

**Integrated Community Pharmacy Services Agreement  
National Annual Agreement Review 2025  
Meeting 2 Minutes**

<b>Date</b>	<b>5 June 2025</b>	
<b>Time</b>	9:30-11:30am	
<b>Location</b>	By Teams. <a href="#">Link</a> Meeting ID: 416 472 196 708 0, Passcode: gD2Lj7Nv	
<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	Midlands CPG
<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 Advisor Service Development, Hauora Māori Services Lisa Britton, Senior Service Development Manager, Primary Care	

## Meeting papers

		Pack page numbers
1.	<b>Minutes from last meeting</b> - agreed and published Integrated Community Pharmacy Services Agreement National Annual Agreement Review 2025, Meeting 1, 27 March 2025	4-10
2.	<b>Actions from last meeting</b> NAAR 2025 – Meeting 1, 27 February 2025, Actions	11
3.	<b>Correspondence: Pharmacy Guild</b>	Attached
4.	<b>Correspondence: Independent Community Pharmacy Group</b>	Attached
5.	<b>12-Month Prescriptions</b>	<b>Papers not provided</b>
6.	<b>NAAR-25 Uplift Offer</b>	Attached
7.	<b>ICPSA service lines</b> For information	12-13
8.	<b>APAS: benefits and harms, and how this funding could be redistributed</b> For Information	14-20
9.	<b>EAG Update and Minutes</b>	Attached

## Agenda

Time	Item	Page
9:30 am	<b>1. Welcome, Karakia</b> <b>2. Apologies</b> <b>3. Confirmation of the agenda</b>	
9:35 am	<b>4. Meeting 1 Actions</b>	11
9:45 am	<b>5. Ministry of Health. Action 20250327:3</b> <b>5.1. Service Coverage Schedule and Pharmacy Surcharging</b>	
9:50 am	<b>6. Representatives to speak to circulated documents</b> <b>6.1. Pharmacy Guild</b> <b>6.2. Independent Community Pharmacy Group</b>	Attached Attached
10:10 am	<b>7. 12-Month Prescriptions</b> <b>7.1. Settings</b> <b>7.2. Forecast</b>	<b>Papers not provided</b>
10:40 am	<b>8. Uplift Offer</b> <b>8.1. Approach applied</b> <b>8.2. Options to apply uplift across service lines</b> <b>8.3. Other funding changes (APAS)</b>	<b>To be circulated Tuesday 3 June</b>
11:00 am	<b>9. Covid-19 Antivirals 1 July 2025 onwards</b>	<b>Papers not provided</b>
11:10 am	<b>10. Covid-19 Immunisations 1 July 2025 onwards</b>	<b>Papers not provided</b>
11:15 am	<b>11. EAG Update</b>	Attached
11:25 am	<b>12. Summary and next steps</b> <b>12.1. Discussion summary</b> <b>12.2. Agreed actions</b> <b>12.3. Joint communique: key messages agreed</b> <b>12.4. Next meeting</b> <b>13. Karakia</b>	
11:30 am	<b>14. Meeting close</b>	

## **1. Welcome, 2. Introduction and, 3. Apologies**

**Karakia Timatanga:** Shenagh Gleisner

### **Welcome:**

The Chair opened the meeting and welcomed everyone. She emphasised the importance of respecting the confidentiality of these proceedings. She acknowledged and apologised for the lateness and incompleteness of the papers for the meeting.

### **Present:**

Astuti Balram – Health New Zealand  
Andrew Bary – Health New Zealand  
Lisa Britton – Health New Zealand  
Vardhan More – Health New Zealand  
Tara McGibbon – Health New Zealand  
Martin Hefford – Health New Zealand  
Jack Lee – PillDrop  
David Bullen  
Andrew Gaudin – Pharmacy Guild of New Zealand  
Nicole Rickman – Pharmacy Guild of New Zealand  
Glenn Mills – Pharmacy Guild of New Zealand  
Carolyn Oakley-Brown – Oakley Brown Pharmacy Group  
Sally McKechnie – Simpson Grierson, for Pharmacy Guild of New Zealand  
Peter Shenoda – Bargain Chemist Group  
Paul Webber – Green Cross Health  
Joel Sathuluri – Green Cross Health  
David Taylor – Zoom Pharmacy  
Jason Wong – Woolworths Pharmacy Group  
John Pritchard – Ministry of Health  
Claire Solon – Ministry of Health  
Kerry Oxenham – Totem Group  
Mohamad Al Mudallal – Chemist Warehouse Group  
Alex De Roo  
Gemma Buchanan  
Karney Herewini – Health New Zealand  
Nikil Lal – NDL Group  
Linda Hermiston – Oakley Brown Pharmacy Group  
Mickaela Healy – Unichem Paeroa Pharmacy  
Jeremy Armes – Woolworths Pharmacy Group  
Ravnit Lal – Alchemy Group  
Cam Monteith – Independent Community Pharmacy Group  
Clive Cannons – Independent Community Pharmacy Group  
Max Harris – Independent Community Pharmacy Group (via telephone)  
Chris James – Ministry of Health

### **Apologies:**

Nicola Ehau – Health New Zealand  
Danny Wu – Health New Zealand  
Ibrahim Al-Mudalla

**Introduction** Health NZ gave a brief introduction to the meeting. Health NZ recognises that community pharmacies are vital for providing accessible health services and achieving better health outcomes. Health NZ seeks and welcomes feedback on this offer, will give careful consideration to it. They are keen to get specifics and evidence from NAAR.

Health NZ acknowledged that the funding uplift last year was less than its assessment of the likely cost growth in community pharmacy and appreciated that the 3% proposed uplift might not meet cost increases in pharmacy. Health NZ look at general indices – such as the LCI and CPI to inform decisions on uplift, and do not have a detailed methodology for cost pressures specific for pharmacy. Health NZ invited participants

to provide evidence specific to pharmacy. Health NZ did not see a strong rationale to link the pharmacy uplift to the general practice uplift and noted they would continue to treat them separately. The Guild noted that they “agree to disagree” with HNZ’s views on this

#### 4. Meeting 1 Minutes from meeting 1 and Actions

The Guild requested that the following point be noted as being absent from the minutes. The expenditure forecast had shown volume volatility with Health NZ’s forecast annual increase expected to be 4.3% (between 2.5% and 6.1% for the 2025-26 year). Consequently, the Guild would like to see the uplift apply through service fees, with maximal further reduction of APAS, being transferred to service fees in a manageable way that doesn’t adversely impact any community pharmacy.

All actions were completed.

#### 5. Ministry of Health update on Surcharging work

The Ministry of Health confirmed that the policy work on surcharging will commence in the second half of this calendar year, between July and December.

#### 6. Letters received by Community Pharmacy Representatives

**The Guild had circulated to NAAR a letter sent to the CE of Health NZ on 4 April.** All members had read it in advance, so the Guild was asked to refer to key points, which included the following

- They outlined the frustrating process of engaging with Health NZ to obtain transparency on the analysis behind the 2024 NAAR uplift offer, with continual delays in obtaining replies. To address this, the Guild undertook their own review of the NAAR 2024 process and analysis.
- They asserted that the approach taken did not align with the government’s fiscal policy intentions for cost pressures funding in Budget 2024. It is understood from the Budget 2024 information release that the allowance was for a 77% contribution towards full cost pressures across the primary community, population and public health sector, but community pharmacy received 44%.
- Last year’s offer took community pharmacy to 20% below inflation over the last 17 years. NAAR was told in March that no progress had been made on the sustainable funding review. The 2020 independent review by Sapere, sought by the Guild in 2019, confirmed that development and implementation of a sustainable funding model was a pressing need
- In NAAR 2024, reasonable cost pressures were determined by HNZ for community pharmacy at 5.62% but the offer was only 2.51%. This is a failure to “consider reasonable cost pressures” as specified in the ICPSA.
- By contrast the GP’s cost pressures were estimated at 5.83% by HNZ but they were paid 5.88%. There are other instances of “favouritism” towards general practice - seen as “cross-subsidisation” of GPs.

The Guild is not satisfied with the response from the CE of Health NZ from their last letter but were pleased to be able to meet with Health NZ senior officials to pursue the issues further. They intend to continue their discussions outside NAAR. The Guild hoped no escalation will be needed in relation to NAAR 2025 but will continue to consider their full range of escalatory options, noting that if fundamental process and behavioural concerns from 2024 are not addressed in NAAR 2025 that this would result in immediate escalation action by the Guild. There were already some initial concerns with the 2025 process.

The Independent Community Pharmacy Group (ICPG) also reserved the right to escalate. Health NZ asked that all NAAR provider groups follow the NAAR escalation process.

**The ICPG had circulated to NAAR a position paper on 30 May.** All members had read it in advance, so ICPG was asked to refer to key points which included the following.

- They support the issues raised by the Guild and particularly reiterated the point that good faith must be shown at all times, which includes working in an environment of trust, openness and transparency. This would include the full sharing of the methodology used to reach the offer.
- The NAAR process should start much earlier – even in July for the next year, not just begin once the budget is announced. Timing is a significant problem. The fact that papers did not arrive in a reasonable time for this meeting is one such example.
- In terms of cost pressures, pharmacies have experienced cost increases in many areas including rates and insurance which are not properly recognised. Reasonable cost pressures would ensure all costs are taken into account, with a particular emphasis on staffing costs.

#### **Health NZ made an initial response to these points.**

- Approval to release the offers to all sectors was only given in late May. Health NZ realises the difficulties this causes but cannot promise it will be any different next year. There are detailed assurance and approval process for the budget, outside the control of Health NZ. The deficit of 1 billion dollars adds to the complexity and scrutiny.
- Health NZ acknowledged that general practice received a higher uplift than community pharmacy last year, but that it was a 4% uplift, with an average of a 3.2%, with permission to increase copayments. Hence the figures presented by the Guild about the level of difference is not entirely accurate.
- Agreed that there is a high level of synergy between general practice and pharmacy and both must be functional for consumers. However, Health NZ outlined several reasons why a direct comparison to general practice cost pressures is not suitable,
- Health NZ expressed considerable disappointment that they have not been able to progress essential work to fund pharmacy services in a simple and sensible way. The staffing shortages and pressures within Health NZ has impacted all this work.

It was noted that a number of these issues will be repeated in the discussion about the annual uplift offer. It was therefore the wish of NAAR that the group moved on to specific feedback on the uplift offer for NAAR 2025 with a discussion about the 12-month prescriptions following this.

#### **7. Uplift offer <sup>1</sup>**

NAAR provider representatives had received the uplift offer in writing, so the details were not repeated in the meeting. Instead, the discussion moved immediately into questions, comments and feedback. Provider representatives considered the 3% offer to be inadequate.

NAAR provider representatives raised some questions to Health NZ staff. There were questions about, for example, rescheduling the COVID vaccinations, whether multiple vaccinations result in multiple fees, updated forecasting etc. It was confirmed that the 3% uplift is over all ICPSA expenditure and that the money for the enhanced capitation for GPs comes out of the overall cost pressures funding appropriation. Other more detailed questions will be fully answered for NAAR, ideally in writing before the next meeting.

The key themes which were articulated during the discussion included:

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<sup>1</sup> The uplift offer includes

- A 3% rise in Pharmacy Service fees
- A forecast Volume growth in FY25/26 of \$28m - resulting in a total investment in dispensing fees and related services of \$50.4 m (6.9%)
- Changes to immunisation rates – increase in prices in alignment with the PHOSA agreed prices; inclusion of covid vaccinations into the ICPSA and movement to an immunisation co-administration fee structure
- Continuation of the funding of Paxlovid Community Pharmacy Services Schedule, with it being moved into the ICPSA in FY25/26



- There has been an overall cost pressure analysis for the health sector but no specific analysis for community pharmacy. Accordingly, Health NZ was interested to hear from the NAAR provider representatives some evidence of cost pressures specific to their sector.
- Provider representatives gave many such examples, including, supply chain cost pressures, insurance, rates, medication and prescription errors which required considerable rework by pharmacists, workforce pressures, the need to print prescriptions, problems with section 29 to mention some of them. Community Pharmacy has become the “gatekeeper of the current medicine regime”. The pressure on general practices has flow on costs for community pharmacists, with many of the people who could not get to see a GP coming to the community pharmacists and no ability for pharmacists to limit people coming through their doors. Health NZ will be considering all these and other matters to explore their implications.
- There was a strong request from provider representatives to be given a transparent rationale around the uplift for General practice and aged care, once they are publicly known. The provider representatives did not consider that general practice and community pharmacy have different cost structures. As noted above, Health NZ perceive that GPs and community pharmacists operate under different regulations, offer different services with different workforces.
- Reassurance was sought that the training support offered by Health NZ will not offset the uplift, as many pharmacies cannot participate in the training. NAAR representatives however appreciated the training opportunities.
- The money provided for volume growth should not be regarded as an increase in overall revenue, as greater volume incurs costs. Health NZ accepts there are costs associated with additional volume, but some can be marginal costs for average revenue.
- Further discussion is needed on the inclusion of the COVID vaccinations into the ICPSA, including HNZ providing potential adverse income impacts for community pharmacy from co-administration fees being applied across influenza and Covid vaccinations. A careful change process would be required. This issue will be further explored at the next meeting.
- The offer included a proposal by Health NZ to review the LTC services. NAAR provider representatives noted that EAG did not support a review, that this was not part of the draft project brief for extended pharmacy services and that it did not want to see the LTC moved into other service lines
- Up to date forecasts are needed before the next meeting. Health NZ will undertake this and circulate to NAAR in advance

These matters can be discussed further at the next NAAR meeting on June 16<sup>th</sup>.

**ACTION: 20250605:1**

Health NZ will send out answers to the questions put by NAAR providers representatives early next week

**ACTION: 20250605:2**

Health NZ will advise on when updates to the financial forecasts can be provided prior to the next meeting.

## 8. 12-month prescriptions

Health NZ presented a few of the key points

- The period of supply is intended to increase to a maximum of 12 months and remain at the discretion of the prescriber. The go live date is 1 February 26.
- The entitlements and eligibilities remain in place, for example prescription subsidy cards and community services cards.
- The current dispensing limits remain the same (i.e. 3 months, or in the case of an oral contraceptive, 6 months)
- Pharmaceutical schedule funding restrictions will continue to determine the amount of a medicine that may be dispensed on a single occasion
- Medicines regulated under the Misuse of Drugs legislation (i.e. controlled drugs) are excluded.

- For 25/26 there is a mid-range estimate of \$7m impact in shifting initial dispensing to repeats for 2025/26 part-year and a mid-point estimate of \$28 million adverse funding for 2026/27 full financial year, and a mid-range estimate of \$7.2m increase in demand for medicines due to reducing barriers to access in 2025/26 part-year.
- There are still details unresolved, with a high level of uncertainty in relation to the forecast growth. Health NZ would welcome a small group with NAAR work through these. Because of this uncertainty it may not be easy to predict the impact in advance.

NAAR provider representatives noted that changes to prescription charges will not be part of the cost pressures uplift, but the changes could have an unintended adverse impact on fees for community pharmacy in 25/26 year. NAAR representatives have an expectation that there should be no adverse funding impact on community pharmacy from this policy. Health NZ will consider options to deal with the impact of this.

NAAR provider representatives welcomed the chance to work with Health NZ further.

<b>ACTION:</b> 20250605 -3	Health NZ to establish a small working group to consider the policy on 12-month prescriptions.
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## 9. Expert Advisory Group (EAG) Update

The minutes of the last two Expert Advisory Group meetings were shared with NAAR.

In response to a query, Health NZ said that there would be neither more nor less work for pharmacies as a result of the new clozapine protocol. The aim is to make it clearer.

## 10. Summary and next steps

The summation of the questions posed to Health NZ and the answers will be sent out to NAAR early next week. This will be along with the agenda. The future forecast modelling will be sent as soon as possible. The communicate will come out for NAAR review on Friday.

The Chair commended all participants for their respectful and honest engagement during the meeting, particularly bearing in mind the pressure of time to cover everything and acknowledging that this is a challenging period for all concerned.

There are several NAAR meetings now booked to pursue all these issues further.

**Karakia whakamutunga:** Shenagh Gleisner

**Meeting close:** 11.30 am.

## Summary of the actions

Number	Action	Date due
20250605:1	Health NZ will send out answers to the questions put by NAAR providers representatives early next week.	Early week beginning 9 <sup>th</sup> June



Number	Action	Date due
20250605:2	Health NZ will advise on when updates to the financial forecasts can be provided prior to the next meeting.	Early week beginning 9 <sup>th</sup> June
20250605:3	Health NZ to establish a small working group to consider the policy on 12-month prescriptions.	As soon as possible