

**Integrated Community Pharmacy Services Agreement
National Annual Agreement Review 2024
Meeting 7 Minutes**

Date	Tuesday 10 September 2024	
Time	9 – 11 am	
Location	MS Teams	
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 Commissioner, Commissioning, Te Manawataki • Danny Wu, Regional Commissioner, 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	Scott Moir
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 Group, Planning Funding & Outcomes • Karney Herewini, Senior Advisor Service Development, Hauora Māori Services • Andrea Tamahaga, Executive Assistant, Primary Care
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Meeting papers

		Pack page numbers
1.	Minutes from last meeting - agreed and published	Pages 3-10
2.	Actions from last meeting NAAR 2024- meeting 6, 30 August 2024 actions	Page 11

Agenda

Time	Item	Page
9:00 am	1. Welcome, Introduction and apologies a. Welcome, karakia, introductions, new members b. Confirmation of the agenda	
9:10 am	2. Review of the actions from Meeting 6, 30 August 2024 (paper)	
9:20 am	3. Health NZ price uplift offer and its application across service lines. • Papers previously circulated	
10:20 am	4. Summary and next steps a. Discussion b. Agreed actions c. Joint communique d. Next meeting 22 October, 5-7 pm e. Karakia	
10:30 am	Meeting close	

1. Welcome, Introduction and apologies

Welcome: The Chair opened the meeting and welcomed everyone.

Karakia Timatanga: Astuti Balram

Present:

1. Alex De Roo, Canterbury Community Pharmacy Group
2. Alex Rodgers, Health New Zealand| Te Whatu Ora
3. Andrea Tamahaga, Health New Zealand | Te Whatu Ora
4. Andrew Gaudin, PGNZ
5. Andrew Bary, Health New Zealand | Te Whatu Ora
6. Astuti Balram, Health New Zealand | Te Whatu Ora (left 10:00)
7. Billy Allan, Health New Zealand | Te Whatu Ora
8. Carolyn Oakley-Brown, Oakley Brown Pharmacy Group
9. David Bullen, Unichem Morrinsville and Unichem Ōtorohanga
10. David Mitchell, Pharmacy Partners
11. Diana Phone, Pacific Pharmacists Association
12. Fiona Bradley, Canterbury Community Pharmacy Group
13. Gemma Buchanan, Green Cross Health
14. Glenn Mills, PGNZ
15. Helen Morgan-Banda, Pharmaceutical Society of NZ
16. Jack Lee, PillDrop (joined 9:25)
17. Jason Wong, Woolworths Pharmacy Group
18. Karney Herewini, Health New Zealand | Te Whatu Ora
19. Kerry Oxenham, Totem Group
20. Martin Hefford, Health New Zealand | Te Whatu Ora (joined 9:40)
21. Mickaela Healy, Unichem Paeroa Pharmacy (joined 9:26)
22. Linda Hermiston, Oakley Brown Pharmacy Group
23. Lisa Britton, Health New Zealand | Te Whatu Ora
24. Nicole Rickman, PGNZ
25. Ravnit Lal, Alchemy Group
26. Sally McKechnie, Simpson Grierson (for Pharmacy Guild)
27. Sophia Haynes, Pharmacy Council

Apologies:

1. Danny Wu, Regional Commissioner Health NZ
2. David Taylor, Zoom Pharmacy
3. Helen Connole, Manatū Hauora
4. Ibrahim Al-Mudallal, Unichem Peninsula Pharmacy
5. Ian McMichael, Anglesea Pharmacy
6. Jeremy Armes, Woolworths Pharmacy Group
7. Joel Sathuluri, Green Cross Health
8. Martin Hefford, Health New Zealand |Te Whatu Ora (for lateness)
9. Michael Pead (Sophia Haynes attending in Michael's place)
10. Mitchell Trezise, Kiwi Pharmacy

Not present:

1. Amrit Ram
2. Brett Hunter
3. Din Redzepagic
4. Eliza Hood
5. Jatinder (Jay) Girm
6. Jessica Moh
7. John Handforth
8. Ming Goh
9. Nancy Nasef
10. Natalia Nu'u
11. Nicola Ehau
12. Phil Berry
13. Ravnit Singh

14. Saif Al-Sheibani
15. Sam Hood
16. Samit Patel
17. Suzanne Burge
18. Cath Knapton
19. Mariana Hudson
20. Mickaela Healy
21. Nikil Lal
22. Scott Moir
23. Peter Shenoda

1. Welcome Introduction and apologies

The Chair confirmed the purpose of the meeting is to look at the application of the uplift across the service lines and discuss the response from the Commissioner to the advice from the Pharmacy Guild. The previous minutes were confirmed as accepted.

2. Review of actions from Meeting 6, 30 August 2024

The Chair offered discussion on the actions from the previous meeting. The Pharmacy Guild noted that they had now shared their advice letter (dated 3 September 2024), to the Health NZ Commissioner; together with their feedback comments on Health NZ's advice to the Health NZ Commissioner (received 5 September 2024) with all NAAR participants. This was done on the morning of 10 September 2024, prior to Meeting # 7 starting. The Pharmacy Guild asked that Health NZ also share their advice to the Health NZ Commissioner with all NAAR participants, as this would ensure transparency following the earlier circulation of the Health NZ Commissioner's decision response on 9 September 2024 to the two advisory papers. The Pharmacy Guild noted that they saw this would help in building trust and confidence in the NAAR process. Other matters arising were covered in the discussion below.

3. Health NZ price uplift offer

The Pharmacy Guild presented a statement and asked for it to be recorded in full in the minutes.

"We note the Health NZ response we received on 9 September to our escalation letter came from Martin. This seems unusual and inappropriate given Martin is a NAAR participant. While we acknowledge the decisions within the response are attributed to Margie Apa (the Health NZ Chief Executive) who was asked by Professor Lester Levy (Health NZ Commissioner) to consider our correspondence, the NAAR escalation process is clear, and asks the DHB Chief Executives, now HNZ, to decide between separate recommendations. Given one set of recommendations was authored by me on behalf of the Guild and the other was authored by Martin, receiving a response from Martin on behalf of Margie, on behalf of Lester, seems unusual and inappropriate.

We would also like to note our significant disappointment that Health NZ's response did not actually respond to our formal escalation letter and final recommendations to Lester. Our letter, submitted on 3 September, had one formal recommendation seeking agreement to our final proposal, a balanced and pragmatic way to move forward in the best interests of the health system, which included four specific measures. We therefore find it odd that the HNZ response letter we received instead responded to our six initial recommendations included in our counterproposal to NAAR on 19 August.

The Health NZ response has also chosen not to acknowledge our fundamental concern with the ICPSA national review for 2024/25, that we have consistently and repeatedly raised during the NAAR 2024 process, which is that Health NZ has not recognised and satisfied its obligation to consider reasonable cost pressure adjustments and hence has failed to meet this minimum ICPSA contractual requirement. It also fails to acknowledge a range of other key concerns noted during this national review that are detailed in our escalation letter, including concern around HNZ's lack of timeliness and conduct during the 2024/25 ICPSA national review.

We continue to remain disappointed and dissatisfied with both the NAAR 2024 process and its outcome, and because of this, we will be seeking further advice and information in relation to the 2024 NAAR process. Our intent in pursuing this further will be to ensure that we fully understand what has occurred this year and to ensure that this year's process is not repeated for future NAAR rounds.

We do however recognise that a decision has now been made by HNZ and that we must move forward to ensure our members receive some funding uplift as soon as practicable, limited though it may be, and should they choose to accept it.

We reaffirm our disappointment with the NAAR 2024 outcome and the inability of the inadequate 2.51% funding uplift offer to support a viable community pharmacy sector.

We see that a viable and sustainable community pharmacy sector is vital to delivering better health and wellbeing outcomes for all New Zealanders and can take pressure off other parts of the primary and secondary health care sector, while delivering improved value for money.”

Health NZ advised they can make available the HNZ advice to the Commissioner as soon as possible at the request of the Guild who said this would ensure transparency.

ACTION: 20240910:1

Health NZ to provide to the NAAR provider representatives, Health NZ's advice to the Commissioner in response to the Guild's letter.

Green Cross Health strongly supported the points made in the Guild's statement. They particularly noted that it is inappropriate that cost pressures are not addressed on an annual basis in an evergreen contract, especially with the financial inflationary cycles.

Canterbury Community Pharmacy Group also strongly supported the Guild's statement. They noted their frustration about presenting this offer that is not going to be adequate to member pharmacies and agreed aspects of the process were unsatisfactory and must be addressed. Accepted the importance of moving forward.

Oakley Brown Pharmacy Group concurred with all that has been said. It's been a very disappointing result and when community pharmacies are under huge pressure.

The Pharmacy Guild wanted to affirm that the Commissioner will be made aware of the points and concerns that are made in today's meeting.

The Chair There are two questions for Health NZ:

1. Will the Commissioner be made aware of the feedback?
2. How can we make sure the process next time will not be repeated.

Health NZ There is regular reporting to the CE which is fed to the Commissioner including the response in this meeting. Health NZ regularly shares the risks within the sector with the Commissioner. Health NZ emphasised the fiscal constraints across the whole Health NZ and the health system but acknowledged the disappointment of the sector.

Health NZ can commit to starting the NAAR process off earlier as there should be better insights around the budget availability, so should avoid a rushed and constrained process next year. However, there will still be financial constraints in the future.

The Pharmacy Guild wanted formal recognition that decisions that were made early on were not changed. The decision that the Health NZ Board made on the 16 May 2024, which was affirmed through the OIA excerpts, that decision was not changed post the budget on the 30 May 2024. And yet here we are on the 9 September 2024 because of delays, and none of this is on account of the provider representatives.

Oakley Brown Pharmacy Group asked for clarification on the surcharging issue saying, as government can't pay, can pharmacies apply a surcharge, and if so, what is the process to have the SCS reviewed?

Green Cross Health Oakley Brown Pharmacy Group is highlighting an extremely important point that Health NZ are no longer paying appropriately for the services under the ICPSA. We are tightly constrained which is why we are pressing hard in this respect. We are asking for Health NZ to pay for the cost of the service we are providing

Health NZ Surcharging was one of the matters put to the Commissioner. So, in terms of the surcharging there are two aspects;

1. services that are covered within the service coverage schedule (SCS). Unless the SCS is updated, those are restricted in terms of things for which we couldn't enable surcharging.
2. there may other services that we wish to develop in terms of what are options for charging patients which we could explore.

Health NZ In terms of the SCS, it's a document that outlines the health services people can expect from the New Zealand health service as well as for services where there are constraints around charging. In terms of the community pharmacy dispensing services the co-payments are fixed. To change this is something the Ministry of Health would need to be engaged

Health NZ This issue will be put this into our work programme, we won't be able to resolve it ahead of this uplift discussion. The process will require working with the Ministry of Health and then working through the Minister and Cabinet around changes, therefore it would not be appropriate to give a time frame yet.

Application of the price uplift across service lines

Health NZ had provided two papers with modelled scenarios, dated 1 July 2024 and 15 July 2024. There was general discussion from provider representatives on these scenarios.

The Pharmacy Guild discounted some scenarios and summarised their preferred scenario:

- Reduce ASAP (with redistribution across the other service lines) to the maximum without providing a projected negative percentage difference on any pharmacy.
- Do not include CPAMs (this is a reducing service not provided by all providers)
- Apply to
 - Case Mix initial
 - Case Mix repeat
 - Handling fee
 - Per Pack fee- as these service lines apply to all pharmacies.
- If balancing is needed, use the Per Pack fee.
- Not opposed to applying uplift to NPPA B but would like to understand how many pharmacies this line applies to, and the quantum.

This led to a rejection of a number of scenarios with a preference for a focus on scenarios 4 and 5 in the 1 July paper, but with further adjustments to be made. For example, they would like to see a scenario model where the initial uplift and the repeat uplift is the same across both. More discussion was needed.

Overall, wanting to understand more details, for example, the handling of NPPA B in various pharmacies and wanting to be sure that the options equally benefit all pharmacies, making sure the funding is applied to lines that are going to benefit the most.

Expressed a wish to do what was done last year, making sure there is full transparency with the NAAR participants exploring other options, working offline with Health NZ as needed.

Woolworths Pharmacy Noted their preference was for halving the ASAP payment. Take out a half this year and the remaining next year, to remove APAS as soon as possible, otherwise it will take years remove this completely. Woolworths also favours increase in compounding and NPPA B.

Canterbury Community Pharmacy Group Noted a preference to include NPPA B, which are often expensive medicines with no margin added, and payment does not meet the cost and the effort required to provide these medicines. Would agree with moving the balancing line to something other than CPAMS, moving CPAMS into the Per Pack fee.

Totem Group agreed to the reduction in APAS despite it likely to have a negative impact on the Totem Group of pharmacies.

Totem Group and Pharmacy Partners agreed with the ideas so far presented and emphasised the requirement to not have a negative effect on the projected percentage difference with pharmacies losing funding from where they are now. Mindful that the bigger the decrease, the bigger the spread and anything that shows providers having a negative impact is not acceptable. Agreed in principle that most of the uplift needs to be applied to a case mix and handling fees.

Green Cross Health More modelling would assist, in alignment with the Guild. They would like to see as much reduced from the APAS pool as possible without negatively impacting pharmacies and some modelling with different percentages of reduction of the APAS pool. Preference to put it into the Case Mix initials, Case Mix repeats and pack and handling fees like it was last year. If you're not able to do the balancing with the Per Pack fees Green Cross Health would like to see Compounding as opposed to CPAMS.

Health NZ summarised some the key points expressed, for example:

- Decrease APAS to some extent but no pharmacy would see a nominal decrease in their revenue acknowledge that there needs to be some balancing. (a number of scenarios can be presented on this noting that a \$10 million reduction is quite close to the limit).
- No CPAMS.
- Generally, people are supportive of putting the funding into Case Mix initials and repeats, into the Handling fee and into the Per Pack fee as these are the fees that everybody receives.
- Generally supportive of increases to Compounding fee and to NPPA B fees but more information needed on this.

Health NZ noted there were some differences of opinion amongst the provider representatives, but there is also considerable agreement. Agreed to provide additional scenario modelling by the end of the day tomorrow (10 September 2024), to circulate this to NAAR representatives, and hold an informal meeting on Thursday 12 September 2024 to discuss these. Continued discussion and adjustments can take place and iterations discussed.

David Bullen Asked if the provider representatives decide how the uplift is applied or if Health NZ have to approve this?

Health NZ Confirmed that the provider representative choose. The quantum of money that's offered in the price uplift is the same no matter which lines the provider representative chose to allocate it across.

Health NZ Confirmed that there were no technical restrictions on which service lines the price uplift could be applied.

ACTION: 20240910:2	Health NZ to provide additional modelling scenarios for application of the price uplift.
ACTION: 20240910:3	Confirmation of meeting to agree a preferred model for the application of the uplift.

The Pharmacy Guild Moving forward would like to see three things to move at pace (or on a fast track), arising directly from Health NZ's decision-making response letter of 9 September 2024, once the contract variation is agreed:

1. Introduction of a nationwide funded minor health conditions service, noting a minor health conditions service will be considered as part of the Health NZ's primary care development work programme.
2. Allowing the ability for pharmacies to surcharge for funding shortfalls, which are allowable within the Service Coverage Schedule (further noting the Guild's views that this warrants a wider consideration over time).
3. The commitment to reviewing the funding model, update of the Sapere and the Grant Thornton reports, making sure that is done in time to inform next years budget in terms of June 2025.

Those three things are very important and can be part of the solution to next years round. We need to bolt down when these things will be happening, and this probably needs to be started in October 2024.

Health NZ There is a NAAR meeting 22 October 2024. The plan for that meeting is to update NAAR on the revised primary care development programme, and the pharmacy development workstream within that.

The Pharmacy Guild The Guild is conscious of the necessity to move quickly in relation to the next contract rounds and to ensure that this important work is done in time for Budget 2025. We do not want a repeat of this year and neither do our members. The Guild remain disappointed and think the process has been most unsatisfactory.

Health NZ completed the meeting by acknowledging the concerns over the process and the outcome in terms of the uplift. Whilst the pharmacy team itself had done a very good job, the decision-making processes in the emergent Health NZ, in a budget crisis and a late budget decision, has created problems. Health NZ also noted that the responsibility for the delays and decision making and the outcomes of decisions rests with senior management and governance, working in a very difficult fiscal environment. In addition, there will be ongoing staff cuts, and this will impact the ability to progress everything quickly.

Health NZ now has a budget for the next two years and we expect that will expediate our ability to get decisions in a timely way and to put up more considered papers and approaches. But it will not change their constrained nature of the environment.

Green Cross Health reminded Health NZ that “everything is there” for the Minor Health Conditions Service and that organisations like Green Cross and the Guild are able to provide resource and support, no expectations that all the work falls on the health NZ team.

The Chair will draft the communique today so it should be out quickly, and the minutes will be completed as soon as possible.

The next NAAR meeting 22 October 2024, 5-7 pm

Meeting Close 10:16 am

Karakia whakamutunga: Martin Hefford

Summary of the actions

Number	Action	Date due
20240910:1	Health NZ to provide to the NAAR provider representatives, Health NZ's advice to the Commissioner in response to the Guild's letter.	TBC
20240910:2	Health NZ to provide additional modelling scenarios for application of the price uplift.	10 September 2024
20240910:3	Confirmation of meeting to agree a preferred model for the application of the uplift.	TBC