**Integrated Community Pharmacy Services Agreement**

**National Annual Agreement Review 2024**

**Meeting 5, 19 August 2024**

**Statement**

The fifth meeting of the 2024 Integrated Community Pharmacy Service Agreement (ICPSA) National Annual Agreement Review (NAAR) took place on Monday 19th August 2024 between Health New Zealand (Health NZ) and the pharmacy provider representatives.

Health NZ had released to the Pharmacy Guild (the Guild) excerpts of the Board decision-making paper, and Ministerial briefing, on the health sector price uplift offers. These excerpts were distributed to NAAR for this meeting. The Guild had prepared a response which was circulated to NAAR earlier in the day.

The Guild stated that, on the basis of NAAR discussions on 11 July 2024 and the information released above, the uplift offer of 2.51% failed to consider reasonable community pharmacy cost pressure adjustments, and thereby did not meet the minimal contract requirements under the ICPSA. The Guild believed the offer reveals a lack of recognition of the significant contribution of community pharmacy to better health outcomes and that community pharmacy is being unfairly disadvantaged through inconsistent cost pressures resource allocation across the sector. Health NZ staff presented new information indicating that the Health NZ board had considered reasonable community pharmacy cost pressures and had quantified these at 5.62% but did not have sufficient funding available to meet this cost pressure in full.

The paper from the Guild counter-proposed a set of six measures to address the perceived inadequacy of the uplift. This covers a price uplift offer of 4%, allowing pharmacies to surcharge for funding shortfalls, introducing mandatory prescription co-payment charges for patients who are not exempt, ensuring immunisation service funding parity with general practice, introducing a nationwide funded minor health conditions service, and committing to urgently reviewing community pharmacy’s funding model. NAAR provider representatives generally concurred with the Guild in largely supporting these ideas, although concerned was raised about the Commerce Act implications of mandatory prescription co-payment charges for non-exempt patients.

Health NZ staff discussed the ideas in the paper with NAAR. Health NZ staff acknowledged the challenge of achieving an uplift that fully recognises cost pressures. They noted that consideration of a minor health conditions service is already on the EAG work programme, and they agree to immunisation service funding parity. They were unable to comment conclusively on the surcharge and co-payments requests, without consideration of the requirements set in the health service coverage expectations.

NAAR provider representatives were generally not prepared to consider any scenarios to distribute the price uplift across ICPSA services lines until they had received a formal response from Health NZ to the Guild’s paper. Health NZ undertook to distribute their response to NAAR on Monday August 26th and for the next NAAR meeting to take place on Friday August 30th.

Health NZ noted that with the uplift process not being confirmed, related payments will be delayed. An indicative timeline will be distributed on August 26th which will confirm the time required between NAAR reaching agreement on the application of the uplift and the activation of variation 6. While the aim is to try and achieve agreement on the application of the uplift across ICPSA service lines as soon as possible, NAAR members noted that if agreement cannot be reached, then the NAAR process enables separate recommendations to be made to Health NZ executives.

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