new programme of work) will be completed as soon as possible.

9. ICPSA disputes resolution provisions

Escalation through the NAAR process involves writing to the Chief Executive of Health NZ.

10. EAG Update

The terms of reference for the extended pharmacy services project was to be ratified by NAAR, but this work is likely to change in light of the proposed innovation fund. Ratification is therefore delayed.

11. Summary and next steps

The next NAAR meeting will be in the last week of August with papers sent out a week in advance. These papers will include draft scoping of all five workstreams which will be included as undertakings in the NAAR 2025 uplift offer. Modelling of the application of the 3% uplift across service lines will be completed to enable NAAR to decide how to allocate the uplift. The aim is to have a final meeting of NAAR 2025 in September when it is hoped the offer will be accepted and the payments made to pharmacies, backdated to July 1st.

A NAAR provider representative asked for their paper requesting improvement of the NAAR process to be included in the agenda for next time. Discussion noted that it had previously been agreed that a review of the terms of reference will occur after NAAR 2025 is finished, prompted by this paper. The priority for the next meeting is to progress the completion of NAAR 2025.

NAAR provider representatives asked Health NZ to fulfil the promises made today. There have been promises not delivered in the past, with a lot of expectations and risks for them to carry which has resulted in the lack of trust.

Meeting close: 11.30

Summary of the actions

Number	Action	Date due
20250904:1	Health NZ would engage NAAR provider representatives on the terms of reference and the methodology for the sustainable funding review.	At the next NAAR meeting
20250904:2	All five workstreams will be scoped and circulated for the next NAAR meeting.	To be circulated the third week of August
20250804:3	Modelling for the application of the 3% up lift across service lines will be circulated for the next NAAR meeting.	To be circulated the third week of August
20250804:5	Health NZ will provide clarification of the baseline for the 2025 uplift offer for the next NAAR meeting	To be circulated the third week of August
20250804:6	Health NZ to clarify whether the \$5 million innovation fund will apply in the 25/26 year	To be circulated the third week of August
20250804:7	The 12-month prescription policy financial impact project (part 4 of the new programme of work) will be completed as soon as possible.	TBC