

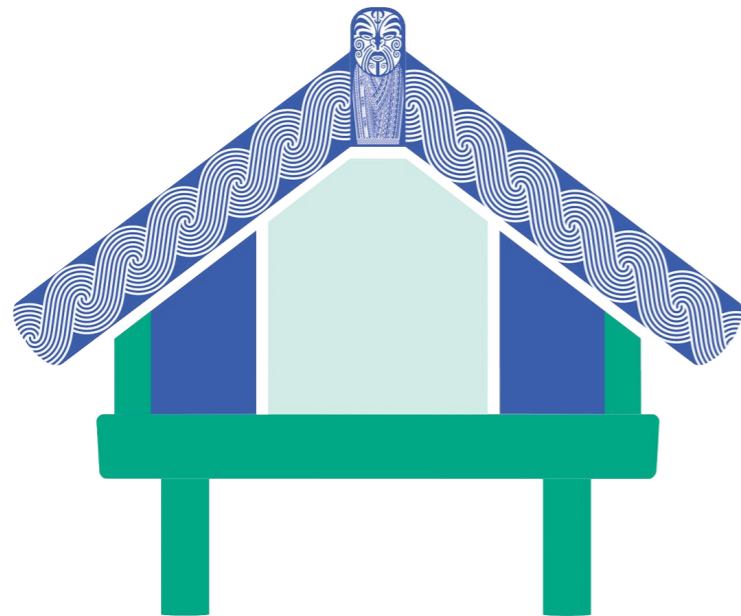


Pharmaceutical Management Agency  
Te Pātaka Whaioranga

# Final Response to Outcomes of the Pharmac Review

14 November 2022

PHARMAC  
TE PĀTAKA WHAIORANGA



Te Pātaka Whaioranga, ‘the storehouse of wellbeing’, sums up the part we play in managing and safeguarding something that is valuable to our whole community – the pursuit of wellbeing. The name was gifted to Pharmac by our kaumātua, Bill Kaua ONZM.

A pātaka has many literal and metaphorical associations in te ao Māori. It refers, literally, to the raised platform for food storage and protection of taonga and is also a symbol of safeguarding things that are precious to the community.

In Pharmac’s context, the concept of the pātaka symbolises a solid and reliable structure safeguarding the continuous flow of supplies, such as medicines and medical devices, and it’s our role to keep the flow constant and maintain availability for the benefit of all New Zealanders.

**PHARMAC**  
TE PĀTAKA WHAIORANGA





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# 1. Executive summary

This is our final response to the report of the independent Pharmac Review, which we have focused around five key themes:

- Enhancing assessment and decision-making
- Striving for and achieving te Tiriti o Waitangi excellence
- Doing more to achieve health equity
- Better involvement of and collaboration with others
- Better integrating our responsibilities.

All these themes are connected and interrelated. Only when fully woven together will they help us achieve better health outcomes for New Zealand.

We have made 30 commitments for 2022/23 across the above themes.

Beyond these specific commitments – for out-years – our final response assures our direction while recognising the importance of being agile in our environment ahead and learning as we go. We will need to adapt to new strategies and plans arising from the health reforms. Flexibility will be key to supporting new collaborative working arrangements to bed in, so they meet the needs of multiple parties.

We are currently developing our Statement of Intent and work programmes to give full effect to our commitments in this Response. More detail on how we will be delivering change will be in our next Statement of Intent, which will be finalised at the end of June 2023.

Pharmac cannot achieve these ambitious goals on our own. We must work closely with our health and disability system partners. We must ensure we hear the voices of those affected by our decisions, Māori, Pacific peoples, disabled people, and other priority populations. Only by reflecting their aspirations in our work, can we truly deliver better health outcomes.

While connecting externally is vital, so is ensuring our own strengths, resources, and capabilities match what we want to achieve. Our work has expanded over the years. We now manage over \$2 billion of government funding, overseeing contracts for more than 200,000 hospital medical devices, and 2,000 medicines and related products.

The Pharmac Review has confirmed Pharmac's strategic direction and will continue to help further enhance our work as we move ahead.



## 2. From the Chair of the Pharmac Board

*He rangi tā matawhāiti, he rangi tā matawhānui*

*A person with a narrow vision has a restricted horizon, a person with a wide vision has plentiful opportunities.*

This whakataukī speaks to the importance of a broad outlook and, as I introduce Pharmac's final response to the Independent Review, I do so cognisant of the context within which this review occurred.

The past few years have stretched and tested the health systems of every country. Aotearoa New Zealand has not been immune to the impact of the global pandemic, and this year with the introduction of the Pae Ora (Health Futures) Act, the Government made once-in-a-generation changes to the health and disability system in Aotearoa New Zealand.

Pharmac extends a warm welcome to our newest health sector partners. We look forward to working closely with Te Whatu Ora (Health New Zealand), Te Aka Whai Ora (the Māori Health Authority), the new Public Health Agency, and Whaikaha (Ministry of Disabled People). We will also continue our strong relationship with Manatū Hauora (Ministry of Health), Te Aho o Te Kahu (Cancer Control Agency), and Medsafe.

In this new environment, strong bonds and a shared vision will be key to ensuring the health and disability system delivers equitable health outcomes for all New Zealanders. The review also reminded us of the importance of engaging with those most affected by our work.

Within the context of all this change, as well as the global challenges faced by everyone, an independent review of Pharmac was commissioned by the Government in March 2021.

In recent years, we had noticed a distinct change in our environment and public expectations of our work. The review reinforced this shift – and thus we welcomed the chance to reflect on how our priorities align with the wider health and disability system; especially in the context of the Pae Ora reforms. Our organisation strives to support the delivery of improved health outcomes for New Zealand. To better support and give action to this purpose, we recognised there were improvements to be made.

In responding to the review and the Government's response, we have been working hard to continue delivering our core work, build on the delivery of our existing priorities, and beginning to make the changes we want to make to reset for the future.

As the health reforms settle in, we will be learning and adjusting how we tackle the work identified in the review. While we can make a strong start on the foundations, the new framework is only part-built; some of what we need to do in the future is yet to be finalised in the context of the wider system and more health strategies are to come. This broad-outlook approach is crucial to ensuring that we stay in step with the health and disability sector as it implements these reforms.

This final response describes our intent and outlines the implications of what we intend to achieve, including what our expanded role needs regarding resources, collaboration, and engagement. I am heartened by the work done so far and look forward to our further progress ahead.



**Hon Steve Maharey**  
Pharmac Board Chair



### 3. From the Chief Executive of Pharmac

*Nāu te rourou, nāku te rourou, ka ora ai te iwi.*

*With your food basket and my food basket, the people will thrive.*

I would like to first acknowledge the many agencies, groups, and individuals who have shared their experiences and knowledge as part of the review. They have helped Pharmac better understand how we can support the health of all New Zealanders.

To everyone who has worked on this response, inside Pharmac, within the public service, and everyone outside who challenges us and helps us to be better, thank you.

To help develop our final response, we had important discussions with our colleagues at Te Whatu Ora (Health New Zealand), Te Aka Whai Ora (the Māori Health Authority), Manatū Hauora (Ministry of Health), the new Public Health Agency, Te Aho o Te Kahu (Cancer Control Agency), Health Quality and Safety Commission, Whaikaha (Ministry of Disabled People), and the Ministry for Pacific Peoples. These conversations are the building blocks for a more interconnected health and disability system.

Many of these agencies have been newly created as part of the health and disability reforms. It has been an opportune time for Pharmac to foster and grow these relationships. A new sense of community between these agencies is being built and I am confident this will support our collective aims of a more effective and connected health and disability system.

An important part of the review was acknowledging the parts where we need to improve, while accepting that the process of improvement never ends. The review also affirmed that we were moving in the right direction.

Preparing our response to the review has given fresh impetus to the changes we need to make to create better health outcomes for New Zealand. We have made 30 commitments for 2022/23. We also have reflected on our future priorities, our strengths, and areas for development, with our new organisational values, ngā uaratanga, helping us to imagine our future.

Four emergent priorities were identified in our interim response, which have evolved into the five priorities presented in this document. We will continue to consider and work on these as we develop our next Statement of Intent (SOI), to be published at the end of June 2023. This new SOI will detail the medium-term actions over the next four years and demonstrate how we will address the issues raised in the review and Government response.

Outlining our path for the next four years will be another fundamental step towards building a more effective organisation, including a stronger focus on contributing to the health and disability system's efforts to achieve health equity.

The introduction of the Pae Ora (Healthy Futures) Act at the same time as the Pharmac review has created opportunities for us. While our statutory objective remains the same, and we remain an evidence-based organisation, how we do what we do is changing for the better.

No single part of the system can achieve Pae Ora alone. We are committed to supporting the reform's early success, including the implementation of the interim Government Policy Statement on Health and the interim New Zealand Health Plan.

Finally, I'd like to offer my gratitude to the entire Pharmac team – our staff and advisory networks – for their hard work and perseverance over the course of the review. Responding to and working through a global pandemic has stretched our workforce and that of the wider health and disability system. Our strength lives in our people – staff wellbeing will continue to be a strong focus as we head into 2023.



**Sarah Fitt**  
Chief Executive



# 4. Ngā uaratanga

## Our values

### 4.1 Guiding our response

Our values ground our behaviour and guide our thinking.

We listened carefully to the review recommendations, the voices of people who participated in the review, and the Government's response. Our reflections on what we learned from the review have helped us identify what must be improved on and how Pharmac does it.

We have begun the journey of tūhono (connection) with the health and disability system, and our wider stakeholders, to strengthen engagement and integration of our work. We will whakarongo (listen) with intent to ensure we are authentic in our engagement, informed and benefit from all perspectives.

Māia (courage) is needed to do things differently. We are challenging ourselves to do things better, now and for the future.





## 5. Summary of the review and our interim response

In March 2021, the Government announced an independent review of Te Pātaka Whaioranga – Pharmac. The review looked at how well we performed against our objectives and whether those objectives are fit for purpose. The purpose of the review and its recommendations were to ensure New Zealanders have confidence Pharmac is doing all it can to improve health outcomes as part of the wider health and disability system.

Pharmac welcomed the independent review, and the opportunity to reflect on its work to fund medicines and medical devices for Aotearoa New Zealand.

The review focused on a wide range of matters, including Pharmac's objectives, functions, governance, assessment work, work to support priority populations, and accountability arrangements. Decision-making was a key focus, with the review panel finding that Pharmac's model delivered significant benefits, but these benefits needed to be shared more equitably across communities, especially Māori and Pacific communities and the disabled community.

The Government accepted most of the 33 recommendations made by the review panel, noting that the Pae Ora (Health Futures) Act, alongside the establishment of Te Whatu Ora and Te Aka Whai Ora addressed many of the directional changes recommended by the review. These changes, including the Act's principles, help reset how Pharmac will work and partner within a wider system to support the health of all New Zealanders.

In our interim response to the review, Pharmac set out where we will work to make improvements in 2022/23, including:

- enhancing assessment methods
- stronger partnerships and engagement with Māori
- strengthening our focus on equity
- better incorporating consumer voices
- sharing more impactful information about what work is being done.

These priority areas are all closely interconnected, and each creates a foundation to support what Pharmac does to achieve and support better health outcomes for New Zealanders. This final response supersedes the interim response.



## 6. Our Context

By understanding context, both ours and others', we can understand opportunities and challenges and be more effective together.

There are several important factors that together describe an exciting and challenging context for our work ahead. With any change, there is also ambiguity and uncertainty. Managing change requires a balance of assuredness in our direction – which this final response provides – with flexibility and agility in the specific details and timing of future work.

**Staff wellbeing** – Our staff are our biggest asset. We must provide a working environment that is inclusive for all people and supports staff wellbeing. This includes providing the resources necessary to deliver on additional roles and new expectations of our work.

**Health reforms** – We are focused on supporting the reforms' early success, including the implementation of the interim Government Policy Statement on Health and the interim New Zealand Health Plan. The reforms provide clear direction with respect to pursuing health equity, and improved integration will need additional effort by all involved. The progress and detail of the Therapeutic Products Bill is also important to our work, especially in hospital medical devices.

**Te Tiriti o Waitangi** – Pharmac will rightly be judged by Māori for how effective we are in giving effect to Te Tiriti, including building partnerships and contributing to improved health outcomes. Te Tiriti also embodies equity for Māori as tangata whenua and for all people as tangata Tiriti.

**Budget uplift** – The recent Budget 2022 uplift to the Combined Pharmaceutical Budget, an increase of \$191 million over two years, will result in many new medicines being funded, along with wider access to existing medicines. Several exciting investments have already been announced, with more to come. Delivery will require continued focus and effort from within existing resource.

**Increasing expectations** – Notwithstanding the recent budget uplift, there will always be strong advocacy for funding of new medicines, and more options than we can possibly fund. Some new medicines are also expensive and have incomplete or emerging evidence about their effectiveness. Our role is to make careful decisions, well-informed by evidence and all relevant information, about the best funding choices for New Zealand.

**Appropriation** – The Combined Pharmaceutical Budget is now directly managed by Pharmac via a Vote Health Appropriation.<sup>1</sup> This is a significant change from the previous 20 District Health Board arrangements. The Appropriation enables Pharmac to have a medium-term investment pathway, with potential over time to improve timing and phasing of funding decisions.

**Hospital medical devices** – As recognised in the Government response, management of hospital medical devices is a strong fit with our capability. We have made significant progress since commencing this responsibility in 2012, including cataloguing and standardising contractual terms for thousands of devices to enable better management and savings of over \$100 million. With the Government supporting our continued lead, we are progressing our work in close collaboration with Te Whatu Ora and other key agencies and stakeholders.

**Pacific peoples and priority populations** – Alongside Māori, Pae Ora directs a stronger focus on health equity for priority populations, including Pacific and disabled people. This directly underpins our equity priority discussed in section 10. This requires strong contributions from multiple agencies, including connection to overarching frameworks like the All-of-Government Pacific Wellbeing Strategy (and related work like the Pacific Wellbeing Outcomes Framework) and New Zealand Disability Strategy. These connections are also important to recognise and address multiple disadvantages that some people experience within priority populations.

**Rare disorders** – The health and disability system needs to do more to improve the lives of people with rare disorders. There is scope for a range of agencies and stakeholders – within and outside the health and disability system – to work more effectively together. We are looking forward to supporting Manatū Hauora in its important work to develop a rare disorders strategy.

<sup>1</sup> 2022/23 Vote Health estimates of appropriation's name is the 'National Pharmaceutical Purchasing Appropriation'



## 6. Our Context

**Cancer medicines** – We agree with the review and Government response that cancer medicines should, by and large, be considered in the same ways as other medicines. We will also continue to work closely with Te Aho o Te Kahu and others to continue a focus on management of cancer medicines

**COVID-19 vaccines** – Responsibility for managing COVID-19 vaccines was transferred to Pharmac from 1 July 2022, building on our responsibility for vaccines management more broadly. A new cross-agency governance group for the immunisation system will also help to better connect and coordinate different roles.

**COVID-19 treatments** – Ensuring New Zealand has a portfolio of treatments is of vital importance, as variants and impacts of COVID-19 evolve. Like most organisations, we also continue to face COVID-19 related pressures, including direct impact on staff and ensuring continued supply of many medicines and hospital medical devices that face disrupted supply chains.

**Harnessing different strengths** – System integration needs to harness the strengths of different agencies and organisations, supporting an outcome where the sum is greater than individual parts. This is particularly important to achieve health equity. Pharmac has specialised capability and a strong track record of evidence-based investment management, demonstrated by the addition of responsibilities over time, including management of vaccines and hospital medical devices. We are keen to use and share this capability to benefit the system.

**Optimal use of medicines and devices** – Improved collective action is needed to ensure the medicines we fund are used to get the best possible health outcomes. We will work closely with Te Whatu Ora, Te Aka Whai Ora, Health Quality and Safety Commission, and other stakeholders, including health professional groups, to better align work programmes and maximise the contribution that each agency can make.







## 7. Resources

Pharmac is at an important juncture in its history. We have grown as an organisation to deliver additional responsibilities asked of us over time: hospital medicines, pharmaceutical cancer treatments, vaccines, hospital medical devices and, most recently, COVID-19 treatments and vaccines.

At the same time, the health and disability system reforms, alongside the Government response to the Pharmac Review, mean there are new expectations of our work and performance.

To reset for the future and to progress many of the key initiatives outlined in our final response, we will need additional resources, both in terms of people and new or updated organisational capability. As many organisations experience through growth, systems that were once fit for purpose are no longer well-suited to our new business needs.

In line with priority 6 of the interim Government Policy Statement on Health, we need to take this opportunity to refresh our foundations. We want to build our organisational structures and culture to support the delivery of our goals, including:

- managing the appropriation
- progressing our hospital medical devices work
- ensuring effective partnering with Māori and giving effect to te Tiriti o Waitangi
- maximising our contribution to health equity
- increasing collaboration and engagement with consumers and health sector partners.

Pharmac's operational funding is used to meet our day-to-day running costs. This operating budget is separate to the Combined Pharmaceutical Budget (CPB), which funds all publicly funded medicines, vaccines, and other related products. Pharmac cannot, for good reason, use CPB funding to meet its operational costs or vice versa. The Budget 2022 increase of \$191 million was only for the CPB.

As the CPB grows, so too does the work Pharmac must do to effectively manage those funds. This work includes assessing applications, negotiating and contracting, implementing decisions, and managing supply issues. In addition to these core functions, we have also gained new responsibilities, noted earlier.

We have begun discussions with the Government on resourcing requirements, and have more detailed work to do on specific resourcing needs over time. This will enable us to prioritise and phase our future work programmes. We look forward to decisions over coming months as we finalise our next Statement of Intent.





## 8. Monitoring and Accountability

### 8.1 Holding Te Pātaka Whaioranga – Pharmac to account

As a Crown Entity, the Pharmac Board is accountable to the Minister of Health, who, on behalf of the Crown, is accountable to Parliament for Pharmac’s performance. Manatū Hauora – the Ministry of Health monitors how Pharmac is performing on the Minister’s behalf.

Each year the Minister outlines their expectations of Pharmac. Pharmac and the Minister then agree our annual Statement of Performance Expectations. The purpose of the Statement of Performance Expectations is to agree our annual performance expectations and provide a base against which performance can be assessed. Pharmac then reports to the Minister quarterly on our progress on actions and changes that we need to make. We also table an annual report in Parliament each year. All these documents are available on our website.

We are also subject to annual reviews by the Health Select Committee to assess Pharmac’s performance over the previous year.

### 8.2 Delivering on our commitments

Our next Statement of Intent, which will be finalised at the end of June 2023, will describe the medium-term intentions over the next four years and an explanation of how we will assess and measure our performance. This will include a description of how Pharmac intends to deliver on the goals and objectives we have outlined in this response. As we develop the Statement of Intent, we will also work with our health and disability system partners and other stakeholders to reset our performance framework.

Our 2022/23 Statement of Performance Expectations captures all of the 30 commitments we have made for the year ahead to respond to the review.





## 9. Enhancing assessment and decision-making

### 9.1 The opportunity

We want to further enhance the quality of our assessment and decision-making for medicines, vaccines, and hospital medical devices. We can build on our strengths, including our evidence-based decision-making.

While there are many aspects to resetting our assessment and decision-making processes, embodying te Tiriti o Waitangi and equity considerations are particularly important, as is incorporating diverse perspectives across our work.

### 9.2 Titiro whakamua – the path ahead

Since 2018, we have been working on increasing transparency and making our funding assessment and decision-making processes faster, clearer, and simpler, while retaining the robustness of our decisions. We have made good progress, with further improvements to come. Our future work will include:

- bringing more diverse voices into our assessment and decision-making
- resetting our medicines, vaccines, and hospital medical devices assessment framework
- ensuring our processes for making applications are more user friendly
- tailoring our assessment and decision-making processes to make better use of our resources
- publishing information about our assessments and decisions that meets people's needs.

### 9.2.1 Bring more diverse voices into our assessment and decision-making

Drawing on a diversity of viewpoints is central to ensuring we make quality decisions. It can also give people confidence in the robustness of our decisions. We see potential for a more inclusive and connected approach to how we undertake assessments and make decisions. Our future work will include:

- securing input from a more diverse range of stakeholders earlier in our assessment and decision-making, including clinical experts and those with lived experience
- better understanding, through both research and engaging with consumers, what people value when making difficult choices about what to fund
- collaborating with Te Whatu Ora and Te Aka Whai Ora to ensure our processes reflect health and disability system priorities, and that other parts of the system are ready to support and implement our decisions.

### 9.2.2 Reset our medicines, vaccines, and hospital medical devices assessment framework

Over time, we will reset our assessment framework by:

- reviewing our assessment methods to embed equity considerations
- updating our assessment methods and decision-making processes to ensure they give effect to te Tiriti o Waitangi and more deeply consider impacts across different groups of people
- revising the Factors for Consideration to ensure we consider all of the factors people consider are important when making our decisions
- responding as needed to strategies developed as part of Pae Ora and more broadly, including a rare disorders strategy.

### 9.2.3 Tailor our assessment and decision-making processes to make better use of our resources

To improve timeliness and enhance our decision-making, our future work will include:

- better tailoring our expert advice processes and health technology assessments
- continuing to work towards clearing the backlog of assessments and further embedding an ongoing process to close funding applications that are unlikely to be approved
- upgrading information technology systems to automate some processes, including those used to manage the Pharmaceutical Schedule, procurement and contracts systems, and supplier and other stakeholder relationships.



## 9. Enhancing assessment and decision-making

### 9.2.4 Publish information about our assessments and decisions that meet people's needs

We will build greater trust and confidence in the decisions we make by:

- publishing plain language summaries of assessments ranked on our Options for Investment list
- improving our web-based Application Tracker so the public can:
  - access more information about our assessments
  - do their own comparisons between treatments and products (for example sort options by different factors).

### 9.2.5 Get started on our path – our 2022/23 commitments

For 2022/23, our specific commitments to move forward on this priority are:

1. make effective use of the funding uplift provided in Budget 2022 to fund both more treatments and widen access to already funded treatments
2. commence COVID-19 vaccine purchasing and management
3. continue to secure COVID-19 treatments
4. progress two process improvement projects to improve how we (i) conduct initial assessments of funding applications to improve timeliness; and (ii) improve processes for seeking and receiving expert advice
5. explore how we present our advisory committee meeting records using our decision-making framework (the Factors for Consideration) to make it clearer how the Factors have been applied
6. clarify information published about our exceptional circumstances framework around its application to people with rare disorders, and publish better information about the outcomes from our exceptional circumstances decisions
7. prioritise engagement with our Rare Disorders Specialist Advisory Committee and proactively seek new funding applications from suppliers of medicines for rare disorders
8. explore with Te Whatu Ora, Te Aka Whai Ora, and Manatū Hauora the best way for sector views to be taken into account in our assessment of funding applications
9. continue to improve the usability of our web-based Application Tracker to support improved transparency.







# 10. Striving for and achieving te Tiriti o Waitangi excellence

## 10.1 The opportunity

By delivering on te Tiriti o Waitangi, we will see diverse benefits for Māori within Pharmac and from our work. We want Māori, as tangata whenua, to see Te Pātaka Whaioranga – Pharmac as partners who will honour and uphold te Tiriti o Waitangi. We will build on whānau-centred and kaupapa Māori approaches to help deliver better health outcomes for Māori, including through collaboration with Te Whatu Ora, Te Aka Whai Ora, and Manatū Hauora. Embedding te Tiriti o Waitangi across the health and disability system is a key priority as outlined in the interim Government Policy Statement on Health.

Our Te Whaioranga Strategy has laid out a path to lift our overall performance in upholding te Tiriti. The review and the new Pae Ora (Healthy Futures) Act have given fresh impetus to this work. Increasing Māori within Te Pātaka Whaioranga, and on the committees that advise us, is a necessary component in demonstrating our commitment to te Tiriti.

## 10.2 Titiro whakamua – the path ahead

Te Tiriti o Waitangi cuts across all our priorities and is fundamental to our success. To achieve excellence, we need a comprehensive and cross-organisational approach. Our future work will include:

- living our values from te ao Māori to the full
- embedding Tiriti expectations into all our processes and approaches to work
- increasing the Māori voice in our work, including a strong partnership with Te Rōpū Māori
- increasing our visibility and accountability to Māori.

### 10.2.1 Live our values from te ao Māori to the full

As outlined on pages 12–13, our values reflect concepts from te ao Māori. They have garnered wide support from Māori and non-Māori alike. This has had an immediate effect on Māori perceptions of identity and place within the organisation. Embedding our values as a foundational framework for how we work is vital for future success.

### 10.2.2 Embed Tiriti o Waitangi expectations into all our processes and approaches to work

The Pae Ora health sector principles provide a framework for the whole health and disability system to embed te Tiriti o Waitangi. Pharmac has already developed our own te Tiriti policy, which outlines how we aspire to weave te Tiriti into all our work. The next step is implementing this policy, which will build te Tiriti into all aspects of our work.

### 10.2.3 Increase the Māori voice in our work, including a strong partnership with Te Rōpū Māori

By setting specific targets and developing a well-resourced strategy, we can increase the number of Māori employed by Pharmac and appointed across our expert advice network.

We have put in place a Māori Advisory Rōpū (te Rōpū Māori) to provide Māori leadership and high-level advice and guidance to the Pharmac Board and Senior Leadership Team. Their role is to support Pharmac in our commitment to achieving the best health outcomes for Māori and upholding the articles and principles of Te Tiriti o Waitangi across all our work.

It is also timely to review and renew Te Whaioranga to align it with the Pae Ora Act and Te Pae Tata, the interim New Zealand Health Plan.

To create the environment for authentic wānanga with Māori, we will build, resource, and commit to the partnership framework with te Rōpū Māori and other existing Māori partners.



## 10. Striving for and achieving te Tiriti o Waitangi excellence

### 10.2.4 Increase our visibility and accountability to Māori

He kanohi kitea – the seen face – is an important value in te ao Māori. Meeting face-to-face builds and strengthens relationships. It is vital that we tūhono (connect) to Māori communities, whānau, hapū, and iwi, both informally and at formal events, to be seen as true te Tiriti partners.

Whānau Ora Commissioning Agencies and providers told us that our current relationships need to grow towards a more strategic partnership. We value these relationships and need to increase our efforts in this area. We are keen to partner with Te Aka Whai Ora to see how we can deliver better health outcomes for Māori together.

We must be accountable to Māori and demonstrate our progress towards meeting our te Tiriti obligations. This is critical to Māori understanding, trust, and confidence in Pharmac. We want Māori to see we are authentic in our aspiration to be a safe place, including cultural safety, for Māori to work and flourish.

As outlined in Te Rautaki o Te Whaioranga, we aim to complete a full review of systemic bias and institutional racism as they relate to Māori across our work by the end of 2023. It will also support our goal to dismantle bias and racism currently embedded in our work. Over the next 3 years, we commit to working with and for Māori with disabilities and rare disorders. This will require a dedicated focus and the work will be in partnership with key players in the Māori disabilities and rare disorders spaces.


### 10.3 Getting started on our path – our 2022/23 commitments

For 2022/23, our specific commitments to move forward on this priority are:

10. prioritise giving effect to the health sector principles of Pae Ora, noting their significance for giving effect to te Tiriti, ensuring involvement of and engagement with Māori, and achieving Māori health equity.
11. prioritise an effective partnership with Te Aka Whai Ora
12. continue to make progress with Te Rōpū, our Advisory Committee, to provide strategic direction and help guide our work, including the co-development of a partnership framework
13. adopt our te Tiriti policy
14. commence a review, with Māori, of Te Whaioranga
15. adopt specific Te Tiriti accountabilities for the Senior Leadership Team
16. commence a full review of systemic bias and racism as they relate to Māori across our work
17. increased proportion of staff who are Māori experienced in mātauranga Māori and with close ties to whānau
18. implement a Māori capability development programme for all staff using Te Arawhiti guidelines

As noted in the priority area of enhanced assessment and decision making, we are also working to further improve how Māori health considerations are embedded into funding assessment work and the decisions we make.





# 11. Doing more to achieve health equity

## 11.1 The opportunity

Health equity is a key priority for the health and disability system, as outlined in Te Pae Tata – the interim New Zealand Health Plan.<sup>2</sup> Many New Zealanders are not benefiting as much as they could from health and disability services, particularly Māori, Pacific peoples, and disabled people.

Pharmac wants to make the best contribution we can to health equity. This includes implementing the Pae Ora health sector principles and working closely with others across the health and disability system.

<sup>2</sup> <https://www.tewhātuora.govt.nz/about-us/publications/te-pae-tata-interim-new-zealand-health-plan-2022/>

Advancing Māori health is a key priority. We also need to better meet the health needs of other priority groups, including Pacific peoples and those with disabilities. Collective action is needed from the health and disability system to address these inequities, including barriers to accessing medicines and related products. Pharmac is in a better position than ever to contribute effectively and facilitate change because:

- the Pae Ora (Healthy Futures) Act makes addressing health inequity a priority objective for the entire health and disability system
- new national entities make improved coordination a much more realistic prospect.

See the collaboration section for more about how we want to work with others to deliver on these ambitions.

## 11.2 Titiro whakamua – the path ahead

Addressing inequity of health outcomes requires every part of Pharmac to reconsider how it works. Our future work will include:

- centring equitable health outcomes in all our work
- maximising what management of the Pharmaceutical Schedule can contribute
- facilitating collective action to improve access to and optimal use of medicines
- working more actively with others to enhance monitoring and actionable insights on uptake and use of medicines and devices
- increasing diverse voices in our work and our own visibility to priority communities.

While our initial focus is on medicines and related products, many of the issues and challenges will also be the same for our hospital medical devices work.

### 11.2.1 Centre equitable health outcomes in all our work

While we know what we want to achieve, we still need to develop the specifics about how to incorporate equity considerations across our work. For Pacific peoples, for example, they have made their expectations very clear in Lalanga Fou report (2018)<sup>3</sup>, specifically Goal 3: Healthy and resilient Pacific communities. Our future work will include:

- better incorporating equity considerations into strategies, policies, and approaches to our work
- defining performance measures to demonstrate we are delivering on equity
- embedding diverse voices across our own work and in our expert advisory network
- reviewing the Factors for Consideration, Pharmac’s decision-making framework, that we apply to assess, prioritise, and decide on what’s funded
- working with other agencies to get the data and evidence we need to support our decision making, including New Zealand specific information for Māori, Pacific, and other priority populations
- working in partnership with Māori to pursue health equity.

<sup>3</sup> <https://mpia.govt.nz/assets/Reports/Pacific-Aotearoa-Lalanga-Fou-Report.pdf>



## 11. Doing more to achieve health equity

### 11.2.2 Maximise what management of the Pharmaceutical Schedule can contribute

Deciding which medicines and related products, and in the future hospital medical devices, will be publicly funded is Pharmac's core role. New Zealanders expect us to make evidence based, high-quality decisions that will deliver the best health outcomes. It's essential that equity considerations are embodied in this work. See the section on enhancing our assessment and decision making for more detail.

While we strive to improve health equity, we must acknowledge that the mechanisms available to us through the Schedule cannot address all inequitable health outcomes. This underscores the importance of the other parts of this priority, such as collective action on how the Schedule is used.

The reasons for inequity are complex. Addressing inequity requires a whole system approach, Pharmac is committed to working with a wide range of agencies and stakeholders to influence positive change. The interim Government Policy Statement on Health outlines the outcomes needed from the entire health and disability system to create more equitable outcomes.

### 11.2.3 Facilitate collective action to improve access to and optimal use of medicines

Many agencies and stakeholders have vital roles to play in making the best use of medicines and related products. The need for coordination to get better health outcomes from funded medicines has historically been a barrier. The health reforms and creation of new national entities now makes coordination much more possible.

Pharmac is keen to actively support improved use of medicines and hospital medical devices. We are well placed to play a facilitative role given our place within the system, and our own interest in the investments we make being used as effectively as possible.

Collective initiatives, such as the Joint Venture for Eliminating Family Violence and Sexual Violence and cross-agency work to reduce child poverty, show how a cross government approach can improve alignment and be effective. Health sector examples include the safer prescribing hui from Manatū Hauora and the new immunisation governance group. The Public Service Act 2020 also offers tools to support collaboration, which may over time be useful to consider.

### 11.2.4 Work more actively with others to enhance monitoring and actionable insights

Manatū Hauora, Te Whatu Ora, Te Aka Whai Ora, and the Health Quality and Safety Commission play important roles in monitoring the health and disability system and providing insights about performance and possible improvement.

Pharmac could play a greater role alongside others in monitoring and assessing how medicines and medical devices are used – and in identifying priorities for improving access and use.

### 11.2.5 Increase diverse voices in our work and our own visibility to priority communities

Pharmac is committed to diversity in its staff and expert advisory network, and to actively seeking diverse perspectives when we engage.

We are already making progress but have more to do. We want to better understand the experience, views, and challenges of priority populations.

This is a vital component of our response; each section touches on the need for more diverse voices in our work and how we plan to address it.


### 11.2.6 Getting started on our path – our 2022/23 commitments

For 2022/23, our specific commitments to move forward on this priority are:

19. complete our equity policy to make clear how equity considerations relate to our work
20. explore how we can better meet the needs and interests of disabled people across our work (such as related to data-collection and our work on diversity and inclusion)
21. work further to build an inclusive work environment where all people feel they belong and can be their best – supporting both our current workforce and helping to attract additional diversity when we recruit new staff
22. increase the diversity of our expert advisory network
23. evaluate how our recent insight reports, and use of the underlying monitoring framework, have been received and utilised by other key agencies and stakeholders, to better understand the demand and clinical relevance of such reports.
24. support Te Aka Whai Ora to develop its role in monitoring system performance, including in relation to hauora Māori, and consider where our own analytical effort and sharing of data and insights are best directed to enhance system knowledge.

As noted in the priority area of enhanced assessment and decision making (section 9), we are also working to further improve how equity considerations are embedded into funding assessment work and the decisions we make.





# 12. Better involvement of and collaboration with others

## 12.1 The opportunity

We want to be a trusted, respected part of the health and disability system. Leading by example, we can help build greater alignment across the system for all aspects of medicines and hospital medical devices, including building stronger relationships with a range of stakeholders who are central to our work. In doing this, we will also give effect to the Health Sector Principles of the Pae Ora Act and the Health Quality and Safety Commission's Code of Consumer and Whānau Engagement. As noted in the last section, working in partnership with Māori is also a central and critical part of our engagement ahead.

## 12.2 Titiro whakamua – the path ahead

Collaboration will underpin success in all Pharmac's strategic priorities. Our future work will:

- build and mature our engagement approach
- promote and support collective action
- incorporate more diverse voices in our work
- provide channels and content that meet people's needs.

## 12.2.1 Build and mature our engagement approach

We need to improve how we involve others in our work – but we also need to make careful choices about priorities for engagement. Our engagement model needs to be both best practice, including to reflect Te Arawhiti's guidelines for engaging with Māori, and be sustainable.

While it is essential we provide open opportunities for everyone to influence our work, and inform all New Zealanders about our work, our engagement efforts must importantly focus on health professionals and agencies directly involved in implementing our decisions. Health professionals are the people who give most New Zealanders their information about medicines and hospital medical devices.

## 12.2.2 Promote and support a collective action

The health and disability system needs a collaborative approach to deliver positive change for New Zealanders. No single part of the system can achieve Pae Ora alone. We have already seen the benefits of collaboration, with the COVID-19 response and the safer prescribing and dispensing joint project.

Achieving results collectively is resource intensive, so we intend to play to our strengths and focus on three key workstreams:

- advancing management of hospital medical devices with Te Whatu Ora, Medsafe, and other key agencies and stakeholders
- supporting early success of the cross-agency governance group for the immunisation system
- working with the system to make better use of medicines that are already funded.

## 12.2.3 Strengthen diverse voices in our work

We need to centre the voices of the people that the health and disability system serves. We must reach out to those who are most poorly served, such as Māori, Pacific peoples, and disabled communities, especially where these communities intersect.

To meet Pae Ora principles, we must embed the Health Quality and Safety Commission's Code of Consumer and Whānau Engagement into our work.

Contributing to this change and our wider engagement efforts, we want to redesign our consultation process. It needs to be more inclusive, proactive and seek earlier consumer input, including to hear more about lived experience. For all people involved in our work, it is also important to recognise that medicines are not always funded, or funded within the time people would ideally like, as there are always more medicines that could be funded than money available.



## 12 . Better involvement of and collaboration with others

### 12.2.4 Provide channels and content that meet people's needs

Pharmac's work impacts most New Zealanders, but not all in the same way. Targeted and timely engagement, in ways that work well for different groups, is essential to meaningful communication.

Central to achieving our engagement goals will be a channel strategy. This supports getting the right communication, at the right time, to the right people.

We want to provide accessible information that supports everyone to understand Pharmac's role, work, and decisions. We will continue to build our relationships with specific agencies to better tailor our communications. For example, Matui, who deliver the He Ako Hiringa resource for health care professionals, and Health Navigator, which is a trusted source of health information for many New Zealanders, with much greater reach than Pharmac.

### 12.3 Getting started on our path – our 2022/23 commitments

For 2022/23, our specific commitments to move us forward on this priority are:

25. participate in the cross-agency governance group for the immunisation system, to support better immunisation outcomes through the alignment and connection of different roles
26. identify the best ways to ensure the perspectives and experiences of disabled people are included in our work, including through discussion with Whaikaha – Ministry of Disabled People
27. make consumer appointments to PTAC and some specialist advisory committees
28. work with Health Quality and Safety Commission to identify how best to improve opportunities for consumers to input into our work, including to understand lived experience of people living with diseases
29. explore a formal partnership with Te Aho o Te Kahu – Cancer Control Agency
30. support and contribute to the development of a rare disorders strategy by Manatū Hauora.





# 13. Better integrating our responsibilities



## 13.1 The opportunity

We have multiple functions and, over time, have been given new responsibilities, including management of cancer medicines, vaccines, and COVID-19 treatments. As we look to improve our future effectiveness, the opportunity is to strengthen connections in our work so that the whole is greater than the individual parts. This includes strengthening each part, including our medicines funding, while also bringing more prominence to other important work, particularly hospital medical devices. By strengthening connections and focus, we can ensure that all of our work – together – achieves the best health outcomes.

## 13.2 Titiro whakamua – the path ahead

Better integration of our responsibilities will underpin success in all Pharmac’s strategic priorities. Our future work will include:

- establishing a strategic investment pathway for the Combined Pharmaceutical Budget
- accelerating our management of hospital medical devices, working closely with Te Whatu Ora and other key agencies and stakeholders
- developing a stronger way to describe the connections of all our work
- adopting a quality management and business excellence approach.

## 13.2.1 Establish a strategic investment pathway for the Combined Pharmaceutical Budget (CPB)

The Government has made changes to health sector funding arrangements. Since 1 July 2022, Pharmac took over directly managing the funding for the CPB (via the National Pharmaceutical Purchasing Appropriation). An Appropriation is part of the government budget machinery process, governed by the Public Finance Act.

Taking over direct responsibility for the CPB brings significant benefits for Pharmac, now and in the future. To fully realise these benefits, Pharmac will have to work differently with Manatū Hauora, Te Whatu Ora, Te Aka Whai Ora, and Treasury. For example, we will need to work with Te Whatu Ora on public hospital prescribing arrangements; these sorts of ‘handover’ points between agencies are critical to further explore to improve system integration.

The Government has also signalled that it plans to introduce a multi-year funding framework for health. From July 2024, we will see a commitment to a three-year CPB funding pathway. Greater certainty of funding presents opportunities for Pharmac, such as the ability to:

- better plan and deliver funding decisions
- work more collaboratively with the health and disability system on service and workforce implications of future funding decisions
- make more focused investments to address equity gaps for priority populations
- better optimise the timing of spending (whether spending more now to save later or vice versa)

In advance of the multi-year funding arrangements, Budget 2022 provided an extra \$191 million over two years. This uplift will fund many new medicines and widen access to existing medicines. We have significant work to do to invest this money as effectively as we can.



## 13. Better integrating our responsibilities

### 13.2.2 Accelerate our management of hospital medical devices

The Government response to the Pharmac review reiterated that we should continue to manage hospital medical devices, given its strong fit with our capability.

There is now an opportunity for Pharmac to extend its management of hospital medical devices and deliver greater benefits for the system. To give the hospital medical devices work programme the best chance of success, Pharmac will focus on the key aspects below.

The creation of Te Whatu Ora, replacing 20 separate district health boards and multiple procurement agents, creates new opportunities. Pharmac and Te Whatu Ora can share responsibility and build on each other's strengths to continue the work to manage hospital medical devices. Together, we have an opportunity to develop an integrated, system-wide approach.

#### Assessing the value and trade-offs for better funding decisions

Pharmac has particular expertise and well-established methods for assessing the relative value of health interventions using health technology assessment, expert advice, and prioritisation.

#### Enhanced category management and strategic procurement

There are opportunities to achieve greater value for money from standardisation or optimisation of medical devices already being used in public hospitals, for example, by leveraging competition to achieve the same health outcomes at less cost.

Developing plans for the management of categories of related devices provides an opportunity to work collaboratively with our sector partners to take a longer-term view, and seat these in the wider goals of the health and disability system, for example in respect of equity, sustainability, and optimal use. It also provides the opportunity for voices of Māori, Pacific peoples, clinicians, consumers, disabled people, and other important perspectives to be an integral part of the overall strategic approach.

### Building partnerships to achieve success

We will need to work collectively with our health and disability sector partners to achieve change and benefits from our hospital medical devices programme. We will need to build on current engagement with key stakeholders and explore opportunities with Te Whatu Ora and Te Aka Whai Ora to further strengthen our connections and integration across this work. For example, we will need to partner with Te Whatu Ora to accelerate completion of a comprehensive Health Sector Catalogue (detailing all devices currently in use in hospitals) and its integration into hospital procurement processes and systems.

### 13.2.2 Develop a stronger way to describe the connections of Pharmac's work

Most public discussion about Pharmac relates to our role funding medicines. However, Pharmac does much more, for example supporting the responsible use of medicines and related products. As such, we need a better narrative that connects and explains all our work, so all stakeholders understand what we do. This includes truly embedding our wider scope into our own organisational culture. Our work managing hospital medical devices, for example, is both significant in scale and of high importance to the performance of the health and disability system.

### 13.2.4 Adopt a quality management and business excellence approach

A 'business excellence approach' is an integrated collection of business practices,<sup>4</sup> which are designed to improve organisation performance. Such systems include quality management and assurance practices at their core.

While Pharmac has several business excellence elements in place, we need to better integrate them across all our work. Some elements of our practice will also need to mature to meet future needs. The approach we adopt will also need to have a strong focus on change management, to support us as we reset Pharmac for the future.

At the same time, we also need to look at how we continue to strengthen a high-performance culture. Pharmac's staff are critical to our success and our most valuable asset. A strong organisational culture ensures our staff feel engaged, connected, and valued.

<sup>4</sup> Business excellence models include the following elements – shared strategic direction, leadership and management of change, integration and alignment of key functions, process design and continuous improvement, performance measurement and feedback, knowledge capture and leverage, and quality management and assurance.



# 14. Appendix 1

## Summary of actions and initiatives underway or commencing in 2022/23



### Enhanced assessment and decision making

1. Make effective use of the funding uplift provided in Budget 2022 to fund both more treatments and widen access to already funded treatments
2. Commence COVID-19 vaccine purchasing and management
3. Continue to secure COVID-19 treatments
4. Progress two process improvement projects to improve how we (i) conduct initial assessments of funding applications to improve timeliness; and (ii) improve processes for seeking and receiving expert advice
5. Explore how we present our advisory committee meeting records using our decision-making framework (the Factors for Consideration) to make it clearer how the Factors have been applied
6. Clarify information published about our exceptional circumstances framework around its application to people with rare disorders, and publish better information about the outcomes from our exceptional circumstances decisions
7. Prioritise engagement with our Rare Disorders Specialist Advisory Committee and proactively seek new funding applications from suppliers of medicines for rare disorders
8. Explore with Te Whatu Ora, Te Aka Whai Ora and Manatū Hauora the best way for sector views to be taken into account in our assessment of funding applications
9. Continue to improve the usability of our web-based Application Tracker to support improved transparency.



### Te Tiriti Excellence

10. Prioritise giving effect to the health sector principles of Pae Ora, noting their significance for giving effect to te Tiriti, ensuring involvement of and engagement with Māori, and achieving Māori health equity.
11. Prioritise an effective partnership with Te Aka Whai Ora
12. Continue to make progress with Te Rōpū, our Advisory Committee, to provide strategic direction and help guide our work, including the co-development of a partnership framework
13. Adopt our te Tiriti policy
14. Commence a review, with Māori, of Te Whaioranga
15. Adopt specific Te Tiriti accountabilities for the Senior Leadership Team
16. Commence a full review of systemic bias and racism as they relate to Māori across our work
17. Increased proportion of staff who are Māori experienced in mātauranga Māori and with close ties to whānau
18. Implement a Māori capability development programme for all staff using Te Arawhiti guidelines



### Doing more to achieve health equity

19. Complete our organisational equity policy to make clear how equity considerations relate to our work
20. Explore how we can better meet the needs and interests of disabled people across our work (such as related to data collection and our work on diversity and inclusion)
21. Work further to build an inclusive work environment where all people feel they belong and can be their best – supporting both our current workforce and helping to attract additional diversity when we recruit new staff
22. Increase the diversity of our expert advisory network
23. Evaluate how our recent insight reports, and use of the underlying monitoring framework, have been received and utilised by other key agencies and stakeholders, to better understand the demand and clinical relevance of such reports.
24. Support Te Aka Whai Ora to develop its role in monitoring system performance, including in relation to hauora Māori, and consider where our own analytical effort and sharing of data and insights are best directed to enhance system knowledge.



### Better involvement of and collaboration with others

25. Participate in the cross-agency governance group for the immunisation system, to support better immunisation outcomes from alignment and connection of different roles
26. Identify the best ways to ensure the perspectives and experiences of disabled people are included in our work, including through discussion with Whaikaha – Ministry of Disabled People
27. Make consumer appointments to PTAC and some specialist advisory committees
28. Working with HQSC, identify how best to improve opportunities for consumers to input into our work, including to understand lived experience of people living with diseases
29. Explore a formal partnership with Te Aho a Te Kahu – Cancer Control Agency
30. Support and contribute to the development of a rare disorders strategy by Manatū Hauora.

# 15. Appendix 2

## Summary of response to recommendations

Review Recommendation	Government Response	Pharmac role in responding to recommendation
<b>Governance and accountability</b>		
<p>1. Change the Pae Ora (Healthy Futures) Bill so that Pharmac’s best health outcomes objective includes securing equitable health outcomes for Māori and other populations.</p>	<p>The Pae Ora (Healthy Futures) Act 2022 provides for all health entities (including Pharmac) working to achieve equity in health outcomes among New Zealand’s population groups, including by striving to eliminate health disparities, in particular for Māori.</p>	<p>Pharmac welcomes the passing of the Pae Ora (Healthy Futures) Act, and the establishment of Te Whatu Ora and Te Aka Whai Ora.</p> <p>A more integrated system will support improved access to, and use of, medicines and devices. A strong collective focus on te Tiriti o Waitangi and health equity is also essential to delivering better and fairer health outcomes.</p> <p>Please also see specific commitments 8, 10, 11, 25, and 30 in Appendix 1.</p>
<p>2. Make explicit the expectation that in seeking the best health and equity outcomes, Pharmac must work collaboratively with the Ministry [of Health], Health NZ and the Māori Health Authority.</p>	<p>The Pae Ora (Healthy Futures) Act 2022 requires all health entities (including Pharmac) to be guided by the health sector principles including in collaborating with agencies and organisations to address the wider determinants of health to protect and promote people’s health and wellbeing. The Government Policy Statement on Health the health strategies reinforce this requirement.</p> <p>Pharmac will give high priority to collective work with the te Manatū Hauora and other health entities to improve equity and health outcomes.</p>	
<p>3. Ensure all health system guiding principles in the [Pae Ora (Health Futures)] Bill apply to Pharmac.</p>	<p>The Pae Ora (Healthy Futures) Act 2022 sets out health sector principles that apply to all health entities, including Pharmac.</p>	



Review Recommendation	Government Response	Pharmac role in responding to recommendation
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**Governance and accountability**

**4.** Amend Pharmac's functions to:

- a. transfer responsible use of medicines to Health NZ and Māori Health Authority
- b. enhance its role as an advisory agency in security of supply for pharmaceuticals.

a. Pharmac retains the responsible use of medicines function, not as a sole responsibility but in order to contribute to achieving its primary objective. Collaborative work across agencies is underway to, for example, improve safety and quality in medicine use, to prevent development of antibiotic resistance and to improve accessibility of medicines for people who need them the most. This collaborative work will expand over time.

With regards responsible use of medicines, Pharmac considers a stronger focus on collective action is needed to make full use of the roles of multiple parties, including Pharmac.

Please also see specific commitments 23, 24, and 25 in Appendix 1.

b. Te Manatū Hauora will lead health and disability sector input to supply chain resilience work across Government.

Pharmac has an important role in security of supply for pharmaceuticals. MFAT are leading supply chain resilience work (which includes health-related products), and Pharmac are connected with this work.

Please also see specific commitments 2 and 3 in Appendix 1.

**5.** Agree the membership of the Consumer Advisory Committee should be appointed by the Minister.

The Pae Ora (Healthy Futures) Act 2022 requires health entity boards to have in place consumer advisory committees and to give effect to a code of expectations for consumer and whānau engagement in the health and disability sector. Pharmac will abide by this code and make consumer participation integral to its work. The code highlights opportunities to enhance consumer participation at all levels, including in Ministerial appointments to boards.

Pharmac acknowledges the need to strengthen consumer voices in its work, including through its consultation processes. This includes reaching out to priority populations, including Māori, Pacific peoples, and disabled communities.

We must embed the Health Quality and Safety Commission's Code of Consumer and Whānau Engagement into our work.

Please also see specific commitments 27 and 28 in Appendix 1.



Review Recommendation	Government Response	Pharmac role in responding to recommendation
<b>Governance and accountability</b>		
<p>6. Direct the Ministry [of Health] to develop an updated medicines strategy in consultation with stakeholders (including Māori, Pasifika, disabled people) on its contents over the next 12 months.</p>	<p>Strategic thinking about how medicines contribute to equity and health outcomes will be progressed through the new suite of strategies required by the Pae Ora (Healthy Futures) Act 2022 and continued implementation of the current Medicines Strategy, including a new regulatory scheme for therapeutic products.</p>	<p>Pharmac is very supportive of the strategies required under Pae Ora. Pharmac will continue to work collaboratively with Manatū Hauora and others as these important strategies advance.</p>
<p>7. Require Pharmac to ensure its contractual obligations do not preclude the sharing of commercially sensitive information with the key monitoring agencies such as Health NZ / Māori Health Authority, the Treasury.</p>	<p>Pharmac will ensure its obligations to protect commercially sensitive information allow for levels of disclosure that are permissible in particular circumstances, with frameworks for permissions and processes for recipient handling of confidential information.</p>	<p>Pharmac will review transparency and accessibility of information, while maintaining appropriate commercial sensitivity.</p> <p>Please also see specific commitments 4, 5, 6, and 8 in Appendix 1.</p>
<p>8. Require Pharmac to improve the transparency and accessibility of its systems, processes, resources, and communications to allow disabled people to participate and contribute on an equal basis.</p>	<p>Pharmac will improve the transparency and accessibility of its systems, processes, resources, and communications to allow disabled people to participate and contribute on an equal basis.</p> <p>Pharmac will ensure that the public and stakeholders are informed and engaged, that changes made as part of the Government response are visible and that the reasons for prioritising some changes over others are clearly explained.</p>	<p>Pharmac will strengthen its focus on better meeting the needs and interests of disabled people across its work.</p> <p>Please also see specific commitments 4, 5, 6, 9, 20 and 26 in Appendix 1.</p>
<p>9. Direct Pharmac and other agencies in the health and disability sector to review how the different operating approaches used in the COVID-19 response could be applied to business-as-usual, including working collaboratively and speedily, sharing data, and using streamlined processes.</p>	<p>A health system response focused on health system supplies will be led by Manatū Hauora to contribute to wider Government work on supply chain resilience for essential supplies.</p>	<p>Pharmac has been an active part of the COVID-19 response and continues to take learning from this work.</p> <p>Please also see specific commitments 2, 3, and 25 in Appendix 1.</p>

Review Recommendation	Government Response	Pharmac role in responding to recommendation
<b>Decision-making</b>		

10. Develop an integrated analytical framework for the assessment of pharmaceuticals that incorporates:

- a. enhanced cost-benefit analysis with strengthened distributional elements
- b. strengthened equity analysis in all its decision-making processes
- c. reviewing and revising the Factors for Consideration to ensure a proper analytical framework for their application, which can be demonstrated to make a material impact on the outcomes of funding decisions and advance the agency's equity goals
- d. more formal structure to consider the prioritisation of the options for investment list currently performed by Pharmac staff, with greater input from its advisory committees
- e. more generally, role clarity at each step of the decision-making process, including what information should be taken into account when preparing material to support decisions.

Pharmac will give high priority to considering equitable outcomes in its decision-making processes.

Pharmac will further develop its analytical frameworks and tools to include distributional analysis and support achieving more equitable outcomes. This will likely involve a multi-year programme of development, testing, and further refinement and be world-leading

Pharmac will report on the impacts its work, including its collective work with other agencies, has on improving equity and health outcomes.

Pharmac has a strong focus on improving its assessment and decision-making processes.

Please also see specific commitments 1, 4, 5, 13, and 19 in Appendix 1.

11. Have stronger oversight by the board of the pharmaceutical investment decision-making, with a focus on what is not funded alongside what is funded. This should include:

- a. ongoing quality assurance oversight of the investment decision-making process
- b. regular evaluations of the impact of investment decisions and assurance that the pharmaceutical schedule more generally is advancing Pharmac's objectives, including those of achieving equitable health outcomes.

Pharmac recognises the expectations for effective governance of Pharmac and a continued focus on performance improvement.



Review Recommendation	Government Response	Pharmac role in responding to recommendation
<b>Cancer medicines</b>		
12. Agree that cancer pharmaceuticals should be considered like other pharmaceuticals. The emphasis needs to be on severity of disease, clinical alternatives, and cost for benefit.	Agreed with proviso that some unique characteristics will need to be considered.	Pharmac has noted this recommendation, further noting that there have been various calls over time from stakeholder group for funding silos for particular treatments, which if implemented would be a significant change to the model. Please also see specific commitments 1 and 29 in Appendix 1.
13. Notes the review considered ring-fenced funding for cancer but that would lead to prioritising over other conditions.	Noted.	
14. Direct Pharmac and Te Aho o Te Kahu to develop a partnership to enable closer integration with the cancer health sector, with a focus on ensuring equitable access to funded cancer medicines.	Agreed and noted already underway, Pharmac and Te Aho o Te Kahu will continue their partnership.	Pharmac works closely with Te Aho o Te Kahu and is progressing this partnership arrangement.  Please also see specific commitment 29 in Appendix 1.
<b>Rare disorders</b>		
15. Ministry of Health to lead the development of a rare disorders strategy to coordinate efforts to address and improve the lives of people with rare disorders. This strategy will need to: <ul style="list-style-type: none"> <li>a. agree an official New Zealand definition of rare disorder</li> <li>b. be a system view and based on a commitment to ensuring more equitable access to appropriate health care services from diagnosis through to treatment and other supports</li> <li>c. consider the challenge of funding medicines for rare disorders, taking into account the increasing scale of the problem and the impact that this will have on health services more generally.</li> </ul>	The Government agrees that more can be done to improve the lives of people with rare disorders and to make it easier for people, practitioners, and organisations to get the information and support that would help. Manatū Hauora will lead development of a strategy that will lead to better, more timely services and more equitable support and outcomes for people and whānau with rare disorders.	Pharmac will support the development of a rare disorders strategy by Manatū Hauora.  Please also see specific commitment 30 in Appendix 1.

Review Recommendation	Government Response	Pharmac role in responding to recommendation
<b>Rare disorders</b>		
<p><b>16.</b> Fully adopt the recommendations of the Pharmac-commissioned RFP pilot evaluation:</p> <ul style="list-style-type: none"> <li>a. Pharmac’s Rare Disorders Advisory Committee needs to meet frequently enough to undertake and/or consider horizon scanning.</li> <li>b. Pharmac needs to demonstrate it is acting on the recommendation to have in place more regular calls to suppliers seeking applications.</li> </ul>	<p>Pharmac will continue to improve its responses to rare disorders, including continuing to involve the lived experience of rare disorders and other expertise.</p>	<p>Pharmac will prioritise engagement with its Rare Disorders Specialist Advisory Committee (meeting as soon as practical) and proactively seek new funding applications from suppliers.</p> <p>We will also clarify information published about our exceptional circumstances framework, including publishing better information about the outcomes from our exceptional circumstances decisions.</p> <p>Please also see specific commitments 5, 6, 7, 27, 28, and 30 in Appendix 1.</p>
<p><b>17.</b> Support the chair of the Rare Disorders Advisory Committee to ensure the right expertise is invited to provide advice on applications where there is currently no member of the committee covering that specialism. This may mean involving experts from other countries.</p>		
<p><b>18.</b> Involve the lived experience of patients with rare disorders in the decision-making process.</p>		
<p><b>19.</b> Extend the role of the Rare Disorders Advisory Committee to monitor and review pharmaceuticals once funded, to gauge their efficacy. This could be achieved through the development of a register for funded medicines.</p>		
<p><b>20.</b> Become more transparent about the decision on applications for rare disorders, including under exceptional circumstances.</p>		
<p><b>21.</b> Formalise the discretion currently applied within the exceptional circumstances process to minimise barriers to access for rare disorders, including greater clinical oversight.</p>		



Review Recommendation	Government Response	Pharmac role in responding to recommendation
<b>Vaccines</b>		
<p><b>22.</b> Transition the prioritisation of vaccines and their eligibility criteria to the newly established Interim Public Health Agency.</p>	<p>Not agreed – Achieving good immunisation outcomes across all of our communities is vitally important to New Zealanders’ health. Better gains will be achieved with the sector working together than in splitting up functions.</p>	<p>Pharmac will work with other agencies through a new collective governance arrangement for the immunisation system. This will improve alignment of roles and responsibilities across the system.</p>
<p><b>23.</b> Direct the Interim Public Health Agency to consider equity as part of the processes it adopts.</p>	<p>Te Manatū Hauora, Public Health Agency, and Pharmac will agree on a robust strategy for immunisation outcomes and the key vaccine decisions involved. Pharmac will use its purchasing skills to deliver the vaccines needed to protect New Zealanders, being responsive to needs of those involved in providing immunisation.</p>	<p>Please also see specific commitments 1, 2, 8, and 25 in Appendix 1.</p>
<p><b>24.</b> Direct Pharmac to continue to negotiate the price, supply and terms and conditions of supply but not decide which vaccines are listed on the schedule or the eligibility criteria.</p>	<p>All entities will work together to achieve good and equitable immunisation outcomes in keeping with the high priority New Zealand has for preventing disease and improving health for all of our communities.</p>	
<p><b>25.</b> Transition these new arrangements over a sufficient time period to enable the Interim Public Health Agency to establish the requisite capability.</p>		
<p><b>26.</b> Direct the Ministry of Health, the Interim Public Health Agency, Health NZ, and Pharmac to revise the memorandum of understanding to reflect clear roles and functions, including the primacy of the Interim Public Health Agency in ensuring the vaccine schedule is up to date and relevant to the health needs of New Zealanders.</p>		
<p><b>27.</b> Allocate responsibility for overseeing the entire vaccine supply chain to Health NZ.</p>		
<p><b>28.</b> Direct Health NZ to undertake detailed policy work to design the system needed to ensure comprehensive, real-time monitoring of vaccines along the supply chain.</p>		

Review Recommendation	Government Response	Pharmac role in responding to recommendation
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**Hospital medical devices**

**29.** Transfer cataloguing and contracting medical devices from Pharmac to Health NZ, which is better placed to manage procurement and supply chain for medical devices.

Not agreed – The Government does not agree that Pharmac’s responsibility for pharmaceutical devices should be transferred to Health NZ at this stage, while Health NZ is being established. There is much to be done by the new entities without adding to that work, and a number of benefits to the public in Pharmac continuing to hold this responsibility.

Pharmac will continue its responsibility to manage medical devices, in collaboration with Te Whatu Ora and other key agencies and stakeholders.

Please also see specific commitments 8, 10, 22, 26, and 28 Appendix 1.

**30.** Direct that this transition happens at the speed Health NZ determines.

Until new therapeutic products legislation is in effect, Pharmac’s safety and quality assessments are important across these products, and particularly for the increasing numbers of personalised and biologic devices. A number of devices are listed on the Pharmaceutical Schedule and funded for community use; it is probable that this will continue and expand in future.

**31.** Direct Pharmac to work with Health NZ to complete the design of the health technology assessment process.

**32.** Direct Pharmac and Health NZ to report to the Minister on any ongoing role for Pharmac with medical devices.

The Government may review device procurement responsibilities in time. There are many different types of devices. While a full review will wait until the Therapeutic Products Bill is implemented and regulation for pharmaceutical devices is in place, responsibility for large devices involving significant capital outlay may be considered earlier. For now, the Minister of Health has asked Pharmac to continue to work closely with Health NZ as it works to promote consistency in health services across New Zealand.

**Promoting responsible use of pharmaceuticals**

**33.** Agree Pharmac’s role in optimising the use of medicines should focus on ensuring medicines are assessed with an equity approach and undertaking any agreed activities that follow on from the proposed medicines strategy update and associated action plans.

Pharmac will take an equity approach to pharmaceutical assessments and will promote responsible use of medicines.

Pharmac has an important role in improving access to and use of medicines and medical devices. Alongside improvements in its own work, Pharmac supports more effective collective action with other agencies and stakeholders, given the important roles played by other parties. This includes a stronger collective focus on using data and insights to understand access and use across population groups, and to identify and prioritise initiatives to improve it.

Please also see specific commitments 8, 10, 19, 23, 24, and 28 in Appendix 1.



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# Keep in touch

The views of people who may be impacted by the decisions we make are important to us.

Find out how to get in touch on our website.

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TE PĀTAKA WHAIORANGA

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