MANATŪ HAUORA
MINISTRY OF HEALTH

Briefing

Options to progress the additional cancer treatments initiative

Date due to MO:	6 December 2023	**Action required by:**	N/A
Security level:	IN CONFIDENCE	**Health Report number:**	H2023033208
To:	Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand: ☒	Māori Health Authority: ☒	

Contact for telephone discussion

Name	Position	Telephone
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Minister's office to complete:

☐ Approved	☐ Decline	☐ Noted
☐ Needs change	☐ Seen	☐ Overtaken by events
☐ See Minister's Notes	☐ Withdrawn	

Comment:

Options to progress the additional cancer treatments initiative

Security level:	IN CONFIDENCE	**Date:**	XX December 2023
To:	Hon Dr Shane Reti, Minister of Health		

Purpose of report

1. This paper provides advice on the Government's proposal to fund access to 13 additional cancer treatments in New Zealand and seeks your preferences for further advice.

Summary

2. The Government has identified a priority coalition initiative is to give New Zealanders access to 13 more cancer treatments. Prior to the election, a manifesto commitment to 'help more kiwis fight cancer' was made to ring-fence $280 million of funding over four years to fund 13 specific solid cancer treatments the Cancer Control Agency says will provide "substantial clinical benefit" to patients.

3. We can support and inform the delivery of this initiative and seek to understand your preferences among the initial options provided in this paper. This includes understanding your position on the desired initiative outcomes, and further advice on your preferred option to implement this initiative.

4. Officials have identified a range of initial options based on the details of the manifesto commitment, fiscal plan and the proposed outcomes of the initiative. There are significant considerations and risks associated with each option, including impacts on current policy and legal settings on Pharmac, resource and timing implications and the wider system's capacity to implement the initiative.

5. Officials are reviewing the estimated costs to implement the initiative, noting there are risks that the initial $280 million may not cover the costs of medicines, nor the additional costs for the sector to support the delivery of the treatments.

6. There are broader opportunities to increase publicly funded access to more medicines (including cancer) and improve health outcomes within the current system settings and funding envelope. Officials can provide further information on this alternative option if this is a preferred direction.

Recommendations

We recommend you:

a) **Confirm** the intent of the initiative is to improve access to publicly funded cancer medications in New Zealand — **Yes / No**

b) **Note** the purchasing of the 13 specific cancer treatments as detailed in the *Helping more Kiwis fight cancer* (the manifesto commitment) document is complex and will need to sit outside the Pharmac prioritisation and funding process

c) **Note** the Ministry has identified a number of options with different considerations including legislative, operational and timing

d) **Indicate** your preference for further implementation advice on the following options

i. the creation of a ring-fenced fund within Pharmac (Option A) — **Yes / No**

or

ii. the creation of a ring-fenced fund within the Ministry of Health (Option B) — **Yes / No**

or

iii. adding $70m per year onto the Combined Pharmaceutical Budget (Option C) — **Yes / No**

or

iv. none of the options outlined above, and instead direct the Ministry to investigate further alternative options (Option D) — **Yes / No**

e) **Note** your early direction on these options will support more detailed advice on the Budget 2024 package for Vote Health

f) **Indicate** if wish discuss your ambitions and preferences for the options outlined above

Dr Diana Sarfati
Director-General of Health
Te Tumu Whakarae mō te Hauora
Date:6 December 2023

Hon Dr Shane Reti
Minister of Health
Date: 14/1/24

Options to progress the additional cancer treatments initiative

Background and Context

7. In New Zealand, approximately 25,000 people are diagnosed with cancer each year, with around 10,000 fatalities. It is the leading cause of death and health loss. There is a disproportionate impact on Māori, Pacific peoples and other priority population groups resulting in avoidable inequities.

Improving cancer outcomes is a priority for the system to deliver better health outcomes

8. We understand your aim for the health system is to deliver better outcomes and ensure healthcare is equitable, efficient, and responsive to the needs of the public. This includes a focus on improving cancer outcomes for more New Zealanders as a priority.

9. A series of health initiatives to raise cancer survival rates have been proposed to achieve this, including:

   a. improving cancer management through improved screening, diagnosis, treatment, and management

   b. faster cancer treatment and management through health targets

   c. improving access to cancer medicines.

10. Specifically, we understand there is a priority to invest $280 million over four years to fund 13 cancer treatments that the Cancer Control Agency | Te Aho o Te Kahu have stated in a 2022 report will provide "substantial clinical benefit". The 13 cancer treatments are funded in Australia but not in New Zealand are listed in the manifesto commitment and are outlined in Appendix One.

11. It is estimated from that up to 1,000 patients with specific cancers would benefit from this initiative.[1]

Assumption

12. Throughout this paper we have assumed the outcome of the "helping more Kiwis fight cancer" initiative is to improve health outcomes through better access to cancer medications.

The Cancer Control Agency Report

13. The initiative was informed by a 2022 Cancer Control Agency report (the report) which focused on providing an objective, evidence-informed description of cancer medicine availability in Aotearoa compared with that in Australia.

14. The analysis focused on solid cancer tumours medicines and did not include a pharmaceutical cancer gap analysis for myeloma, leukaemia, and other non-solid

[1] **This is based on the Cancer Control Agency report's which estimated the eligible population size for certain lung, bowel, kidney, bladder, head and neck and melanoma cancers**

cancers. The report is a clinical gap analysis focussed on whether funded treatments in Australia provided significant clinical benefit based on the ESMO-MCBS framework.[2]

15. The report identified 20 different treatment gaps across nine solid tumour cancer types, where the medicines were publicly funded in Australia and not in Aotearoa and the ESMO-MCBS score indicated the medicine would offer substantial clinical benefit. Within the identified 20 treatment gaps, all but three were for use in a palliative care setting.

16. Since the release of the report, Pharmac notes the following developments of the 20 treatments:

    a. publicly funded 5 treatments

    b. ranked 7 treatments on its Options for Investment list

    c. awaiting further advice on 2 treatments

    d. recommended the decline of 3 treatments

    e. has not received applications for the remaining 5 applications.

17. At the time of the analysis, there was no validated tool available to enable a consistent and objective assessment of blood cancer medicine, and it is likely that several treatments within this group would provide high or higher clinical benefit scores than the solid cancer tumours treatments identified in this report.

18. The report acknowledges that there are other factors when assessing medications and treatments for introduction into New Zealand. These factors were not assessed, including value for money, impacts on patients, communities and health system, equity and implementation considerations such as workforce and infrastructure requirements.

19. The report was not intended to direct Pharmac purchases of any specific medicines or treatments.

Options to improve access to cancer treatments in New Zealand

20. The Ministry reviewed the possible options to enable access to the remaining 13 specific treatments, outlined in the manifesto commitment.

21. We considered how options would impact the legal, regulatory, Pharmac model settings as well as implementation considerations. A table of potential options, their specific considerations and likely risks and benefits of each is attached as Appendix Two.

Current policy and legal settings

22. To preserve the independence and accountability of Pharmac (and Crown entities generally), current policy and legal settings do not allow Ministers and/or Crown agents to direct the purchasing of any medicines for specific treatments by Pharmac.

23. Section 103 of the Crown Entities Act 2004 gives the Minister of Health the general power to give directions to Pharmac to give effect to a government policy that relates to its functions and objectives. However, the Minister's directions are confined to

[2] European Society of Medical Oncology – Magnitude of Clinical Benefit Scale; a tool used to assess the magnitude of benefit of medicines for solid tumours, based on information from clinical trials

government policy and does not extend to Pharmac's statutorily independent functions (ss 113, 114 and 115 Crown Entities Act).

24. Further, under s66(2) of the Pae Ora (Healthy Futures) Act 2022 (set out below) specifically provides that the Minister's cannot direct Pharmac under section 103 of the Pae Ora (Healthy Futures) Act to purchase pharmaceutical from a particular source or provide any pharmaceutical subsidy or benefit to a named individual.

s66 Restrictions on directions under section 103 of Crown Entities Act 2004

(2) No direction may be given to Pharmac under section 103 of the Crown Entities Act 2004 that would—

(a) require Pharmac to purchase a pharmaceutical from a particular source or at a particular price; or

(b) provide any pharmaceutical or pharmaceutical subsidy or other benefit to a named individual.

25. This means that to enact this initiative of ring-fenced funding for the purchase of specific solid tumour cancer medicines via Pharmac would require either:

a. an option outside the current Pharmac medicines procurement process to be considered

OR

b. significant amendments to reform Pharmac's independence under the Crown Entities Act and the Pae Ora Act, which will have flow-on impacts on all Crown Entities.

26. Pharmac has advised that if it were to follow its normal assessment, decision-making and prioritisation processes that it would cost s 9(2)(j) to fund a number of good value investments on its Options for Investment list including the majority of the 13 cancer treatments.

Options to ensure access to the 13 treatments

27. To ensure access specifically to the 13 treatments outlined in the manifesto commitment, there are two potential implementation options to consider:

a. Option A - create a ring-fenced fund within Pharmac (requires legislative change with significant implications)

b. Option B - create a ring-fenced fund within the Ministry of Health (requires establishment of new business unit)

28. A high-level summary of the considerations of each option are presented in Table 1 below:

Table 1 – high-level consideration of options to ensure access to the 13 specific treatments outlined in *Helping more Kiwis fight cancer*

Ring-fenced fund within Pharmac (Option A)	*Ring-fenced fund within Ministry of Health (Option B)*

Benefits • Leverages Pharmac procurement skills, processes, and resources (provided Pharmac retains discretion over price and choice of suppliers). **Challenges** • To allow a Minister to direct Pharmac to purchase specific treatments (including as part of any new function), amendments to current legislation (with significant implications to crown entity governance) would be required. It would be a significant shift in the objective of the current funding model, and extensive policy work would be required to understand impacts of potential legislation changes on Pharmac, the wider health system and other Crown Entities. • Risk remains Pharmac would simply be contracting for medicine at the price requested as suppliers are aware that ring-fenced funding is available for named medicines.	**Benefits** • Best option to maintain the independence of the Pharmac purchasing model. **Challenges** • Requires the establishment of a new business unit to undertake the procurement and contract management capability, which would have considerable time, funding, and resource impacts. • It establishes duplicate procurement functions in the health sector. • Protections that apply to Pharmac in relation to the Commerce Act are not applicable. • No negotiation leverage, so there is a significant risk of overpaying for medicines and receiving unfavourable supply terms. • Difficulties in management of the full lifecycle of a medicine. • Difficulties in considering requests to widen indications to other cancer treatments in the future. • Inability to leverage off other Pharmac functions, such as supported research.

29. Of these options, the Ministry assesses that accessing the 13 treatments through the Ministry (Option B) would have the least overall impact on Pharmac, the health system and Crown Entities more generally.

30. If Option A is preferred, a key consideration will be the timing of wider medicines policy changes. If other changes to the legislation under which Pharmac operates is being contemplated by the Government, then it may be prudent to make the necessary changes to allow ring-fencing of funding for specific medicines as part of that larger process. The implication of this may be that there is a delay to the commencement of this arrangement.

31. If Option B is preferred, policy questions would need to be resolved, such as:

    a. Would the Ministry be required to manage these medicines permanently or would they transition to Pharmac at some point?

    b. Would funding of these 13 treatments continue beyond the four-year period?

    c. Would other cancer treatments be considered as part of this fund over time?

32. An option for Te Whatu Ora or other Crown Entities was not provided given they are subject to the same current policy and legal risks and considerations as outlined in paragraph 22. Furthermore, they would likely have similar challenges the Ministry of Health has operating a ring-fenced fund (as outlined in Table 1, Option B).

Broader considerations in implementing Options A or B

There are risks with purchasing outside of the Pharmac model

33. For both Option A and B, it is important to note that funding the 13 specific treatments outside the current policy settings challenges the established funding model for pharmaceuticals in New Zealand. The implications of this may include:

    a. health resources being distributed not based on evidence, or ability to benefit, but on the ability to lobby effectively or secure media coverage

    b. Ministers finding themselves repeatedly lobbied by individuals, companies, or interest groups to fund pharmaceuticals not listed on the Pharmaceutical Schedule. This represents a significant fiscal and political risk, as well as therapeutic risk if the therapeutic benefits turn out to be limited

    c. the perceived availability of another funding mechanism for pharmaceuticals inevitably weakening Pharmac's negotiating position with pharmaceutical companies generally, undermining Pharmac's ability to secure pharmaceuticals at reasonable cost and impacting Pharmac's budget and funding of new medicines

    d. inflexibility of divesting from these medicines in future especially if they are superseded by more advanced medicines

    e. heavy resource investment to duplicate existing process

    f. Government being subject to legal challenge through the New Zealand Bill of Rights Act 1990 for specifically funding certain treatments over others.

Equity assessments will need to be developed

34. Equity is among the factors considered within the current medicines funding process. It is an important consideration in ranking Pharmac's options for investment list and is a system focus by Te Whatu Ora, the Cancer Control Agency, and the Ministry to improve cancer care across the care continuum.

35. While the current impact of this initiative to equity has not been explored, some of the broader considerations are outlined in equity section paragraphs 70 to 73. Implementation of either option A or B would require establishing processes to identify, consider and manage equity related risks from delivering these specific cancer medicines.

Additional funding will likely be required

36. The manifesto commitment and fiscal plan indicates a ring-fenced fund of $280 million over 4 years to resource this initiative, separate from the Combined Pharmaceutical Budget (CPB).

37. Detailed financial estimates to implement the initiative are yet to be finalised; however are likely to exceed the proposed $280 million of funding.

38. Only 7 of the 13 treatments are being considered for funding by Pharmac, so we are currently unable to estimate the full cost of the 13 treatments. Pharmac has advised that an initial estimate for the cost of the medicines for the 13 treatments over four years is s 9(2)(j) [redacted] This considers the price Pharmac could achieve with a favourable negotiating position.

39. Pharmac further advises that further funding is required as the estimate does not consider additional sector resources needed to support the implementation of the treatments. This includes funding to meet workforce, service infrastructure, and service delivery needs across the cancer treatment spectrum (including pharmacy, radiation, laboratory testing, specialist follow-up, imaging). It is further noted that the number of patients being treated, the services associated with their treatment and required follow-up will all increase.

40. Further financial estimates can be provided once a direction to implement the selected option is received. However, the $280 million may not be an accurate reflection of total cost required for the system to implement the initiative and may be higher depending on whether Pharmac is the funder.

Timeframes

41. We note there are implementation timeframe considerations for both options A and B to enable access to the 13 specific cancer treatments, including potential legislative change and negotiation of purchasing with suppliers.

Regulatory considerations

42. All medicines associated with the 13 cancer treatments will need to be assessed for safety and effectiveness before their use in New Zealand.

43. It is imperative that suppliers obtain approval before funding is approved. Lack of a regulated medicine means the company has no responsibility for the product in New Zealand (monitoring, recall, adverse reactions) and increases the risk of substandard or counterfeit product entering the distribution chain.

44. Medsafe has reviewed the regulatory status of medicines associated with the specific cancer treatments. They note a number of medicines have existing regulatory approval. However, some will either require a new medicine application or additional indications (uses) with associated clinical data.

45. Officials note that timeframes will vary and depend on a range of factors. These include the nature and timing of the application[3], whether companies will use the abbreviated route based on overseas approvals (quicker), and the suppliers' responsiveness in providing additional information to Medsafe. Medsafe has existing process in place to fast-track assessments to prioritise and process new medicines applications and new indications.

46. Given the broader timeframes to enable access to the initiative (as noted in paragraph 41 above), if Medsafe receive applications for all treatments it is unlikely the regulatory process will further delay patient access to the treatments as long as pharmaceutical companies meet their regulatory requirements in a timely way.

Potential service implementation impacts and considerations

47. The introduction of any new cancer treatments needs to be managed to minimise impact to oncology services. Health New Zealand (HNZ) | Te Whatu Ora have identified

[3] Medsafe notes that the time to complete new medicines application varies but may take several months. However, a change in medicines evaluation is shorter.

service delivery risks in introducing the 13 new treatments which may compound current issues within cancer services.

48. Currently oncology services are managing identified risks and capacity constraints across cancer diagnosis and treatment services. These are related to underlying issues in workforce, care pathways and infrastructure.

49. Additional resources and service capacity will need to be available before integrating new treatments. There is a risk that introducing a new medicine without sufficient resources and planning would negatively impact health service delivery including:

    a. impacts to cancer outcomes and treatment waitlists by either diverting resources to the new treatments or creating a new unmet need (a medicine becoming available does not necessarily equate to its accessibility)

    b. wider health system impacts through the increased use of shared diagnostic and treatment services impacting wider health services

    c. creating further inequities should it impact early detection and prevention services and publicly funded treatment services.

50. HNZ notes its role is to ensure there is sufficient capacity to implement these treatments, noting there will be flow on impacts on workforce, immunology services. It has anticipated there are likely additional costs for:

    a. additional Senior Medical Officer treatment, planning and follow up time is required, particularly if the new treatments provide an option for a cohort of patients not currently receiving treatment

    b. expanding administration capacity depending on the type of treatment, which may have flow on effects on the required physical treatment space and workforce required.

Potential mitigation

51. Given the significant health system impact anticipated it is likely that these treatments will need be introduced in phases. Consideration of the order for implementation of the treatments will likely require evaluation of the magnitude of unmet need, and the health system resource requirements, as well as regulatory approval and additional implementation funding requirements.

52. Following a directive on an option to progress the 13 identified treatments, relevant stakeholders[4] will begin detailed scoping of the heath system impacts and actively plan how the more system intensive cancer treatments could be effectively delivered with minimal impact on existing services and patients receiving care. Further advice would be provided on the extent of impacts on health system costs, workforce, resourcing, and patient outcomes before purchasing of the remaining treatments is commenced.

[4] Stakeholder engagement can include Health New Zealand, Pharmac and the Cancer Control Agency.

Alternative options

53. The Ministry has identified a further option that funds access to more cancer treatments while managing most of the risks identified in Options A and B but does not necessarily purchase the treatments specifically listed.

Option C: Add $70 million to the Combined Pharmaceutical Budget

54. Under this option, the proposed annual $70 million per annum available to fund the 13 treatments would instead be added to Pharmac's Combined Pharmaceutical Budget from 2024/25 to fund new medicines prioritised under the Options for Investment (OFI) List.

55. It is important to note that the $70 million per annum would be required on top of any Budget 2024 decisions to fund the Combined Pharmaceutical Budget shortfall s 9(2)(j) s 9(2)(j) This is not technically true of options A and B as they create a ring-fenced fund, but we advise the funding of the CPB fiscal cliff should also be considered alongside those options.

Overall impact on New Zealanders

56. Pharmac has advised Option C funds a number of new cancer medications that are highly ranked on the OFI list, including s 9(2)(j) from the proposed initiative.

57. It would also enable access to a wider range of medicines to be publicly funded, including treatments to manage respiratory, neurology, cardiovascular, dermatology, osteoporosis, sexual health, mental health, and respiratory conditions. s 9(2)(j) s 9(2)(j) [5]

58. Through this option, Pharmac have advised that there would be a greater overall gain in population health, estimating a wider group of s 9(2)(j) patients would experience a greater quality of life.

Comparative impact on New Zealanders

59. Pharmac has provided initial comparative analysis of investing in Option C. This is based on comparing Option C with investing in 7 medicines from the list of 13 treatments that are currently on the OFI and able to be assessed. The remaining medicines were unable to be assessed as they have not received advice, assessment, have been recommended for decline or Pharmac have not received an application.

60. Pharmac has advised investing in Option C results in a higher comparative gain for New Zealanders in two measures:
    a. s 9(2)(j)

[5] Pharmac advises that this is approximate number at the time of this paper and it will change over time as there are many variables that impact on medicines that can be funded with the funding available.
[6] s 9(2)(j)

b. s 9(2)(j) [redacted]

61. A summary of these comparative outcomes is provided in Appendix Three.

Comparative implementation considerations

62. Under this option there would be lower system implementation considerations and impacts. This option would use the existing current funding and decision-making processes and capability within the health system.

63. Through this process, Pharmac would use its existing assessment criteria to prioritise medicines funding, providing continued assurance that decisions had been informed by a wider range of factors. This option allows Pharmac to reprioritise funding to access newer or cheaper treatments as required.

64. Less resources and time would be required to implement this initiative. Pharmac would manage the associated funding applications within its established processes. Pharmac may require a relatively smaller uplift in resources to manage the procurement process and supplier relationships. However, this is anticipated to be significantly less than establishing a new procurement team within the Ministry.

65. System implementation costs to the wider system are also anticipated to be lower. Pharmac have advised an initial estimated cost to implement the 7 treatments on the OFI would be s 9(2)(j) [redacted] over 4 years.

66. We note that this uplift in funding of the CPB will need to be sustained over time to continue access to these medicines.

Option D: direct the Ministry to investigate further alternative options

67. Under this option, the Ministry can be directed to investigate further alternative options than those provided.

68. The Cancer Control Agency report notes the full benefits of cancer medicines can only be realised if the 'continuum' of care (from screening and early detection through to diagnosis, staging, treatment, follow-up and supportive care) is working well and equitably. With finite resources available for health care, greater investment in cancer medicines has to be weighed against investment in the cancer workforce and infrastructure that delivers all cancer care, including medicines.

69. More detailed advice on this option has not been provided at this stage, as it represents a significant departure from your manifesto and Coalition Agreement commitments. However, the Ministry can provide further advice following a discussion with officials on what options are available to you, should you wish to consider this option.

Equity

70. Cancer has a disproportionate impact on Māori, Pacific peoples and other priority population resulting in avoidable inequities. Mortality rates are higher for Māori for most common cancers, with the highest disparities in cancer mortality seen in breast, liver, lung, pancreatic, and stomach cancers. Overall Māori are twice as likely as non-Māori to die from their cancer.

71. The impact for Māori and other population groups experiencing disparities is an ongoing focus within the health system.

72. In assessing any public investment into expanding access to cancer medicines, a key consideration should be the relative efficacy of the investment in reducing the harm from cancer among different population groups, as well as compared with alternative uses of limited public funds (such as non-pharmaceutical interventions instead of, or alongside, the purchase of new medicines).

73. When, where and how access is provided to new treatment options is also critical to achieving value for money from new investments in the health sector. For example, rural communities generally have less access to health services than urban communities, and many New Zealanders in rural areas may not realise the benefit of public investment in new medicines or other treatments for cancer without explicit consideration of how they can access these services when decisions are being made.

Confirmation on intended outcomes the manifesto commitment

74. Throughout this paper we have assumed the outcome of the manifesto commitment is to improve the public's access to cancer medicines. This outcome sits alongside broader Government cancer and health system priorities to:

    a. improve the speed of treatment and management of cancer services through implementation of health target

    b. improve the quality of cancer treatment through improved screening, diagnosis, treatment, and management.

75. If you would like further options to help more Kiwis fight cancer explored, then we are keen to discuss your expected outcomes of the initial policy.

76. Note that the Ministry is preparing advice on Vote Health for Budget 2024 for your consideration, indicatively scheduled around mid-December, and your early direction on these options will support greater detail on the fiscal implications in that advice.

Next steps

77. We are available to meet with you and discuss your priorities for funding additional cancer treatments. We will provide you preferred option to progress this initiative, we can provide further advice on implementation.

ENDS.

Appendix One: 13 Cancer treatments

1. The *Helping more Kiwis fight cancer* document outlines a pre-election manifesto commitment to fund the following 13 cancer treatments.

   a. Osimertinib for lung cancer – first-line therapy
   b. Osimertinib for lung cancer – second-line therapy
   c. Atezolizumab with bevacizumab for liver cancer
   d. Cetuximab or panitumumab for bowel cancer – first-line therapy
   e. Cetuximab for bowel cancer – second-line therapy
   f. Nivolumab with ipilimumab for kidney cancer – first-line therapy
   g. Nivolumab for kidney cancer – second-line therapy
   h. Axitinib for kidney cancer – second-line therapy
   i. Pembrolizumab for bladder cancer
   j. Nivolumab for head and neck cancer
   k. Nivolumab or pembrolizumab for melanoma (adjuvant)
   l. Dabrafenib with trametinib for melanoma (adjuvant)
   m. BRAF/MEK inhibitors for melanoma (unresectable).

Appendix Two: Summary of options and considerations*

		Ring fenced funding – Pharmac (Option A) Separate funding of $70M per annum	**Ring fenced funding – Ministry (Option B)** Separate funding of $70M per annum	**Increasing CPB funding (Option C)** Funding increased by $70M per annum
Legal	Legislative change requirements	**Yes** Significant change to Crown Entities Act and Pae Ora Act	**Possible** Amendment to the Pae Ora Act for Te Whatu Ora	**No**
	Legal risks and implications	**Yes** • Legal challenge if Government 'directs' Crown entities • NZBORA challenge	**Yes** • No Commerce Act protections • NZBORA challenge	**No**
Procurement	Impacts to the current Pharmac model	**Yes** Creates precedent of seeking funding outside the CPB for specific treatments or diseases	**Yes** Creates precedent of seeking funding outside the CPB for specific treatments or diseases	**No**
	Future transition considerations	**Yes** Whether this continues as separate ring-fenced fund in Pharmac	**Yes** Whether this continues as separate ring-fenced fund in the Ministry	**Yes** Maintaining higher CPB funding level
	Requires additional procurement resource	**Possible** Additional resource to support greater procurement	**Yes** Significant and ongoing resources to manage procurement	**Possible** Additional resource to support greater procurement
	Requires new procurement process	**Yes** Changes existing Pharmac process	**Yes** New processes to be created within the Ministry	**No**
	Consider equity impacts	**No** To be developed	**No** To be developed	**Yes** Through the current Pharmac process
Implementation	Impacts existing oncology services	**Yes**	**Yes**	**Yes**
	Additional Implementation resources	**Yes**	**Yes**	**Yes**
Outcomes	Funding is dedicated to the specific 13 treatments	**Yes**	**Yes**	**No** Only some covered
	Achieves an overall increase in cancer medicines access	**Yes**	**Yes**	**Yes** A higher number of medicines and patients covered

* A wider range of other alternative options were considered but not further developed due to implementation, administrative, resource and other risks

Appendix Three: Summary of comparative outcomes

Outlines the outcomes from funding the different initiatives. Note analysis is based on the 7 of the 13 treatments which are ranked on the Options for Investment list.

Minister's Notes

Annex 4: Budget 2024 New Spending Template (invite only)

Section 1: Overview

Section 1A: Basic initiative information			
Initiative title (max 120 characters)	Medicines – Increasing access to medicines including cancer treatments		
Lead Minister	Minister of Health	**Agency**	Ministry of Health
Initiative description (max 800 characters)	This initiative provides funding to Pharmac's Combined Pharmaceutical Budget and to Health New Zealand to increase access to cancer treatments and other medicines. This initiative aims to improve health outcomes for New Zealanders and survival for cancer patients by increasing access and delivery of publicly funded medicines. It maximises the benefits Pharmac can achieve for New Zealanders through the Combined Pharmaceutical Budget. It contributes to two Government coalition agreement undertakings: to increase Pharmac's budget every year and to give Kiwis access to 13 more cancer treatments. Note that the savings made from the $5.00 prescription co-payment reinstatement would be a contributory source of funding for this initiative.		
PA Objective	☐ Capital Investment	☒	Government Policy Commitment
Is this a cross-Vote initiative?	*No*		
Agency contact	*Name:* Allison Bennett *Phone:* s 9(2)(a) *Email:* Allison.Bennett@health.govt.nz	**Treasury contact (Vote Analyst)**	*Name:* Kim Stansfield *Phone:* s 9(2)(a) *Email:* Kim.stansfield@treasury.govt.nz

Section 1B: Summary of funding profile

Operating costs associated with initiative ($m)

	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears	Total
Total	0.000	42.000	77.000	132.000	192.000	**443.000**

*For irregular outyears, add additional rows above to display the full profile of the initiative. Delete "& outyears" for time-limited funding. See the Guide to Submitting Initiatives on CFISnet for Budget 2024 for more information on entering outyears into CFISnet.

Capital costs associated with initiative ($m)

23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33*	Total
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Section 2: Alignment and options analysis

Section 2A: Problem definition	
What is the problem that this initiative is trying to solve and why does it need to be solved now?	New Zealanders are unable to access a number of medicines that have been assessed to provide significant benefit but are yet to be publicly funded due to constraints in the Combined Pharmaceutical Budget and in health care associated with medicine use. A number of cancer treatments are included in this group of medicines, among them 13 treatments that are available in Australia and were reported by the Cancer Control Agency | Te Aho o Te Kahu as providing substantial clinical benefit and identified in a pre-election list. This initiative aims to improve access to cancer treatments and associated health outcomes. It funds access to 18 additional cancer treatments and includes access to treatments related to the pre-election list, including those listed (5 treatments), superseded (1) or reported by the Cancer Control Agency but not listed (1). The initiative also funds access to 30 other medicines assessed to be good value investments, assessed, and prioritised under the Pharmac model. These include medicines for indications such as dermatology, infections, respiratory, osteoporosis, sexual health, inflammatory conditions, and mental health. This initiative funds cancer and other medicines that are prioritised and assessed as good value investments for New Zealanders, preserving the Pharmac model. Funding outside of this process (including ring-fenced funding) was not recommended for the precedent it may set in future medicine funding decisions and other risks and implications. Pharmac funds access to medicines in its management of the Combined Pharmaceutical Budget, involving careful and considered choices in the interests of all New Zealanders. Pharmac ensures medicines and related products already funded stay available; prioritises investment in new medicines or expands access to current medicines; reduces the price paid for medicines that are already available; and reinvests savings ($48.900 million in 2022/23) achieved through a range of commercial, procurement and contracting activities. These activities ensure New Zealanders can access an increasing range of medicines each year, but the funds available are insufficient to fund several beneficial medicines that are available to citizens in other countries including Australia. The Government has resolved in its coalition agreements to increase funding to Pharmac every year and to give Kiwis access to 13 more cancer treatments. To increase access to cancer medicines, funding to provide additional health service capacity to Health New Zealand and resource capacity to Pharmac will also be required. Infusion services and associated care and monitoring services required for some two thirds of new cancer treatments are currently operating at capacity across New Zealand.
Alignment to Budget Priorities (if alignment to multiple Priorities is possible, select the most relevant)	☐ Addressing the rising cost of living ☒ Delivering effective and fiscally sustainable public services ☐ Building for growth and enabling private enterprise ☐ Not Aligned This initiative assumes that the current level of medicines access is maintained. That is, a forecasted shortfall in the Combined Pharmaceutical Budget and other medicines related initiatives are addressed in advance of this initiative, including: forecasted shortfalls to current levels of medicines; continued funding for COVID-19 vaccines and therapeutics; and changes in demand for medicines from changes to prescription co-payment settings, noting that savings made from the $5.00 prescription co-payment reinstatement would be a contributory source of funding for this initiative (Prescription co-payment – reinstating the $5.00 prescription co-payment with targeted exemptions). This initiative contributes to separate Government coalition agreement undertakings to increase Pharmac's budget every year and to give Kiwis access to 13 more cancer treatments.

Section 2B: Options analysis	
What were the range of options considered?	Previous advice to the Minister of Health provided the following options to increase Pharmac's medicines funding access to more of the 13 cancer treatments. Option 1 - Ring-fenced funding of 13 specific cancer treatments separate from the Combined Pharmaceutical Budget and existing Pharmac process ($280.000 million over four years). Option 2 - Partial increase of the Combined Pharmaceutical Budget within the same funding envelope ($280.000 million over four years). Option 3 - Wider alternative options aimed at improving cancer outcomes in investing in other cancer medicines and services within the existing Pharmac process. The Minister indicated a preference for Option 3 which has been provided as the proposed initiative.
What was the process used to select the preferred option?	An initial analysis of the options identified the likely cost and legal barriers and whether they achieved the initiative aim to fund 13 more cancer medicines and how it would impact wider health outcomes. Option 1 - Ring fenced funding would achieve the initiative outcome but required significant system changes to procure medicines, including legal and cost barriers and ongoing resourcing. Option 2 - A partial increase to the Combined Pharmaceutical Budget did require the system changes as option 1 but did only funded access to one of the 13 cancer medicines. Option 3 - Alternative options (proposed initiative) did not require significant system changes and funded access to more of the specific 13 cancer medicines than option 2, other cancer medicines, and other prioritised medicines on the Options for Investment List (including other cancer treatments).
Counterfactual	Pharmac would aim to increase access to cancer treatments by managing investment of its baseline funding and achieving sufficient savings of its through its prioritisation and negotiation of funded medicines. Other than planned investments, it is unlikely any additional cancer medicines would be funded, due to the relative prioritisation of other higher ranked medicines in the Options for Investment list, the required investment and the amount of possible savings that can be achieved. Health New Zealand would manage existing resources to implement services; however, medicines requiring additional service capacity will not be delivered as efficiently and effectively, impacting service delivery.

Section 3: Benefits and costs of preferred options

Section 3A: Benefits and non-fiscal costs	
What outcome(s) would the initiative achieve?	This initiative enables the funding of good value medicines including cancer treatments on the Options for Investment List, at an average 21 QALYs per million,[1] as per Pharmac's usual processes. This allows funding of some 48 medicines of either new listings or widening of access over four years. It includes: 18 cancer treatments for solid tumours (e.g., head and neck, ovarian, prostate, kidney, lung, and liver cancer) and haematological malignancies (e.g., leukaemia and multiple myeloma). Of the 18, five are identified on a pre-election list of 13 new cancer treatments, one treatment supersedes a treatment on the list and one treatment in the Cancer Control Medicines Availability report but not included in the pre-election list; and 30 other treatments that will include medicines for indications such as dermatology, infections, respiratory, osteoporosis, sexual health, inflammatory conditions, and mental health.

[1] Quality adjusted life years, is a measure of the benefits of a pharmaceutical. QALYs are a composite measure that combines how long we live with how well we live and allows comparisons to made between funding choices.

	Broadly an increase in access to medicines would result in people living longer in good health and experiencing an improved quality of life, and optimal use of health care services through the availability of medicines as an alternative treatment option.
Evidence and assumptions	Outcomes are based on information provided from Pharmac's assessment and analysis of the specific cancer medicines and Options for Investment list as of November 2023, current medicines pricing and costs and service implementation requirements. The Options for Investment list is dynamic and therefore the estimate of how many treatments could be funded may change as it is updated on a quarterly basis.
Climate Impacts	☐ Yes - positive ☐ Yes - negative ☒ No impact N/A

Section 3B: Expenditure profile and cost breakdown

Formula and assumptions underlying costings	Due to commercially sensitive nature of Pharmac's Options for Investment list we cannot fully disclose the assumptions and number or cost of individual new medicines. Broadly, costings are based on Pharmac's current assessment of medicines and ranking of potential investment outlined on the Options for Investment List. This is a rigorous appraisal process incorporating clinical evidence and expert decision making. Pharmac staff consider the clinical advice, undertake cost utility, and budget impact assessments and seek additional information as required to ensure that a comprehensive assessment occurs using its Factors for Consideration decision-making framework. Implementation costs and assumptions include that additional resources will be required to support integrating new treatments, including workforce and other supporting services. It is noted that this initiative would result in increases in radiology demand, which can be managed within baseline, however there are increased requirements to deliver infusion medicines (estimated at an additional 10,000 hours). Agencies have provided initial estimates of associated operating and implementation costs denoted with a (*) marking. However, agencies note further analysis would be required to refine these estimates.

Operating expenses ($m)

Operating expense category	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears	Total
Combined Pharmaceutical Budget uplift	N/A	30.000	60.000	120.000	180.000	390.000
Pharmac operating costs*	N/A	2.000	2.000	2.000	2.000	8.000
Health NZ implementation costs*	N/A	10.000	15.000	10.000	10.000	45.000
Net FTE funding	N/A	N/A	N/A	N/A	N/A	N/A
Net contractor/consultant funding	N/A	N/A	N/A	N/A	N/A	N/A
Net FTE and contractor/consultant overhead funding	N/A	N/A	N/A	N/A	N/A	N/A
Total ($m)	N/A	**42.000**	**77.000**	**132.000**	**192.000**	**443.000**

Headcount Change	2023/24	2024/25	2025/26	2026/27	2027/28	Total
# of net FTEs (employees)	N/A	N/A	N/A	N/A	N/A	N/A
# of net FTEs (contractors/consultants)	N/A	N/A	N/A	N/A	N/A	N/A

Total # of net FTEs (employees and contractors/consultants)	N/A	N/A	N/A	N/A	N/A	N/A

Additional occupation breakdown of FTE changes (count and funding) over the forecast period

Occupation	Net count required	Net funding required ($m)	Net amount overheads required ($m)
Managers	N/A	N/A	N/A
Policy Analyst	N/A	N/A	N/A
Information Professionals	N/A	N/A	N/A
Social, Health and Education Workers	N/A	N/A	N/A
ICT Professionals and Technicians	N/A	N/A	N/A
Legal, HR and Finance Professionals	N/A	N/A	N/A
Other Professionals not included elsewhere	N/A	N/A	N/A
Inspectors and Regulatory Officers	N/A	N/A	N/A
Contact Centre Workers	N/A	N/A	N/A
Clerical and Administrative Workers	N/A	N/A	N/A
Other Occupations	N/A	N/A	N/A

Capital expenses ($m)

Capital expense category	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33 *	Total
Total ($m)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Section 3C: Scaled option (not applicable for capital initiatives)

Scaling option overview	Scaling option 1: Defers proposed initiative to 2026/27. Pharmac has advised due to uncertainties in the Options for Investment list in 2026/27 and outyears it is not possible to provide estimates on the additional number of medicines, cancer treatments that would be funded and the outcomes from the treatments. Pharmac advises an indicative investment pathway based on previous history and status quo to invest $300.000 million over 2 years would likely create a large future profile, requiring increased year on year funding to sustain an investment of this magnitude, this has been reflected with the increasing funding profile from 2028/29 onwards. The associated supporting resources related to operating and implementation costs was unable to be accurately forecasted in advance. These costs have been reflected in the operating expenses table with a (*) marking. Pharmac and Health New Zealand note that additional funding would be required to be available from 2025/26 in preparation of support the delivery of new medicines and treatments from 1 July 2026. Scaling option 2: Lower levels of increased access to medicines including cancer treatments this would scale down funding from the proposed initiative in 2026/27, 2027/28 and outyears. This initiative would fund 33 medicines of either new listings or widening of access over four years at an average of 33 QALYs per $million. This includes: 13 cancer treatments (either new listings or widening of access) for solid tumours (e.g. head and neck, ovarian, prostate, kidney and liver cancer) and haematological malignancies (e.g. leukaemia and multiple myeloma) and

	funds one treatment for a pre-election list of 13 new treatments and one treatment that supersedes a treatment on the list and one treatment in the Cancer Control Medicines Availability report but not included in the pre-election list; and increased access to 20 other medicines that would also be funded over 4 years include medicines for dermatology, infections, respiratory, osteoporosis, sexual health, mental health, and inflammatory conditions.
	For scaling option 1 there is uncertainty on the level of investment required. It is not possible to predict the quantum and mix of medicines that could be funded in 2026/27. Pharmac's Options for Investment list is dynamic and changes every quarter depending on the mix of funding applications received and assessed and decisions made to fund products. This impacts the initiative regarding which medicines will be prioritised and purchased in 2026/27, the required health resources to support the delivery of these medicines, and the associated required funding to scale up staffing and service requirements for Pharmac and Health New Zealand. To commence the initiative in 2026/27, Pharmac and Health New Zealand note that operational funding will be required in 2025/26 to commence delivery of medicines from 1 July 2026 to support assessment, negotiations and contracting with suppliers. It may not be possible to fund all investment options in a given year (i.e., phased implementation over 12-24 months); there is also a need for increased Combined Pharmaceutical Budget costs in subsequent outyears to reflect uptake within the population of any intervention (e.g., if $120 million were invested in 2026/27 those investments would cost an increasing amount in subsequent years). A possible trajectory of funding is provided in the operating expenses below; however, Pharmac notes the difficultly in forecasting these in advance due to uncertainty of the Options for Investment list in 2026/27 and other influencing factors. There is a possibility of negative public and stakeholder feedback with the two-year delay between the announcement of funding in 2024 and the commencement of the initiative in 2026. For scaling option 2 the estimate of how many treatments could be funded may change, as Options for Investment List is dynamic and is updated on a quarterly basis. There is uncertainty on the associated required funding to scale up staffing and service requirements for Pharmac and Health New Zealand. These have been either provided indicative first estimates by Pharmac and Health New Zealand which will require further analysis.

Operating expenses ($m) – Scaled option 1 (Deferral to initiative start)

Operating expense category	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30 & outyears	Total
Combined Pharmaceutical Budget uplift	N/A	N/A	0.000	120.000	180.000	270.000	400.000	970.000
Pharmac operating costs*	N/A	N/A	TBC	TBC	TBC	TBC	TBC	TBC
Health NZ implementation costs*	N/A	N/A	TBC	TBC	TBC	TBC	TBC	TBC
Depreciation and/or capital charge (if relevant)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net FTE funding	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net contractor/consultant funding	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net FTE and contractor/consultant overhead funding	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total ($m)	N/A	N/A	**TBC**	**120.000**	**180.000**	**270.000**	**400.000**	**970.000**

Headcount Change	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Total # of net FTEs (employees)	N/A	N/A	N/A	N/A	N/A	N/A

Total # of net FTEs (contractors)	N/A	N/A	N/A	N/A				N/A			N/A
Total # of net FTEs (employees and contractors/consultants)	N/A	N/A	N/A	N/A				N/A			N/A
Capital expense category	**23/24**	**24/25**	**25/26**	**26/27**	**27/28**	**28/29**	**29/30**	**30/31**	**31/32**	**32/33 ***	**Total**
Total ($m)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Operating expenses ($m) - Scaled option 2 (Scaling of proposed initiative)

Operating expense category	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears*	Total
Combined Pharmaceutical Budget uplift	N/A	30.000	60.000	85.000	95.000	270.000
Pharmac operating costs*	N/A	2.000	2.000	2.000	2.000	8.000
Health NZ implementation costs*	N/A	10.000	15.000	10.000	10.000	45.000
Net FTE funding	N/A	N/A	N/A	N/A	N/A	N/A
Net contractor/consultant funding	N/A	N/A	N/A	N/A	N/A	N/A
Net FTE and contractor/consultant overhead funding	N/A	N/A	N/A	N/A	N/A	N/A
Total ($m)	N/A	**42.000**	**77.000**	**97.000**	**107.000**	**323.000**

Headcount Change	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Total # of net FTEs (employees)	N/A	N/A	N/A	N/A	N/A	N/A
Total # of net FTEs (contractors)	N/A	N/A	N/A	N/A	N/A	N/A
Total # of net FTEs (employees and contractors/consultants)	N/A	N/A	N/A	N/A	N/A	N/A

Capital expenses ($m)

Capital expense category	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33 *	Total
Total ($m)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Section 4: Delivery

Section 4A: Procurement and workforce	
What is the initiative purchasing/funding?	This initiative seeks additional funding to the Combined Pharmaceutical Budget to fund access to new cancer treatments and wider medicines. This initiative also seeks additional costs to fund the resources required by Pharmac and Health New Zealand to procure and deliver new medicines.

Is there a market that can meet these needs?	Public funding of medicines is the responsibility of Pharmac and delivery of health services the responsibility of Health New Zealand. Generally, there are no alternative markets to publicly fund medicines or to deliver publicly fund medicines outside of Pharmac and Health New Zealand.
Government Procurement Rules	Yes - Initiative is in line with existing processes.
Section 4B: Risks, constraints, and dependencies	
What are the main risks?	Implementation costs are indicative and are based on initial analysis by Pharmac and Health New Zealand. There are challenges in forecasting costing information due to the number of medicines being considered and the varying scope implementation costs of each. Further analysis is required by agencies to provide more accurate implementation costings across preferred and scaled options. The funding is based on initial assumptions on costs for delivery. If there are increases in costs or demand for medicines, it will result in fewer medicines funded within initiative. This is currently mitigated with continued forecasting, management of the Combined Pharmaceutical Budget and negotiations to manage price changes. Implementing this initiative assumes Health New Zealand and the wider health system involved in service delivery will have sufficient capacity in place to prescribe, administer and provide follow up care medicines for treatments funded by Pharmac. This will be mitigated with the proposed ramping up approach of this initiative to scale up delivery over time. This enables resources are proportionally added to the health system to manage increases in treatment. Public expectations of which cancer treatments are being funded, as it differs from the pre-election list of specific treatments. Furthermore, new and effective medicines may become available over time and be prioritised for funding during the initiative. This will be mitigated by communications on the benefits of the medicines funded and that new and effective medicines may include cancer treatments. Expectations this initiative achieves the same availability of cancer treatments achieved by wealthier countries. While improved under this initiative, it is unlikely to be fully achieved through the comparative funding approach and level of spending achieved by the Combined Pharmaceutical Budget. This will be mitigated by future policy and reviews related to the medicines model to mitigate expectations.
What are the key constraints?	Existing service capacity - Pharmac and Health New Zealand will continue to work together to plan and build health service capacity to safely provide new medicines.
What are the key dependencies?	Global medicines supply chain factors that may impact the availability and delivery of medicines.
Section 4C: Governance and oversight	
What are the governance arrangements for this initiative?	Pharmac and Health New Zealand have internal governance controls and Board oversight with respective Boards accountable for their operational and financial performance. The Ministry of Health supports responsible Ministers and the entities to finalise the accountability documents required under the Crown Entities Act and then monitors Health New Zealand and Pharmac's performance and provides quarterly reporting and as required advice with other Government departments to the Minister to ensure alignment with the Government's strategic direction.
Timeframes and monitoring	Pharmac and Health New Zealand provide regular reporting to its Board, the Minister of Health, and the Ministry of Health on its performance. Annual reporting is also provided to which covers the overall performance for the previous financial year, including the use of funding.

Section 4D: Demonstrating performance
Pharmac is required under the Public Finance Act 1989 to report against a Vote Health appropriation for the National Management of Pharmaceuticals. Combined Pharmaceutical Budget expenditure performance are reported in Pharmac's annual reporting, including performance indications such as increase in the number of New Zealanders receiving funded medicines, increase in the number of new medicines funded, widening access to an increased number of medicines that are already funded and increase in the estimated number of people benefitting from new medicines funded.

Section 5: Equity

Timing of costs and benefits	Key benefits will accrue from the short-term and continue into the long-term. In the short-term the initiative will improve the current level of access to medicines and associated health outcomes for patients receiving treatments. As additional treatments are procured and delivered, more New Zealanders will experience these outcomes.	
Specific implications regarding the Crown's obligations under the Treaty of Waitangi	***Yes***	There is strong evidence that Māori experience health inequities. The Ministry has an obligation under the Treaty to ensure that Māori have equal health outcome as all New Zealanders. This means that the Ministry has an obligation to ensure that Māori are not disproportionately impacted, and experience reduced access to medicines and worse health outcome compared to non-Māori if there is no increase to the baseline funding.
Distributional Impacts	Outcomes from this initiative aim to improve accessibility by removing cost/price barriers When a medicine is funded, it is available to all New Zealanders who meet the criteria for its use, and to whom the medicine is clinically indicated and appropriate. This initiative focuses on improving medicines related inequities for New Zealanders facing disproportionate cancer outcomes and lower health outcomes. Pharmac has listed that these population groups include Māori and Pacific peoples, people living in high socioeconomic deprivation, people living in rural and isolated areas and refugees.	

Section 6: Supplementary information for Capital Investments[2]

Preferred option for investment	
Name of preferred option	*Provide the name of the preferred option.*
Senior Responsible Officer	
Term of investment lifecycle	*Provide the period from the acquisition of the investment to its final disposition. If different, also provide the period used for the calculation of costs and benefits in the table below.*
Discount rate	*Provide the public sector discount rate or formula used to quantify the figures below.*
Monetised whole of life costs ($m)	
Costs to Agency and other public sector organisations	
Capital	*[●]*
Operating/Revenue	*[●]*
Costs to New Zealand society (e.g., households, individuals, businesses)	
Capital	*[●]*
Operating/Revenue	*[●]*
Risk costs	
Optimism Bias adjustment	*[●]*
Estimated or Measured risk	*[●]*
Total costs	***[●]***
Monetised whole of life benefits ($m)	
Provide monetary values for the benefits outlined below. Add additional rows for additional benefit categories.	
Benefits to Agency and other public sector organisations	
[Name of benefit category]	*[●]*
Benefits to New Zealand society (e.g., households, individuals, businesses)	
[Name of benefit category]	*[●]*
Total benefits	***[●]***
Net Public Value and Benefit Cost Ratio	
Net Public Value	*[Total benefits – Total costs]*
Benefit Cost Ratio	*[Total benefits / Total costs]*
Non-monetised and non-quantified costs and benefits	
Provide a quantification of these costs and benefits where possible, or a description of how the costs and benefits were considered for the purpose of choosing the preferred option. Add additional rows for additional benefit categories.	
[Name of cost category]	*[●]*
[Name of benefit category]	*[●]*

[2] This section is only required for capital investments seeking new funding at Budget 2024 (as specified in the Budget 2024 strategy and invitation letter from December 2023). Agencies should also submit business cases if possible.

Aide-Mémoire

Funding options to increase access to cancer treatments and other medicines

Date due to MO:	10 June 2024	**Action required by:**	N/A
Security level:	Budget Sensitive Commercially Sensitive	**Health Report number:**	H2024044108
To:	The Office of Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand: ☐		

Contact for telephone discussion

Name	Position	Telephone
Maree Roberts	Deputy Director-General, Strategy Policy and Legislation	s 9(2)(a)
Allison Bennett	Group Manager, Health System Settings, Strategy Policy and Legislation	s 9(2)(a)

Aide-Mémoire

Funding options to increase access to cancer treatments and other medicines

Date due:	10 June 2024		
To:	The Office of Hon Dr Shane Reti, Minister of Health		
Security level:	Budget Sensitive Commercially Sensitive	**Health Report number:**	H2024044108

Purpose

1. This paper provides additional information to support discussions on the different funding options to increased access to cancer treatments and other medicines.

Context

2. This Government has committed to funding more cancer treatments in line with a pre-election commitment to fund 13 cancer treatments. Agencies have identified the following four options:
   - 2.1. Option A: Increasing the CPB by $280 million over four years
   - 2.2. Option B: Funding at least 13 cancer treatments
   - 2.3. Option C: Funding based on the Budget 2024 initiative
   - 2.4. Option D: Funding as many of the cancer treatments on the pre-election list as possible
   - 2.5. Option E: Purchase the 13 cancer treatments outlined in the Manifesto.

Further information on options

3. A summary table attached sets out key features of the five options. For each option, the table details the costs to fund (CPB) and to implement treatments, the number of total medicines and cancers medicines funded and number of people impacted.
4. For options A to D, increased medicines availability will start in October to November 2024. Some medicines already funded for particular uses would have their access widened and be made available to a wider number of patients. Treatments that require increased cancer services will be phased over the four years.
5. The table provides information based on estimates made on 7 June 2024. Over time, information about medicines changes – new research is completed, pricing information changes and other information on real world use emerges. All of these can change the cost-benefit ratios on which the estimates have been based. The numbers will change over time.
6. Requirements for cancer services to deliver the treatments vary depending on the particular treatments. Implementation costs are based on assumptions that, of the cancer treatments to be funded, a proportion are low-complexity and others require service delivery at higher

intensity and complexity. Detailed planning for growth and delivery of cancer treatments through expanded cancer services will be undertaken as Pharmac is in a position to release more granular information.

Risks and risk management - procurement

7. To maintain Pharmac's commercial position and ensure medicines can be procured so as to deliver optimal value for New Zealand, further details on medicines procurement (particularly costs or specific medicines) are not able to be provided at this time.
8. Pharmac is confident in its ability to procure the additional medicines in accordance with the estimates provided. This assumes the added operational resource for Pharmac built into the proposals (costed at $10m over 5 years for options A and B, or $14m over 5 years for options C or D).
9. Any medicines procurement outside of Pharmac would carry substantial risk. Risks include:
    9.1. delays in setting up an alternative mechanism
    9.2. additional operational costs
    9.3. lower value procurement through loss of Pharmac's commercial advantages (eg, through buying multiple products from a provider in a 'bundle', and ability to negotiate with suppliers)
    9.4. precedent-setting for procurement outside Pharmac's regulatory and financial controls with attendant risks.

Risks and risk management – cancer service delivery

10. Implementation planning for cancer services to allow for additional treatment will be conducted hand-in-glove with Pharmac's procurement planning and decisions. There are challenges that include workforce and equipment in order to deliver the new treatments across New Zealand. Cancer services workforce vacancies are an issue currently.
11. In general, the service delivery risk increases with the scale of the uplift. However, the increased prominence that would follow a substantial uplift in cancer services and treatments would be likely to attract more cancer services workforce to New Zealand, thus providing mitigation.

Implementation costs

12. Health New Zealand have assumed an average 25% multiplier (i.e. the cost of delivery is 25% of the cost of the pharmaceutical) for high-volume, low-cost medicines. For low-volume, high-cost medicines – such as cancer treatments - they assume an average 50% multiplier.
13. This averages out at around implementation costs being around 35% of the cost of the medicines. These figures are still estimates only but apply to all medicines, not just cancer.

Summary table – scaling options for funding to increase access to cancer treatments and other medicines

Given the nature of the OFI (Pharmac List), numbers of medicines to be funded, which ones and the split between cancer and other medicines will vary over time. The numbers in this table are estimates as of 7 June 2024.

Option	What it will buy (estimate)	Cost over 4 years ($m)	People to benefit	Key points
A **Increase CPB by $280m**	**New or widened medicines 35** - Cancer treatments 11 - Treatments on list of 13 - - Other medicines 24 Increased cancer services provision	CPB uplift 280 Service delivery 98 **TOTAL 378** *Cancer treatments 22%* *Service delivery 26%* *Other medicines 52%*	7 cancer types including 2 blood cancers First 12 months: 170,000 (inc other medicines) From 2027/28: 185,000 in any year (inc other medicines)	• Improves cancer outcomes • Increased access to other medicines • Does not purchase any of the 13 cancer treatments outlined in the manifesto, though it includes medicines for several of the same tumour types, which are kidney, bowel, liver, and head and neck cancers.
B **Purchase 13 additional cancer treatments through CPB (not on list)**	**New or widened medicines 39** - Cancer treatments 13 - Treatments on list of 13 - - Other medicines 26 Increased cancer services provision	CPB uplift 310 Service delivery 109 **TOTAL 419** *Cancer treatments 21%* *Service delivery 26%* *Other medicines 53%*	8 cancer types including 3 blood cancers First 12 months: 172,000 (inc other medicines) From 2027/28: 186,000 in any year (inc other medicines)	• Improves cancer outcomes • Increased access to other medicines • Does not purchase any of the 13 cancer treatments outlined in the manifesto, though it includes medicines for several of the same tumour types, which are kidney, bowel, liver, and head and neck cancers.
C **Budget 2024 (increase CPB by $390m)**	**New or widened medicines 43** - Cancer treatments 15 - Treatments on list of 13 - - Other medicines 28 Increased cancer services provision	CPB uplift 390 Service delivery 136 **TOTAL 526** *Cancer treatments 34%* *Service delivery 26%* *Other medicines 40%*	13 cancer types including 4 blood cancers First 12 months: 173,000 (inc other medicines) From 2027/28: 189,000 in any year (inc other medicines)	• Improves cancer outcomes • Increased access to other medicines • Does not purchase any of the 13 cancer treatments outlined in the manifesto, though it includes medicines for several of the same tumour types, which are kidney, bowel, liver, and head and neck cancers.
D **Purchase maximum number of the 13 cancer treatments listed in manifesto from CPB**	**New or widened medicines 54** - Cancer treatments 26 - Treatments on list of 13 7 - Other medicines 28 Increased cancer services provision	CPB uplift 604 Service delivery 210 **TOTAL 814** *Cancer treatments 43%* *Service delivery 26%* *Other medicines 31%*	14 cancer types including 4 blood cancers First 12 months: 175,000 (inc other medicines) From 2027/28: 191,000 in any year (inc other medicines)	• Improves cancer outcomes • Increased access to other medicines • Purchases 7 of the 13 cancer treatments outlined in the Manifesto
E **Purchase the 13 cancer treatments outlined in the Manifesto (outside of Pharmac CPB)**	**New or widened medicines 13** - Cancer treatments 13 - Treatments on list of 13 13 - Other medicines 0 Increased cancer services provision A new business unit within either Ministry of Health or Cancer Control Agency	CPB uplift 0 Costs for new business unit 11 Purchase of medicines 280* Cancer service delivery 98 **TOTAL 389*** *Cancer treatments 72%* *Service delivery 25%* *Other medicines 0%*	7 types of cancer, no blood cancers First 12 months: Less than 1,000 (potentially zero) From 2027/28: Less than 1,000	• Purchase of the 13 cancer treatments • Considerable time, funding, and resource impacts. Unlikely to see anything in year one. • Protections that apply to Pharmac in relation to the Commerce Act are not applicable. • No negotiation leverage, so there is a significant risk of overpaying for medicines and receiving unfavourable supply terms. • Difficulties in management of the full lifecycle of a medicine. • Difficulties in considering requests to widen indications to other cancer treatments in the future.

* Total figure is difficult to approximate as a new business unit would have zero negotiation leverage for purchase of medicines. Pharmac have indicated with zero leverage it would likely be substantially higher than the $280million outlined in the manifesto.

Memorandum

Additional information: Funding options to increase access to cancer treatments and other medicines

Date due to MO:	12 June 2024	**Action required by:**	N/A
Security level:	SENSITIVE – BUDGET COMMERCIAL IN-CONFIDENCE LEGALLY PRIVILEGED	**Health Report number:**	H2024044108A
To:	The Office of Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand, Pharmac		

Contact for telephone discussion

Name	Position	Telephone
Dr Diana Sarfati	Director-General of Health	s 9(2)(a)
Allison Bennett	Group Manager, Health System Settings, Strategy Policy and Legislation	s 9(2)(a)

Additional information: Funding options to increase access to cancer treatments and other medicines

Purpose

1 This paper provides additional information to be considered along with Aide-Memoire H2024044108.

2 It responds to your request for more detailed information on the likely impacts and timeframes for funding options D and E for patients with the cancer types covered by the Manifesto list of 13 cancer treatments.

Background

3 Aide-Memoire H2024044108 provided information to support discussions on the different funding options to increase access to cancer treatments and other medicines.

4 The Government has committed to funding more cancer treatments in line with a pre-election commitment to fund 13 cancer treatments. Agencies have identified five options, and this memo provides more detail on two of those options:

- Option D: Funding as many of the cancer treatments on the pre-election list as possible, or their more effective replacements
- Option E: Purchase the 13 cancer treatments outlined in the Manifesto.

5 These options are being considered on a background of significant advances being made in cancer treatment globally and recent increases to cancer treatment access in New Zealand.

Advances in cancer treatment

Global advances in the cancer treatment standard of care

6 Over the last three years there have been significant improvements in cancer treatments and outcomes. Newer treatments are curative or offer substantially prolonged and enhanced quality of life.

7 These advances mean that many of the treatments on the list of 13 are no longer part of the accepted standard of care internationally. They have been replaced by more effective treatments.

Improving cancer care in New Zealand

8 Since December 2023, Pharmac has added access to four cancer treatments for:

- gastric, gastro-oesophageal junction and oesophageal cancer (from 1 Dec 23)
- ovarian cancer (from 1 May 24)
- advanced breast cancer (from 1 July 24)
- myeloid leukaemia (from 1 July 24).

9 Two further treatments are proposed to be added from 1 August 24, for:

- multiple myeloma and myelodysplastic syndrome (a blood cell disorder)
- advanced multiple myeloma.

Current status of the 13 cancer treatments

10 The 13 cancer treatments include a number that are combined treatments of two medicines together or cover a group of similar medicines. There are around 20 medicines altogether.

11 Seven of these medicines are currently on Pharmac's Options for Investment list (OFI) and two more are likely to be added in the coming weeks. Some of these are already funded for different indications (eg, Keytruda for specific melanomas).

12 Some of these, and several others that are not on Pharmac's OFI, are no longer the best option for the particular cancers listed. Other, more effective treatments are now recommended and in many cases are also on Pharmac's OFI at a much higher benefit to cost ratio.

Funding option impacts on patient groups covered by the 13 treatments

Option D: Funding as many of the cancer treatments on the pre-election list as possible, or their more effective replacements

Pharmac Activities and Costs

13 A budget uplift of $604.1 million over four years allows funding of some **54** medicines as either new listings or widening of access over four years. The split of cancer vs non-cancer spend is approximately 58% cancer vs 42% non-cancer.

14 Pharmac has a high level of confidence in its ability to provide good (often better) treatments for the patients covered by the 13 treatments, earlier and at much better prices (3-6 months).

15 The list of treatments include:

- All cancer patient groups covered by the 13 treatments will benefit, often with a treatment that is better or the same as those listed in the 13.
- 26 cancer treatments being funded. These would treat thyroid, bowel, breast, bladder, lung, head and neck cancer, prostate, liver, ovarian, kidney, and four different blood cancers.
- This option includes the 7 cancer medicines that are currently listed in 'Helping More Kiwis Fight Cancer' document which are already on the Options for Investment List.
- 28 other treatments that will include medicines for indications such as dermatology, infections, respiratory, osteoporosis, sexual health, inflammatory conditions, and mental health.
- This would provide treatment for an estimated additional 175,880 people in the first year, rising to an estimated 192,300 people on treatment by the fourth year of funding.

Patient numbers with Option D	Patient numbers			
	Year 1	Year 2	Year 3	Year 4
People receiving treatments for any cancer	2421	2449	2327	2429
People receiving treatments for blood cancer	*314*	*446*	*216*	*188*
People receiving treatments for solid cancer	*2107*	*1994*	*2111*	*2241*
People receiving treatments for non-cancer conditions	173,459	185,026	178,210	189,874
Total people receiving treatment	175,880	187,475	180,554	192,303

16 Pharmac, Health NZ and Te Aho o Te Kahu are already working together to implement new treatments as early as possible.

17 The estimated cost of CPB increase is outlined below (Pharmac would additionally require $2 million in the first year and thereafter $3 million per year in operating costs):

2024/25	2025/26	2026/27	2027/28
$107.6 million	$145.7 million	$175.4 million	$175.4 million

Health New Zealand activities and costs

18 Health New Zealand would build and fund services to ensure access to the new and widened access medicines being funded. Services include a range:

- Lower intensity services include primary care, outpatient specialist appointments and medicines dispensing and follow up.
- Higher intensity services additionally include injectable and infusion treatments, with or without specialised delivery, imaging, biopsy and support for a higher risk of adverse events requiring hospital inpatient care.
- Very high intensity services may additionally include imaging-assisted or personalised delivery of treatments, series mapped with other treatments, a high risk of adverse events requiring inpatient care.

19 Costs outlined are based on assumptions that will need to be further refined and validated. Estimated costs have been derived using multipliers that may vary as the exact medicines and numbers of patients using higher and lower intensity treatments are established.

20 **OPTION:** an option could be to provide Health New Zealand a smaller amount of implementation funding with consideration given in subsequent Budgets once firm implementation costs are known.

21 Health New Zealand advise there is an opportunity cost if only some implementation costs are covered. They will need to find additional savings elsewhere in the system to compensate for this potential unfunded expenditure. These savings are likely to come from a variety of different sources over a period of time and will be difficult to quantify specifically.

2024/25	2025/26	2026/27	2027/28
$38 million	$52 million	$60 million	$60 million

Total 4-year costs

The costs over the initial 4 years are as follows:

Costs ($ million)	2024/25	2025/26	2026/27	2027/28	Total
Pharmac CPB	108	146	175	175	604
Pharmac Operating	2	3	3	3	11
Health NZ	38	52	60	60	210
Total	**148**	**201**	**238**	**238**	**825**

Option E: Purchase the 13 cancer treatments outlined in the Manifesto

Activities and Costs

22 A new business unit within either Ministry of Health or Cancer Control Agency would be stood up to purchase (where possible) the 13 specific cancer medicines listed in the 'Helping More Kiwis Fight Cancer' document **for $389 million**. This option would not expand access to medicines beyond those 13 cancer treatments.

23 Points to note on the 13 cancer treatments include:

- The 13 cancer treatments listed in the 'Helping More Kiwis Fight Cancer', supports 7 types of solid cancers, but no blood cancers.
- Since the list was established, some replacement treatments are now preferred and offer better outcomes.
- Some of the treatments are not yet approved by Medsafe and any procurement plans for non-approved products could likely face significant delay (see summary chart appended).
- Around 1,200 people would benefit from access to these medicines in any year. Much lower numbers are likely to benefit in the first year, dependent on establishment, procurement and implementation timeframes. From 2027/28, it is estimated that around 1,200 people would receive treatments.

New Business Unit Costs

24 This option would require a separate funding mechanism, outside Pharmac's CPB, to be established and resourced, and significant service delivery infrastructure to be built (some of the particular treatments on the list require new testing and delivery equipment, for example.)

25 To establish a business unit within Ministry of Health or Cancer Control Agency, it is estimated that it would take an estimated period of six months, and cost $11 million for 4 years. Some of the steps include:

- Design of business unit and procurement processes
- Establish decision-making and clinical advisory processes
- Secure specialist capabilities required (FTE to deliver)
- Engage potential suppliers and negotiate supply agreements
- Establish and coordinate storage and delivery

26 It is estimated that treatments would start to be available to patients within 12-18 months.

27 Vaccine purchasing during the COVID-19 pandemic offers a potential model – this was undertaken outside of Pharmac purchasing because suppliers would only negotiate with Governments and required risk under-writing and indemnities. Note this arrangement was for only 5 vaccines, for a limited period of time.

28 Costs of potential legal challenge have not been included in estimates. The risks of legal challenges on commercial and on human rights grounds are not insubstantial.

Health New Zealand activities and costs

29 Health New Zealand would build and fund services to ensure access to the new and widened access medicines being funded. Services include:

- Higher intensity services additionally include injectable and infusion treatments, with or without specialised delivery, imaging, biopsy and support for a higher risk of adverse events requiring hospital inpatient care
- Very high intensity services may additionally include imaging-assisted or personalised delivery of treatments, series mapped with other treatments, a high risk of adverse events requiring inpatient care.

Risks

30 Total cost of treatments is difficult to approximate as a new business unit would have little negotiation leverage for purchase of medicines. Pharmac have indicated costs would likely be substantially higher than the $280 million outlined in the manifesto.

31 Any medicines procurement outside of Pharmac would carry substantial risk. Risks include:

- delays in setting up an alternative purchasing mechanism, delaying patient access to the treatments
- additional operational costs (which duplicates capability and capacity of Pharmac)
- lower value procurement through loss of Pharmac's commercial advantages (eg, through buying multiple products from a provider in a 'bundle', and ability to negotiate with suppliers)
- legal risks (such as judicial review proceedings to challenge decisions; injunctions and other remedies to prevent purchasing of particular products)
- potential legal challenges on human rights grounds if funding some cancer treatments is seen as discriminatory when other treatments that provide greater health gains or public value are not funded
- precedent-setting for procurement outside Pharmac's regulatory and financial controls with attendant risks (such as with publication of a Te Aho o Te Kahu report on gaps with Australia in blood and other non-solid tumour cancers)
- reduced ability to improve value for money from cancer treatments over time.

32 There may be risks for the business unit to manage the full lifecycle of a medicine (including delivery, storage, distribution and recall) and potential sustainability issues when treatments are superseded with different treatments.

33 Given the services would be for a much lower number of patients, Health NZ implementation costs will be low relative to some of the other options, but high relative to the number of people receiving treatment. A rough estimate is:

2024/25	2025/26	2026/27	2027/28
$10 million	$20 million	$30 million	$38 million

Total 4-year costs

The cost estimates over the initial 4 years are as follows:

Costs ($ million)	2024/25	2025/26	2026/27	2027/28	Total
Pharmac CPB	-	-	-	-	-
Pharmac Operating	-	-	-	-	-
Cancer treatments*					280*
	2	3	3	3	11
Health NZ	10	20	30	38	98
Total	**148**	**201**	**238**	**238**	**389***

* Total figure is difficult to approximate as a new business unit would have zero negotiation leverage for purchase of medicines. Pharmac have indicated with zero leverage it would likely be substantially higher than the $280million outlined in the manifesto. This also makes phasing difficult to ascertain, and will require more work

Next steps

34 We are working with Pharmac, Health NZ and the Cancer Control Agency to refine how options would be implemented.

MANATŪ HAUORA
MINISTRY OF HEALTH

Appendix One – Pharmac information on people impacted by 13 cancer treatments listed in manifesto

Estimated patient numbers for 13 cancer medicines and proposed timeframes.

Please note:

- *This does not include any extended lead times that may be required to get stock into New Zealand, should there be a delay here.*
- *These timeframes also do not account for the impact on healthcare resource, which would be a limiting factor in roll out of these medicines.*
- *These timeframes relate only to the progression of these applications in isolation and do not account for the other proposals that would need to be progressed as part of Option D*

	Year					Pharmac status / Proposed timeframe
Treatment indication pair	1	2	3	4	5	
Already ranked treatment/indication pairs						
Cetuximab for bowel cancer – first line, left sided, metastatic, RAS wildtype, first-line)	s 9(2)(j)					
Axitinib second line RCC						
Nivolumab second line RCC						
Pembrolizumab urothelial (Bladder cancer (urothelial cancer, locally advanced or metastatic, second-line)						
Osimertinib 1L EGFR mutated NSCLC						
Osimertinib 2L EGFR mutated NSCLC						
Atezolizumab + bev HCC						

Unranked treatment/indication pairs	
Cetuximab for bowel cancer – second line	s 9(2)(j)
BRAF/MEK inhibitor unresectable melanoma	
Nivolumab 2L Head and Neck Cancer	
Pembrolizumab adjuvant melanoma	
Nivolumab / ipilimumab first line kidney cancer	
BRAF/MEK inhibitor adjuvant melanoma	
TOTAL	

Pharmac information: 6 cancer treatments not on the OFI

1. Cetuximab for bowel cancer – second line – previously declined

- Cetuximab for the first line treatment of metastatic colorectal cancer, metastatic, RAS wild-type, left-sided has been ranked as an option for investment.
- We consider that the second line treatment of colorectal cancer would constitute primarily a prevalent group of patients already treated with first line therapy.
- We consider that this prevalent group could be funded as part of the funding of first line treatment and **we have already engaged with the supplier to seek a commercial proposal that could result in cetuximab being funded for the first and second line treatment of colorectal cancer**, noting that after a period of time, the number requiring second line treatment would reduce.

2. BRAF/MEK inhibitor unresectable melanoma – no application received

- We already fund pembrolizumab or nivolumab for the first line treatment of metastatic melanoma. We sought advice for BRAF/MEK inhibitors for unresectable melanoma from the Cancer Treatments Advisory Committee in April 2024
- **It is likely that this could be progressed relatively quickly**, as the supplier of these treatments has contracted with Pharmac before and the advice received has informed subsequent steps.

3. Nivolumab second line treatment of Head and Neck Cancer – no application received

- **We have ranked pembrolizumab on the Options for investment list for the first line treatment of Head and Neck Cancer** for a subset of the overall population (biomarker determined).
- We consider this would be of greater impact for this patient group than second line treatment with nivolumab. We have recently consulted on declining an application for pembrolizumab for the second line treatment of Head and Neck cancer, however we consider that as we progress the ranked first line indication, we could address this prevalent population (as outlined for cetuximab), if considered necessary to do so.
- The number of people requiring treatment in the second line setting would reduce due to the superior outcomes observed with first line treatment of this cancer.

4. Pembrolizumb and dabrafenib/trametinib for adjuvant treatment of melanoma – under assessment

- We have received an application for pembrolizumab for the adjuvant treatment of melanoma and got clinical advice from the Cancer Treatments Advisory Committee in April 2024. **We would be able to progress the funding of this swiftly, if required.**
- We have not received an application for BRAF/MEK inhibitors for the adjuvant treatment of melanoma, we consider that this could reasonably be sequenced, as the majority of the health need would likely be met through the funding of pembrolizumab in this setting.
- We also note that BRAF/MEK inhibitors are indicated in the later (unresectable/metastatic) setting, hence the ability to contract for both indications simultaneously would likely have a positive impact on the pricing that would be able to be achieved for these treatments.

5. Nivolumab / ipilimumab first line treatment of renal cell carcinoma – under assessment

- We have already contracted for nivolumab, as it is funded for metastatic melanoma.
- **We have engaged with the suppliers of nivolumab and ipilimumab** and we consider that as there are other indications for which nivolumab would be funded (included in the 13 and ranked on the options for investment list), it would be appropriate to contract for these treatments simultaneously in order to ensure that we can achieve desirable commercial terms.

Appendix Two – Medsafe approval status of 13 cancer treatments listed in manifesto

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Appendix Three – Summary table – scaling options for funding to increase access to cancer treatments and other medicines

Given the nature of the OFI (Pharmac List), numbers of medicines to be funded, which ones and the split between cancer and other medicines will vary over time. The numbers in this table are estimates as of 7 June 2024.

Option	What it will buy (estimate)	Cost over 4 years ($m)	People to benefit	Key points
D - **Purchase maximum number of the 13 cancer treatments listed in manifesto from CPB**	New or widened medicines 54 - Cancer treatments 26 - Treatments on list of 13 7 - Other medicines 28 Increased cancer services provision	CPB uplift 604 Pharmac operating 11 Service delivery 210 **TOTAL 825**	14 cancer types including 4 blood cancers **First 12 months:** 175,000 (inc other medicines) **From 2027/28:** 191,000 in any year (inc other medicines)	• 26 cancer treatments funded, including for all of the patient groups covered by the 13 cancer treatments (noting they may not be the specific treatments listed in manifesto). • These 26 would treat thyroid, bowel, breast, bladder, lung, head and neck cancer, prostate, liver, ovarian, kidney, and four different blood cancers. • Increased access to 28 other medicines for indications including for indications such as dermatology, infections, respiratory, osteoporosis, sexual health, inflammatory conditions, and mental health • Access to new medicines, including some cancer medicines would be available by November 2024
E - **Purchase as many of the 13 cancer treatments outlined in the Manifesto as possible (outside of Pharmac CPB)**	New or widened medicines 13 - Cancer treatments 13 - Treatments on list of 13 13 - Other medicines 0 Increased cancer services provision A new business unit within either Ministry of Health or Cancer Control Agency	CPB uplift 0 Costs for new business unit 11 Purchase of medicines 280* Cancer service delivery 98 **TOTAL 389***	7 types of cancer, no blood cancers **First 12 months:** Less than 1,000 (potentially zero) **From 2027/28:** Around 1,200 (if all 13 were funded at that point)	• Purchase of the 13 cancer treatments (or as many of these as possible) • Considerable time, funding, and resource impacts. Unlikely to see anything in year one. • Protections that apply to Pharmac in relation to the Commerce Act are not applicable • No negotiation leverage, so there is a significant risk of overpaying for medicines and receiving unfavourable supply terms • Legal risks (outlined in body of aide-memoire) • Difficulties in management of the full lifecycle of a medicine • Difficulties in considering requests to widen indications to other cancer treatments in the future (ie blood cancers) • Vaccine purchasing during the COVID-19 pandemic offers a potential model – this was undertaken outside of Pharmac purchasing because suppliers would only negotiate with Governments and required risk under-writing and indemnities. Note this arrangement was for only 5 vaccines.

* Total figure is difficult to approximate as a new business unit would have zero negotiation leverage for purchase of medicines. Pharmac have indicated with zero leverage it would likely be substantially higher than the $280million outlined in the manifesto.