

**Integrated Community Pharmacy Services Agreement**  
**National Annual Agreement Review 2025**  
**Meeting 5 Minutes**

<b>Date</b>	<b>28 August 2025</b>	
<b>Time</b>	1:30pm-4:30pm	
<b>Location</b>	By Teams	
<b>Independent Chair</b>	Shenagh Gleisner	
<b>Health New Zealand - Te Whatu Ora</b>	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	
<b>Ministry of Health</b>	Chris James, Group Manager, Medsafe, Manatū Hauora	
<b>Representative Groups</b>	Pharmacy Guild	Green Cross Health
	Independent Community Pharmacy Group	Midland Community Pharmacy Group
<b>Representatives -Self</b>	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
<b>Observers</b>	Nil	
<b>Health NZ in attendance</b>	Andrew Bary, System Design Manager, Pharmacy Services Vardhan More, Funding & Investment team, National Commissioning Karney Herewini, Senior Portfolio Lead, Service Improvement Lisa Britton, Senior Service Development Manager, Primary Care	

## Meeting papers

		Pack page numbers
1.	<b>Minutes from last meeting -</b> Integrated Community Pharmacy Services Agreement National Annual Agreement Review 2025, Meeting 4, 4 August 2025	4 - 12
2.	<b>Actions from last meeting</b> NAAR 2025 – Meeting 4, 4 August 2025, Actions	13
3.	<b>Community Pharmacy Programme of Work. DRAFT</b> for discussion with stakeholders	14 – 21
4.	<b>NAAR-25 Uplift Offer Baseline</b>	22
5.	<b>APAS and Options for Application of the NAAR-25 Uplift</b>	23 - 28
6.	<b>Immunisations (For Reference)</b>	29
7.	<b>Covid-19 Antivirals (For Reference)</b>	30

## Agenda

Time	Item	Page
1:30 pm	<b>1. Welcome, Karakia</b>	
	<b>2. Apologies</b>	
	<b>3. Confirmation of the agenda</b>	
	<b>4. Minutes</b>	4 - 12
	<b>5. Actions</b>	13
	<b>6. Pharmacy Workstreams: Review</b> (Actions 20250904:2; 20250804:5; 20250804:6)	14 - 21
	<b>7. Sustainable Funding Model Review: Terms of reference and Scope.</b> (Action 20250904:1)	Discussion 17
	<b>8. 12-Month Prescriptions</b>	Discussion
	<b>9. 2025 Uplift offer - Baseline</b> (Action 20250804:4)	22
	<b>10. Application of the uplift across service lines</b> (Action 20250804:3).	23 - 28
	<b>11. Immunisations</b>	29
	<b>12. Covid-19 Antivirals</b>	30
	<b>13. Summary and next steps</b>	
	<b>13.1. Discussion summary</b>	
	<b>13.2. Agreed actions</b>	
	<b>13.3. Joint communique: key messages agreed</b>	
	<b>14. Next meeting</b>	
	<b>15. Karakia</b>	
4:30 pm	<b>16. Meeting close</b>	

## **1. Welcome, Karakia**

**Karakia Timatanga:** Karney Herewini

### **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  
Lisa Britton – Health New Zealand  
Karney Herewini – Health New Zealand  
Cam Monteith – Independent Community Pharmacy Group  
Clive Cannons – Independent Community Pharmacy Group  
Max Harris – Independent Community Pharmacy Group  
David Holt – 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  
Linda Hermiston – Oakley Brown Pharmacy Group  
David Bullen – Self  
Din Redzepagic – Zoom Pharmacy  
David Taylor – Zoom Pharmacy  
Jack Lee – PillDrop  
Joel Sathuluri – Green Cross Health  
Paul Webber – Green Cross Health  
Ravnit Lal – Alchemy Group  
Viji Ratnavel – Woolworths Pharmacy  
Gemma Buchanan – Self  
Natalia Nu'u – Self  
Alex De Roo – Self  
Mohamad Al Mudallal – Chemist Warehouse Group  
Mickaela Healy – Unichem Paeroa Pharmacy

### **2. Apologies:**

Chris James – Ministry of Health  
Young Son – Woolworths Pharmacy  
Jeremy Armes – Woolworths Pharmacy

## **3. Minutes of NAAR Meeting-4**

The minutes have already been accepted. However, ICPG wished two matters to be noted to reflect their views

- There was significant disagreement from NAAR provider representatives on the adequacy of the 3% offer and a continuing lack of explanation on how it was determined.
- It is noted in the minutes “a reduction in community pharmacy income is required to be netted off against an increase in additional volume....” ICPG wished it to be noted that it is not OK to confiscate pharmacies funding to pay for a supposed volume increase.

#### 4. Actions

All actions were completed or covered in this agenda.

#### 5. Pharmacy Workstreams

Five workstreams have been scoped by Health NZ. This is the opportunity for NAAR provider representatives to give feedback, edit or change them, or suggest others.

The Guild noted that they had circulated a paper to all NAAR participants on 28 August in response to HNZ's final uplift offer and draft work programme following the Guild's work outside of NAAR-25 over the last three months with senior health system leaders to seek an acceptable offer for 2025/26.

##### 1. Clinical services expansion fund

**Proposal: To design and implement a nationally agreed Clinical Service Expansion Fund of \$5 million per annum to support the delivery of extended pharmacy services. Health NZ wish to start to showcase the clinical services which community pharmacies can deliver.**

##### Discussion

- It was clarified that the \$5m will be available each year, ongoing. This is new money. Funding will be available from January 2026.
- NAAR provider representatives noted that \$5m is not enough. Health NZ agreed that more may need to be invested over time, but this was the beginning. Health NZ clarified that this money was to go directly to Pharmacies that this \$5 m would be spent by 30 June 2025 with a new amount available from July 1<sup>st</sup> 2026.
- The Guild had hoped this fund might be more permissive, to include addressing sustainability pressures and to be nationally consistent in its use. They particularly asked if the fund could be used for staff training and IT costs related to expanded services or to improve service access. Health NZ agreed.
- NAAR provider representatives commented that expecting community pharmacists to undertake a broader range of services was not feasible with the current underfunding and labour shortages. Additional work cannot be done if pharmacies "cannot keep their doors open".
- NAAR provider representatives noted that the Minor Ailments Service had already been evaluated and had shown itself to be effective and popular. They were uncertain why this work had to be repeated. It felt like "reinventing the wheel". Investment in data and digital in Community Pharmacy was required to ensure appropriate measurement.
- NAAR provider representatives emphasised the importance of the involvement of PHARMAC. Health NZ agreed.
- This work will be progressed in conjunction with the Expert Advisory Group (EAG).

##### Decision:

**NAAR supported this workstream. There is however scepticism about the adequacy of the funding.**

##### 2. Funding Review

**Proposal: To develop a funding model for community pharmacy services by rethinking the funding arrangements, simplifying the funding model and ensuring adequate funding. It is intended this review will be completed by December 2025 to inform Health NZ's budget setting for the 2026/7 financial year.**

## Discussion

- NAAR representatives wanted the concept of an immediate commitment to the development of an improved and sustainable community pharmacy funding model for implementation in 2026/27 to be used. This is not mentioned in the current scoping. Health NZ agreed to change this, and that the workstream was aiming for a sustainable funding model – and that this is intended to deliver a better cost pressure recognition in 2026/27 from this review, and to put pharmacy in the best possible position in the next round.
- The Guild noted particularly that there must be a genuine commitment to this review. NAAR representatives have been waiting since 2019 for this pressing review to take place.
- NAAR representatives wished to be sure there will be a budget bid to support sustainable funding, based on their assertion that there is inadequate funding in the sector. Health NZ explained that government asks for budget bids, so Health NZ is unable to present a budget bid without an invitation to do so. Health NZ can present the findings of this review but cannot guarantee additional budget. The proposals could be accepted or not by Health NZ and by government, they are not binding.
- NAAR provider representatives noted that it has been hard to get agreement with Health NZ about the difference between cost and volume uplifts. Some feel that Health NZ have failed to meet their material obligation under the ICPSA by not considering reasonable cost pressures. Matters such as these have led to distrust.
- Flowing from this, there was discussion about the importance of independence for this review by provider representatives. Health NZ explained that this review is embedded into Health NZ work programme so is not like an independent review which can in some instances be considered but set aside as not representing the views of Health NZ. Health NZ explained that PWC are working on this review because there are inadequate internal resources to do it. NAAR participants will be involved as subject matter experts.
- NAAR provider representatives asked that the stakeholder involvement be extended beyond the Guild, ICPG and Green Cross Health to include some individual pharmacists. Health NZ agreed.
- There was a discussion about engagement of NAAR in the terms of reference and methodology. As several NAAR representatives will be engaged in the workstream, it was decided to immediately get on with the work, including refining the scope, rather than waiting for more defined terms of reference to be approved by NAAR.

## Decision:

**NAAR supported this workstream. However, there is considerable concern that the evidence produced will fail to result in additional and adequate funding for sustainable community pharmacy services.**

ACTION: 20250828:1	Some individual pharmacy owners will be added to the list of stakeholders to give input.
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## 3. Value for money review

**Proposal: To define opportunities to reprioritise community pharmacy expenditure toward high value extended services. It was hoped that the findings of such a review would inform top-ups to the \$5 million annual Clinical Services Expansion Fund.**

## Discussion:

- NAAR provider representatives said that while they know it is not the intention, any suggestion that community pharmacy services did not provide value for money would lead to a 'strong allergic reaction' from the sector.

- Health NZ explained that whenever the funding in the health sector is being considered, a value for money exercise is undertaken, to ensure areas of duplication or underused or inefficient services are scrutinised. This workstream was by no means any judgement on the value for money provided by the community pharmacy sector.
- NAAR provider representatives were insistent that this reprioritisation must not be done just within the community pharmacy budget. Any reprioritisation of funds to higher value activities must take place across the broader health sector.
- NAAR provider representatives made the point that inefficiencies outside the community pharmacy sector have an impact on the sector and are wasteful of time and resource. For example, more efficiencies would be gained if Health NZ could stop community pharmacists having to go back to prescribers with time-consuming rework. Health NZ agreed.
- NAAR representatives did not want this workstream to go ahead unless it was wider than the community pharmacy sector. Health NZ staff responsible for this work were unable to commit that the review would extend to services/sectors outside their area of responsibility. Health NZ agreed to not proceed with this workstream as a NAAR workstream.

## Decision

**Health NZ agreed to not proceed with this as a NAAR workstream**

### 4. The financial impact of the 12- month prescription policy

**Proposal: To assess the potential financial impact of the 12-month prescription policy for community pharmacy providers for the FY 2025/6 and 2026/27 and develop an agreed approach to measuring impact and possible responses.**

## Discussion

There was robust discussion about this workstream with strong views expressed by NAAR provider representatives

- NAAR provider representatives view was that that the forecasted adverse impacts of this policy should be fully mitigated, particularly because of the inadequacy of the 3% offer. The current community pharmacy funding model was developed around a three-month prescription duration and is not appropriate for use for a 12-month prescription duration.
- The Guild noted that the aggregate annual adverse funding impact equates to an average 3.5% price reduction across all ICPSA activity and 28.2% annual fees reduction for dispensed items under the 12-month prescription policy (if unmitigated) compared to fees for the same current dispensed items under 3-month prescriptions, with key concerns being around this leading to unjustified, unsustainable and unsafe service provision. The Guild does not accept HNZ's proposal to address any adverse fee impacts from 2025/26 as part of the 2026/27 funding model review. The Guild also noted it does not accept the inappropriate conflation of HNZ offsetting existing volume cost pressures for those currently on stable long-term medications (which are affordable) with new policy volume related cost-pressure (for new volume uptake) – the latter which the Guild commented it considers are inaccurate and materially over-stated in HNZ's forecast figures for new volumes.
- ICPG considered the Health NZ modelling to be inadequate. Accordingly, they had no confidence that the negative impacts of the change would be balanced out by increased prescribing
- There is no transparency about the advice given in the development of this policy. Both the Guild and ICPG have submitted OIA requests to the Ministry of Health to understand the rationale for the advice. The Guild noted it has escalated a complaint on its request to the Ombudsman for early resolution.



- NAAR provider representatives accepted that there are some uncertainties about the data and behaviours of consumers and GPs but considered that Health NZ should bear some of this risk. Green Cross Health specifically noted that this policy poses significant risk to pharmacies, with the loss in revenue resulting in the reduction in staffing and hence patient safety. Other NAAR provider representatives asked for a risk management plan.
- The Guild noted that, in their discussions with Health NZ, they have already offered two potential solutions to the problem including an IT fix that mimics the current fees or a washup at the end of the year when the impact will be known. Two new further options presented by the Guild were a rebalancing of the initial and repeat fee structure within the existing funding model; or an urgent policy solution to fully mitigate the adverse fee and funding impacts. So far none of these potential solutions have been taken up by Health NZ.
- ICPG also suggested a solution involving changing the proposed funding model to reimburse more fairly for the equivalent work of every repeat dispensing.
- NAAR provider representatives expressed the overwhelming view that this policy change moves the community pharmacy sector further away from sustainable funding.

Health NZ acknowledged these concerns, including the uncertainties about the specific impact of the policy, the lack of confidence in the impact assessments for the new volume uplift modelling and the challenge of accurately anticipating the behaviours of GPs and consumers. Some impacts cannot be known in advance. Health NZ acknowledged the forecast drop in revenue to community pharmacy and advised that it would be willing to offset that to the extent that there was little or no volume uplift.

It was noted that Health NZ is required to implement government policy. The implementation process is not part of the NAAR 2025 annual voluntary variation process.

This means that the proposed workstream on the financial impacts of the 12-month prescription policy and possible responses is planned to run parallel to the NAAR 2025 voluntary variation process. It will be a joint endeavour. This work will produce its analysis and advice of possible policy responses to mitigate adverse impacts by October 2025, noting all policy work is led by the Ministry of Health. This may include a paper to government as Health NZ noted that Ministers will be interested. Health NZ, with input from sector representatives, would inform this policy analysis, advice and response options.

For 1 February 2026, changes to introduce 12-month prescribing would likely require a compulsory variation. However, these changes will likely only be those technical changes necessary for pharmacies to, for example, submit and resubmit claims for dispensings more than six months prior. Otherwise, with a legislation change such as this, other ICPSA clauses are not required to be changed because the agreement assumes the provider will follow legislation. Health NZ also acknowledged their obligation to endeavour to mitigate impacts on providers should a compulsory variation be required, and moreover that it is their desire to do this.

Most representatives in NAAR were keen that all the other elements of the NAAR voluntary variation process would be progressed to a conclusion quickly so that pharmacists receive the annual uplift as soon as possible. The ICPG stated that they did not believe the proposal was clear enough yet and will be obtaining some legal advice before making a full commitment to it.

## Decision

**The majority of NAAR representatives supported doing this work stream at pace, but there is a very high level of concern about it having adverse fee and funding impacts on community pharmacy.**

## 5. National contracting framework

**Proposal: To develop a consistent principles-based national framework to guide Health NZ decision making on awarding contracts to new community pharmacy providers.**



**Discussion:**

The Guild welcomed HNZ's intention to develop this framework by November 2025, as it had proposed at NAAR meeting 4. NAAR was pleased to see this initiative being undertaken, especially to contribute to workforce issues, and looked forward to the consultation.

**Decision:**

**NAAR supported this workstream**

**6. 2025 Uplift Offer baseline**

Health NZ agreed, based on the Guild's feedback, to apply the 3% uplift offer to the February 2025 forecast community pharmacy revenue gross of co-payments. Consequently, the Core Funding Uplift Proposal increases from \$21.9 m to \$24.7 m excluding volume growth.

The application of the 3% to this baseline met with approval from NAAR participants. However, ICPG specifically noted they do not support the adequacy of the 3% uplift offer. Others agreed with this.

**7. The 2025 Uplift offer - Application of the uplift across service lines**

Health NZ presented in the papers some modelling to assess the impact of reducing or eliminating APAS on other ICPSA service lines based on the 3% uplift. Health NZ was seeking to know the preferred option of the NAAR representatives.

NAAR provider representatives had submitted analysis on the cost pressures some weeks ago, but this has not influenced the Health NZ decision on the quantum of the uplift. Some representatives felt it was not appropriate to consider how to allocate the 3% uplift when NAAR has repeatedly asserted that this the uplift is not adequate

Health NZ explained that all the information given by NAAR representatives had been looked at and considered, and had some influence on the future work programme, noted above. However, it had not been possible to change the 3% uplift for NAAR 2025.

NAAR provider representatives wanted more extensive modelling to enable them to make decisions about the application of the uplift. They do not wish any pharmacies to be negatively impacted by the change.

Health NZ noted that in the graphs presented to the meetings, some pharmacies which had closed were included, therefore the negative impact was not accurate. This will be corrected. In addition, NAAR provider representatives were asked to submit their additional modelling requests by September 2, so that new options could be presented for discussion at a meeting on September 5.

**ACTION:** 20250828:2

NAAR provider representatives will submit their requests for modelling by 2 September and there will be a meeting to finalise the preferred option on 5 September. This will be followed by a draft letter of offer.

**8. Immunisations**

Information about immunisation funding was presented at the last meeting. No changes have been made.

- NAAR provider representatives expressed some concern about the negative financial impact for community pharmacies with the COVID vaccinations going into the ICPSA.
- NAAR provider representatives anticipated additional work with the change to the COVID vaccine. Health NZ said that it will continue to be paid through AIR so will only need to be entered once.

- Following questions from the Guild regarding what would happen to those who opted not to accept the voluntary variation, Health NZ confirmed their intention to terminate the separate COVID vaccination agreements,

## 9. Covid-19 Antivirals

Information about antivirals (Paxlovid) funding was presented at the last meeting. No changes have been made.

- NAAR representatives were worried that community pharmacies might withdraw from providing this service, given that they will now have the cost of holding stock and the risk of that stock going out of date. Health NZ said that they planned to monitor access.

## 10. Next steps

NAAR decided that it was preferable to seek feedback from their networks once a final draft letter of offer is ready to share. This will ensure consistency and clarity in the key messaging to the networks.

This offer cannot be finalised until the additional modelling is done. The draft letter of offer can then be circulated for consultation and will include the scoping of the workstreams noted above. It will also include the commitment to undertake the analysis and advice on the 12-month prescription impact and possible responses by October 2025, while noting that the 12 months scripts are outside the NAAR voluntary variation process. Health NZ assured NAAR provider representatives that it is not aiming to gain financially from this policy change at the expense of ICPSA contract holders and that this would be noted in the draft letter of offer.

The proposed timeline from now is as follows. All modelling requests received by Health NZ from NAAR provider representatives by Tuesday Sept 2<sup>nd</sup>, meeting with NAAR provider representatives on Friday Sept 5<sup>th</sup> to finalise the preferred option for application of the 3% offer. Preparation of the final draft letter of offer during the week of September 8<sup>th</sup> for consultation the week beginning September 15<sup>th</sup>. The next NAAR meeting will take place during the week of September 22<sup>nd</sup> as long as adequate time has been given for consultation.

**Meeting Close:** The meeting closed with a karakia at 4.15

## Summary of the actions

Number	Action	Date due
20250828:1	Some individual pharmacy owners will be added to the list of stakeholders to give input	
20250828:2	NAAR provider representatives will submit their requests for modelling by 2 September and there will be a meeting to finalise the preferred option on 5 September.	September 2 <sup>nd</sup> and September 5 <sup>th</sup> 2025