

## MINUTES OF THE PHARMACEUTICAL MANAGEMENT AGENCY (PHARMAC)

### BOARD MEETING JUNE 2021

The meeting was held at Level 9, 40 Mercer Street, Wellington starting at 8.00am with the following attendees:

#### Board members

Steve Maharey	Chair
Jan White	Deputy Chair
Ross Lawrenson	Board Member
Nicole Anderson	Board Member
Claudia Wyss	Board Member (via videoconference)
Elizabeth Zhu	Institute of Directors, Future Director
Mark Weatherall	Observer, PTAC Chair
Lisa Lawrence	Observer, CAC Chair

#### PHARMAC staff in attendance

Sarah Fitt	Chief Executive
Lizzy Cohen	Board Secretary

The meeting was conducted at the PHARMAC offices under Level 2 restrictions. Some attendees joined via videoconference to present papers.

### 1. Directors' Only Discussion

Guest speaker Ashley Bloomfield, Director-General of Health met with the Board for the annual engagement with Board members.

The Director-General shared his current four key priorities; keeping COVID-19 out of the country, vaccinations, keeping the health system going, contributing to and helping to lead the Health Reform. He noted the need to balance forward thinking (future health system) but also remain agile and clear on what the current priorities are. He noted the relationship between PHARMAC and the Ministry of Health is strong.

#### 1.1 Tiriti o Waitangi accountabilities for the PHARMAC Board

This paper supported Board discussion on the first set of Board Tiriti o Waitangi accountabilities to be adopted by, and assigned to the Board collectively and also on an individual basis to Board members. The Board:

**noted** the process for drafting the Board Tiriti o Waitangi accountabilities;

**agreed** to adopt Board Tiriti o Waitangi accountabilities as presented;

**agreed** to assign the Board Tiriti o Waitangi accountabilities to the Board and to individual Board members;

**noted** that the Minister of Health will be informed of the adopted accountabilities through the June monthly report to the Minister of Health;

**noted** that building on relationships with iwi is included in the Te Whaioranga strategy and that this will include appropriate engagement between the Board and iwi;

**noted** that that it was ok to make mistakes as part of a supportive learning environment; and

**noted** that the assigned accountabilities will develop over time and will be regularly discussed and updated.

Ross Lawrenson and Jan White (carried)

## **1.2 Remuneration Review 2021/22**

**noted** the overarching guidance regarding the Government's expectations for employment relations and pay in the public sector.

## **1.3 Glossary of Terms**

Mark Weatherall, Observer PTAC Chair and Lisa Lawrence, Observer CAC Chair joined the meeting.

Trevor Simpson, Lisa Williams, Alison Hill, Mark Woodard, Emma Clarke, Graham Beever, Jannel Fisher, Kathryn McInteer and Caroline De Luca (PHARMAC staff) attended for relevant items.

## **1.4 Board Actions**

**noted** the Board Actions.

## **1.5 Board Annual Agenda 2021**

The Board noted the Board Annual Agenda 2021.

## **2. Apologies**

Peter Bramley, Observer, DHB Representative.

## **3. Record of Previous Board and Committee Meetings**

### **3.1 Minutes of May 2021 Board Meeting**

**resolved** to adopt the minutes of the May 2021 meeting as being a true and correct record.

Nicole Anderson and Ross Lawrenson (carried)

### **3.2 Audit and Risk Committee Recommendations – June 2021 meeting**

**noted** that staff intend to release the annual DHB letter;

**resolved** to authorise, subject to receipt of a satisfactory opinion from Audit NZ, PHARMAC staff to make payments to DHBs in the amount of \$12.7 million for the purpose of enabling funding provided for pharmaceuticals to be retained across financial years and not lost to underspending; and

**noted** the 2021/22 Internal Audit Work Programme (refer to Appendix One).

Jan White and Ross Lawrenson (carried)

### 3.3 Summary of February 2021 PTAC advice and recommendations

The Board were informed of the recommendations made by PTAC at its March 2021 meeting. The Board:

**noted** the following summary of the record of the Pharmacology and Therapeutics Advisory Committee (PTAC) meetings held on 25 March 2021 via videoconference; and

**noted** the March 2021 PTAC record was signed off by the Chair on 21 May 2021 and is published on the PHARMAC website.

**noted** the summary of advice from the PTAC discussion regarding the current landscape of evidence for medicinal cannabis.

The PTAC Chair reiterated PTAC's view that the evidence for medicinal cannabis appeared generally insufficient to support a benefit from treatment in most indications. He noted the significant potential risk of harm from medicinal cannabis if it is not prescribed and used appropriately ie according to high quality clinical evidence. He also noted the evidence of the long-term risks of medicinal cannabis, particularly the impact on young people if the THC level is too high causing psychosis, which is hard to treat. He reiterated that if a funding application for a medicinal cannabis product should meet PHARMAC's standard requirements for a funding application, that Medsafe approval is important due to the safety issues and that there is explicit monitoring in place.

PHARMAC staff acknowledged that, should they receive a funding application, they will consider this advice when assessing whether to apply a parallel assessment process.

## 4. Interests Register

**noted** the interests register; and

**noted** any decisions by the Chair to manage actual or potential conflicts of interest, as follows:

*[None required]*

## 5. Matters Arising

**noted** the matters arising and actions progressed.

## 6. Chair's Report

### 6.1 Verbal Report

A verbal update was provided by the Board Chair.

### 6.2 Correspondence

**noted** the correspondence report.

## **7. Chief Executive's Report**

**noted** the Chief Executive's Report;

**noted** the financials for May 2021;

**noted** that the Chief Executive and Board Chair met with Medicines New Zealand for the regular bi-annual meeting;

**noted** that PHARMAC will provide an oral submission to the Health Select Committee for the petition of Marsha Mackie for Diabetes NZ and that the hearing date had been confirmed for 7 July 2021;

**noted** that PHARMAC's 2021/22 Statement of Performance Expectations will not be published on 1 July 2021 as planned due to a delay in the advice not being presented to the Minister of Health;

**noted** the positive uptake of the recently funded diabetes medicines; and

**noted** the low uptake of the MMR and influenza vaccines, implementation managed by the Ministry of Health.

### **7.1 Legal Report**

**noted** the legal report which provides an update on current legal issues of relevance to the Board.

### **7.2 Communications Report**

This paper summarises communications activity for May 2021. The Board:

**noted** that we are looking for opportunities to be more proactive and transparent in our communications;

**noted** that 75% of calls to the general enquiries team were answered live, a significant increase on the 30% average between January and April this year; and

**noted** that we launched a 'self-help' FAQ page on the website to help people find the information they need faster.

## **8. Key Items**

### **8.1 PHARMAC's response to recommendations relating to lamotrigine**

This paper provided the Board with an overview of the observations made by the Coroner and the Health and Disability Commissioner, about the lamotrigine brand change and PHARMAC's current and planned response to those. The Board:

**noted** PHARMAC's approach and response to observations that have been made about the lamotrigine brand change by the Health and Disability Commissioner and the Coroner;

**noted** that one of the Health and Disability Commissioners observations was a lack of clarity on who is responsible for managing and communicating brand changes to consumers, an action referred to the Ministry of Health to coordinate a response.

PHARMAC staff informed the Board that the Ministry of Health have since written to PHARMAC to coordinate a meeting. PHARMAC staff noted that they have expressed their desire for this meeting to cover any medicines, not just brand changes;

**noted** that PHARMAC staff may want to suggest to the Ministry of Health that a consumer representative and Medsafe are added to the list of attendees for this meeting;

**noted** that staff may want to raise the recommendations relating to medicines strategy, led by the Ministry of Health; and

**noted** that actions to address the observations will likely expand beyond PHARMAC's role ie to professional bodies, and result in additional costs to the system and require a whole system change.

PHARMAC staff agreed to report back to the Board on the outcomes of this meeting.

## **8.2 Risk Report – Exceptions**

**noted** the summary risk report, which provides an update on items on the Board risk register that have materially changed since the quarter 3 risk register was reviewed by the Board in April 2021;

**noted** that the Audit and Risk Committee will review the updated risk register as of 8 June 2021;

**noted** the Board will receive the quarter 4 risk register for noting in the July 2021 meeting before being included in the quarter 4 report to the Minister; and

## **8.3 Technology Security Briefing**

The Board were provided with a briefing on PHARMAC's technology security assessment and risk mitigations, particularly as it relates to vulnerability to hackers, ransomware and other malicious actions. The Board:

**noted** PHARMAC uses a multi-faceted and multi-layered approach to mitigate our technology security risks;

**noted** the risk of serious damage from a cyber-attack can be mitigated but cannot be eliminated;

**noted** the security training and education programmes in place with staff to try mitigate risks; and

**noted** the information provided by the National Cyber Security Centre (NCSC) regarding cyber security and risk management issues for Board consideration and recommended that the Audit and Risk Committee consider the key questions for Boards on an annual basis.

## **9. Strategy Planning and Policy**

### **9.1 PHARMAC Advisory Committee Terms of Reference update**

The Board were asked to approve the revised Consumer Advisory Committee (CAC) Terms of Reference and were provided an update on the Pharmacology and Therapeutic Advisory Committee (PTAC and Specialist Advisory Committee Terms of Reference. The Board:

**noted** the feedback received to consultation on the proposed Terms of Reference for PHARMAC's statutory advisory committees;

**noted** the PTAC and Specialist Advisory Committee Terms of Reference are still being finalised and will be brought to the July Board meeting for approval;

**noted** that the summary of consultations was provided by staff at the meeting and will be attached to the July Board paper.

**noted** that the wording under the purpose of the CAC in the Terms of Reference may restrict Committee members giving advice in the remit of PHARMAC that has an impact on consumers. Staff agreed to update the wording in the Terms of Reference;

**noted** that the Terms of reference and/or the Committee's handbook should detail the relationship boundaries of the Committee in that the Committee should run any external advice or correspondence through the Board first, as a committee of the Board;

**approved** the updated Consumer Advisory Committee Terms of Reference, subject to amendments discussed at this meeting;

**noted** that the Committee may be considering a name change. PHARMAC staff agreed to check the legislation to consider if this is an option prior to the Committee making any recommendations to the Board for consideration and approval; and

**supported** the suggestion of a consumer representative on PTAC however noted that no one person can provide consumer advice but can advise on what PHARMAC should be thinking about and is an expert in consumer advice giving. The Board noted that it is important to be clear on this.

Nicole Anderson and Claudia Wyss

**(carried)**

### **9.2 Public understanding, trust and confidence strategic priority**

This paper provided the Board with an update on the progress in the public understanding, trust and confidence strategic programme since the last update in December 2020. It also includes details PHARMAC's results in the 2021 Colmar Brunton public sector reputation index survey. The Board:

**noted** the update on work in the public understanding, trust and confidence strategic programme;

**noted** that PHARMAC is introducing a new style and writing guide from 1 July 2021 and one of the changes is that we will be writing PHARMAC as 'Pharmac';

**noted** that PHARMAC's score has dropped two points in the 2021 Colmar Brunton public sector reputation index report;

**noted** that this is perhaps not surprising due to the timing of the survey falling during February – March 2021 when we were featured in the media about the lamotrigine inquest and the government's review into PHARMAC. The opinion pieces in the Dominion Post were also published during this timeframe. The Board requested PHARMAC staff set ourselves a goal for where we want to be ranked in the survey in a few years' time and what we may need to do to get us there. PHARMAC staff agreed to report back to the Board later this year.

The two papers; Pacific Responsiveness Strategy Stage Two update (agenda item 9.3) and the Update on actions to address inequities in access to medicines for gout (agenda item 9.4) were deferred for discussion at the next Board meeting in July 2021.

## **10. Schedule and Funding**

### **10.1 Pharmaceutical Expenditure and Transactions Report**

**noted** the current Combined Pharmaceutical Budget (CPB) expenditure position and significant medicines transactions;

**noted** that the CPB for the 2020/21 financial year is \$1,045 million,

**noted** that the Board will consider a Budget Management Options paper at its July 2021 meeting, which will provide the 2021/22 CPB Forecast and our proposed budget management approach.

### **10.2 Medical Devices Transaction and Investment Report**

**noted** the update on progress with medical devices national contracting activity.

### **10.3 Summary of Decisions Made Under Delegated Authority – May 2021**

**noted** the summary of decisions made under Delegated Authority during May 2021 by the Chief Executive, Director of Operations, Manager Pharmaceutical Funding, Senior Advisor/Team Leader and Senior Therapeutic Group Managers/Team Leaders.

## **11. Interest Articles**

**noted** the interest articles.

## **12. General Business**

NA.

### **Date of Next Meeting**

The date for the next Board meeting is set for Friday 30 July 2021.

The meeting closed at 12.57pm with a karakia.

Chair:

Date: