



Cabinet

Minute of Decision

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Increasing Access to Cancer Treatments and Other Medicines

Portfolios **Health / Associate Health (Hon David Seymour)**

On 24 June 2024, Cabinet:

Background

- 1 **noted** that Budget 2024 committed \$1,773.680 million over the forecast period to fund a shortfall in the funding available to purchase previously funded medicines from Pharmac's Combined Pharmaceutical Budget [EXP-24-MIN-0004];
- 2 **noted** that since Budget 2024 decisions were announced, considerable public concern has been expressed about the delay in giving New Zealanders access to more cancer treatments;
- 3 **noted** that an out-of-cycle decision now on an increase in funding to improve access to medicines will assure New Zealanders of the Government's commitment to give New Zealanders access to more cancer treatments;

Proposal

- 4 **agreed** to fund the purchasing and provision of:
 - 4.1 an estimated 26 additional cancer treatments for a range of cancer types, including thyroid, bowel, breast, bladder, lung, head and neck, prostate, liver, ovarian, kidney and four different blood cancers (included in these additional cancer treatments will be up to seven of the treatments on the original list of 13 treatments, plus replacement treatments that are as or more effective than the remaining treatments on the original list);
 - 4.2 increased health service capacity to deliver the additional treatments;
 - 4.3 an estimated 28 other medicines that add substantially to the health and life outcomes of New Zealanders with a wide range of health conditions;

- 5 **agreed** to increase spending to provide for the costs associated with the policy agreed in paragraph 4 above, with the following impacts on the operating balance and/or net core Crown debt:

Vote Health Minister of Health	\$millions – increase/ (decrease)			
	2024/25	2025/26	2026/27	2027/28 & outyears
Operating Balance and Net Core Crown Debt Impact	148.000	201.000	238.000	238.000
Operating Balance Only Impact				
Net Core Crown Debt Only Impact				
No Impact	-	(52.000)	(60.000)	(60.000)
Total Operating	148.000	149.000	178.000	178.000

- 6 **noted** that the ‘No Impact’ in the table above reflects the establishment of the tagged contingency, outlined in paragraph 9 below;
- 7 **approved** the following changes to appropriations to give effect to this policy decision, with a corresponding impact on the operating balance and net core Crown debt:

Vote Health Minister of Health	\$millions – increase/ (decrease)			
	2024/25	2025/26	2026/27	2027/28 & outyears
Non- Departmental Output Expenses:				
National Pharmaceuticals Purchasing	108.000	146.000	175.000	175.000
National Management of Pharmaceuticals	2.000	3.000	3.000	3.000
Delivering Hospital and Specialist Services	38.000	-	-	-
Total Operating	148.000	149.000	178.000	178.000

- 8 **agreed** that the changes to appropriations for 2024/25 above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

Operating tagged contingency for Health New Zealand implementation costs

- 9 **agreed** to establish an operating tagged contingency, titled ‘Implementation of Increased Access to Cancer Treatments and Other Medicines’ of \$172.000 million, as per the table below:

	\$millions – increase/ (decrease)				
	2024/25	2025/26	2026/27	2027/28 & outyears	Operating total
Implementation of Increased Access to Cancer Treatments and Other Medicines (Tagged Contingency)	-	52.000	60.000	60.000	172.000
Total	-	52.000	60.000	60.000	172.000

- 10 **directed** Health New Zealand to report back to the Minister of Finance and the Minister of Health (Joint Ministers) on the entity's delivery of this policy and implementation planning and costings for 2025/26 onwards;
- 11 **authorised** Joint Ministers to jointly draw down funding from the above tagged contingency, subject to the report back referred to in paragraph 10 above;
- 12 **agreed** that the default expiry date for the above tagged contingency be 1 February 2025;
- 13 **noted** that Joint Ministers can jointly extend the expiry date referred to in paragraph 12 above;
- 14 **authorised** Joint Ministers to return any remaining funding in the contingency to future Budget operating allowances following drawdown;

Financial implications

- 15 **agreed** that the fiscal implications from the table in paragraphs 5 and 7 above will be managed as follows:

Allowance	Function	\$millions – increase/ (decrease)				
		2024/25	2025/26	2026/27	2027/28 & outyears	Operating total
Between Budget Contingency	Health NZ Hospital Services operating (2024/25 only)	38.000	-	-	-	38.000
Prime Minister's Emerging Priorities Fund	Pharmac operating	2.000	3.000	3.000	3.000	11.000
Budget 2025 Operating Allowance	Combined Pharmaceutical Budget; and Health New Zealand Hospital Services (2025/2026 onwards in contingency)	108.000	198.000	235.000	235.000	776.000
Total		148.000	201.000	238.000	238.000	825.000

- 16 **noted** that, at the October Baseline Update (OBU) later in 2024, the five-year forecast period will include the 2028/29 financial year;
- 17 **noted** that a further \$235.000 million will be managed against the Budget 2025 allowance for the costs of the policy in 2028/29 once the forecast period is rolled forward at OBU.

Rachel Hayward
Secretary of the Cabinet

Sensitive - Budget

Office of the Minister of Health

Office of the Associate Minister of Health (Pharmac)

Cabinet

Increasing access to cancer treatments and other medicines

Proposal

- 1 This paper seeks agreement to an out-of-cycle funding increase for Pharmac's Combined Pharmaceutical Budget and for Health New Zealand – Te Whatu Ora (Health NZ) to increase access to cancer treatments and other medicines.

Relation to government priorities

- 2 This proposal contributes to the Government priority to deliver better public services. It addresses the health commitments in the New Zealand National Party and New Zealand First Coalition Agreement, the New Zealand National Party and ACT New Zealand Coalition Agreement and the Government health targets by:
 - 2.1 giving New Zealanders access to more cancer treatments;
 - 2.2 increasing Pharmac's budget every year;
 - 2.3 promoting faster cancer treatment;
 - 2.4 assisting work towards updating Pharmac's decision making model to ensure it appropriately takes patient voice into account.

Executive Summary

- 3 This Government has committed to funding more cancer treatments, increasing Pharmac's budget every year and updating medicines decision-making to reflect patient voice and positive fiscal impacts of funding new medicines.
- 4 Agencies have been working on how to deliver these commitments and provide more and better cancer treatments and other medicines that will make a significant difference to the lives of New Zealanders. We are now seeking an out-of-cycle funding decision to fund this proposal so that Pharmac and Health NZ can make progress without delay.
- 5 This proposal will deliver more than the original pre-election list of 13 cancer treatments. It will deliver the best treatments that give a larger number of New Zealanders substantial gains in cancer survival and quality of life, allowing them to

continue or resume their family, community and economic activities. In total, Pharmac estimates the proposal will fund:

- 5.1 26 cancer treatments covering all cancer types originally listed plus other types not previously included (such as blood cancers);
 - 5.2 up to seven of the original 13 cancer treatments proposed pre-election, with alternatives for the remaining six treatments that are as or more effective than those originally listed;
 - 5.3 28 other medicines that also add substantially to New Zealanders' health and life outcomes, across a wide range of conditions such as infections, respiratory conditions, osteoporosis, sexual health, dermatology, inflammatory conditions, and mental health.
- 6 While Pharmac's estimates change with new information on prices, medicines and effectiveness, their current estimate is that around 176,000 people will benefit in the first 12 months.
 - 7 Agreeing to this proposal will enable Pharmac to fund more medicines for more New Zealanders – those, including cancer patients, who have the most to gain from access to new medicines. It will enable Health NZ to establish the new and higher-capacity facilities, equipment and staffing needed to deliver more cancer treatments, closer to where people live. It will allow strong progress in closing health treatment access gaps between New Zealand and comparator countries.
 - 8 We wish to announce a decision as soon as practical to assure New Zealanders of the Government's commitment to provide more cancer treatments and other medicines.

Background

- 9 This Government was elected on a platform of improving both the economy and public services, including better access to cancer treatments. We have already made earlier cancer treatment one of our five health targets and funded expanded breast cancer screening.

Cancer in New Zealand

- 10 Cancer causes around 31% of all deaths in New Zealand and 34% of years of life lost to early death (based on 2021 data). Considering both early death and years spent in less than full health, cancer causes 17% of health loss in the country. While early deaths from cancer are declining, and cancer survival times increasing, New Zealand is falling behind some comparable countries in outcomes for cancer patients. Improving outcomes will increase people's ability to live economically and socially productive lives.
- 11 Early diagnosis and treatment is one of this Government's highest health priorities. As well as the Faster Cancer Treatment health target and expansion of breast cancer screening, a suite of other health sector changes will facilitate earlier diagnosis and treatment. These include the broader health targets programme, providing more

frontline health services, training more practitioners and the emphasis on providing more services in the community so that all New Zealanders have improved access.

Increasing cancer treatment in New Zealand

- 12 Increasing the cancer treatments available is one key way to close gaps in survival outcomes between New Zealand and other countries; this underlies our commitment to give New Zealanders access to more cancer treatments.
- 13 Budget 2024 provided \$1,774 million over four years to ensure Pharmac could continue access to medicines after time-limited funding approved in 2022 and 2023 ended on 1 July 2024. Pharmac has in 2024 already announced four additional cancer treatments and consulted on a further two. Budget 2024 funding was not sufficient for Pharmac to fund any of the cancer treatments on the pre-election list.
- 14 It is important to note that there will always be more treatments on the market than any nation, even the wealthiest, can afford to fund. Government provision can make more treatments available, but there will always be conditions or people for whom treatments are not funded.

Background to giving New Zealanders access to more cancer treatments

- 15 In 2022, the Cancer Control Agency | Te Aho o Te Kahu published a report on cancer treatment gaps between Australia and New Zealand in 2021. The report focused on medicines funded for public availability in the two countries for solid tumour cancer treatment. It found 20 gaps, 17 of them palliative in nature, across nine solid tumour types, where treatments were funded in Australia and not in New Zealand.
- 16 This was a technical report that highlighted availability differences between the two countries, rather than uptake or outcome differences. It raised public awareness that access to cancer treatments in New Zealand was lower than in Australia. A list of 13 treatments published pre-election highlighted an intent to give New Zealand cancer patients access to treatments that were available in Australia and so lower the gap in access between the two countries.
- 17 Since coming into Government, we have increased our commitment to improving New Zealanders' access to and outcomes from cancer treatment. We remain committed to 13 more cancer treatments for New Zealanders as a performance objective. Rather than considering only the 13 treatments on the earlier list, however, it is important that New Zealand cancer patients can access the best treatments now available across all cancer types.

Advances being made in cancer treatment globally

- 18 Over the three years since the Cancer Control Agency's study, there have been significant advances in cancer treatments, some of which may be curative or offer substantially prolonged and enhanced quality of life.
- 19 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.

Proposal

- 20 We propose that Pharmac's CPB is increased by \$604 million over four years, together with implementation costs for both Pharmac (\$11 million over four years) and Health NZ (\$210 million over four years, including an initial commitment of \$38 million, and up to \$172 million to be held in a tagged contingency, subject to the Minister of Finance and the Minister of Health (Joint Ministers) agreement); a total increase of up to \$825 million over four years.
- 21 This uplift will fund some 54 medicines as either new listings or widening access to medicines currently listed. This would provide treatment for an estimated additional 176,000 people in the first 12-month period, rising to an estimated 192,400 people receiving treatment per annum.
- 22 As of today, and subject to change as new medicines and evidence become available, Pharmac estimates that this will include:
- 22.1 26 cancer treatments for a range of cancer types including thyroid, bowel, breast, bladder, lung, head and neck, prostate, liver, ovarian, kidney and four different blood cancers; this includes treatments for all cancer types covered by the list of 13 treatments;
- 22.2 28 other treatments that will include medicines for a wide range of indications such as infections, respiratory conditions, osteoporosis, sexual health, dermatology, inflammatory conditions, and mental health.
- 23 We are advised this proposal would fund treatments for all cancer types covered by the original list of 13 treatments as well as a range of other cancer types. Up to seven of the cancer treatment medicines on that list would be included along with alternative treatments as good or better than other treatments on the list.
- 24 Funding required is shown in Table 1. It is based on full year costs and assumes that Health NZ will meet some of the increased service delivery costs (cancer treatment services) from within its funding baselines. Prior to any appropriation of funding for 2025/26 onwards, Health NZ will report to Joint Ministers on delivery, implementation and costings.

Table 1. Funding required over 4 years

Funding (\$ million)	2024/25	2025/26	2026/27	2027/28 & outyears [^]	Operating total
Combined Pharmaceutical Budget*	108.000	146.000	175.000	175.000	604.000
Pharmac operating	2.000	3.000	3.000	3.000	11.000
Health NZ Hospital Services	38.000	52.000 [#]	60.000 [#]	60.000 [#]	210.000[#]
Total (\$m)	148.000	201.000	238.000	238.000	825.000

* The proposal represents a substantial increase to the CPB (rising to 10.8% by year 3).

[^] The next financial year (2028/29) will be rolled out through the October Baseline Update.

[#] Joint Ministers will decide on 2025/26 and outyear funding after Health NZ reports on implementation.

- 25 Table 1 does not include capital expenditure that will be required (such as for genomic testing and imaging equipment); capital costs will be reconciled with Health NZ's capital expenditure plan and provisioning for any additional requirements considered separately.
- 26 An early decision on this funding outside the annual Budget process will allow agencies to increase capacity and work at pace to deliver increased cancer treatments and other medicines. The first additional treatments will start within three to four months of funding being agreed. Pharmac and Health NZ will align their work closely to build the health system capacity (including workforce and equipment to deliver the treatments) to provide new treatments as they are funded.

Analysis

- 27 This proposal increases access to the cancer treatments and other medicines that will make the biggest difference to New Zealanders. It makes the most of the strong advantages Pharmac has brought to the value New Zealand obtains from medicines funding. It benefits cancer patients with a wide range of cancers along with other New Zealanders who similarly have much to gain from medicines funding.

Increasing Pharmac's CPB allows New Zealanders to access the best cancer treatments

- 28 Pharmac assesses and ranks potential investments in medicines. Its published Options for Investment List (OFI) outlines a long-list of medicines Pharmac would like to fund if or when its budget allows. The OFI is continually updated as more new medicines are assessed, found to offer high value and approved by Medsafe (to ensure treatments are effective, safe and of consistent quality for use in New Zealand). Pharmac does not publish the rankings within the OFI to preserve its commercial position and negotiating power with suppliers to achieve the best value for New Zealanders.
- 29 Pharmac's current estimates of patient numbers who will benefit from the proposal are shown in Table 2. This includes many more cancer patients than could have received the 13 listed treatments (estimated to benefit fewer than 1,200 patients in any year).

Table 2. Numbers of patients receiving new or widened access treatments in the four years following listing on the CPB (estimated)

Patients receiving treatments by year		Year 1	Year 2	Year 3	Year 4
People receiving cancer treatments	Blood cancers	958	1,058	779	758
	Solid cancers	1,573	1,519	1,660	1,775
	All cancers	2,531	2,577	2,439	2,533
People receiving other treatments (non-cancer)		173,459	185,026	178,210	189,874
Total people receiving treatments		175,990	187,603	180,649	192,407

- 30 Pharmac has a number of cancer medicines on its OFI; around a third of new medicines assessed are cancer treatments. We cannot know with certainty which or how many cancer treatments (new or widened access) would be funded when the CPB

is increased, as Pharmac continually seeks to increase the health outcomes New Zealanders get from its decisions, and the OFI changes over time. A decision to fund a medicine takes into account, at the time, the latest information affecting value for money. This may change because, for example, new medicines have become available or new evidence of health benefits known; there may be budget available to spend or a change in price; as well as other factors like service delivery and wider impacts on the health system.

Health NZ's capacity to deliver additional cancer treatments will be built

- 31 Health NZ has plans in place to improve cancer treatment services, especially the timeliness of diagnostic procedures and treatment initiation; accessibility including ability to deliver more services closer to where people live; and navigation and support services for patients and whānau.
- 32 This proposal will accelerate these improvements and further increase capacity to deliver additional cancer treatments. These treatments are often intensive and lengthy, and require testing, imaging and other services along with chemotherapy. Some treatments require highly targeted or personalised delivery for which new equipment and capability will be required. Increased capacity to deliver these more intensive treatments (facilities, equipment and personnel including highly specialised practitioners) is required to support the proposal.
- 33 Health NZ's plans to reconfigure services to provide better cover to all regions of New Zealand, to provide more services closer to people's homes and to better utilise capability across health practitioner groups will expand in order to support the capacity increase required. Additional outsourcing may be required both to provide some of the new delivery and to release capacity for new activity, particularly while plans to create internal capacity are in development. As reconfiguration beds in, better performance against the Faster Cancer Treatment health target will result.

Other options were rejected as poor value for money and too time-inefficient

- 34 The proposal to uplift the CPB to increase access to cancer treatments and other medicines was one of a variety of options considered. It does not fund all of the particular 13 treatments outlined in the manifesto list; some of these are now replaced by more effective options, with a few not having been approved by Medsafe or having no application for approval received in New Zealand. However, of all options considered, the proposal provides the most timely, cost-efficient and high-value access to more cancer treatments and covers the cancer types in the list as well as other cancers including blood cancers.
- 35 Other options were considered at different levels of investment and using a range of funding mechanisms. Table 3 outlines the advantages and disadvantages of five options considered.

Table 3: Options considered to allow access to more cancer treatments

Option (all options include cancer treatments and cancer services)	Additional treatments (estimated number)	Coverage of cancer types and treatments on list of 13	People to benefit (number per year)	Additional treatments in 3-6 months	Cost over 4 years* (\$m) Cancer cost portion (%)
A – Increase the CPB by \$280m	11 cancer 24 other	7 cancers incl. 2 blood 0 treatments on list	185,000	✓	388 (48)
B – Purchase 13 additional cancer treatments through the CPB (not on list)	13 cancer 26 other	8 cancers incl. 3 blood 0 treatments on list	186,000	✓	427 (47)
C – Intermediate increase in the CPB	15 cancer 28 other	13 cancers incl. 4 blood 0 treatments on list	189,000	✓	537 (60)
D – Proposal Purchase maximum number of the 13 cancer treatments through the CPB	26 cancer 28 other	15 cancers incl. 4 blood 7 treatments on list All cancer types on list	192,000 >2,500 cancer	✓	825 (69)
E – Purchase as many of the 13 cancer treatments as possible outside of Pharmac CPB	13 cancer 0 other	Up to 13 cancers Most treatments on list Up to all types on list 0 blood	< 1,200	Delay of 6 months+	389 (100)

Funding access to the earlier list of 13 specific treatments

- 36 Providing access to the manifesto list of 13 treatments for solid tumour cancers, solely, would have been difficult but not impossible. It would have required a separate funding mechanism, outside Pharmac's CPB, to be established and resourced. It would likely delay Health NZ's ability to build service delivery capacity while the new funding mechanism was being established. It would have been more expensive, taken longer, involved legal and other risks and given New Zealanders much lower value.
- 37 More importantly, this option was rejected as it did not allow funding of treatments for all cancers. It would have meant people with blood cancers could not benefit from the funding and thus add to inequities across cancer types.
- 38 The Cancer Control Agency will shortly provide to the Minister of Health a report on gaps for blood cancers using a similar methodology as the 2022 report. While this report will provide similarly valuable technical information, it will not identify the highest value treatments for New Zealanders which may, for example, be new or unavailable in Australia.

Funding access to cancer treatments from a separate funding pool within the CPB

- 39 Providing access to the best cancer treatments (rather than a list of particular treatments) from a dedicated fund within the CPB would also have been possible

(though with legal implications) but given lower value for money. This option would lower commercial advantages for Pharmac in negotiating across medicines categories and thus likely lower the value for money achieved, not only in procuring cancer treatments but across other Pharmac procurement activities.

Risks and risk management

- 40 Risks that may arise as this proposal is implemented relate to the value to be achieved from the funding, the benefits to cancer patients relative to all patients, and the ability to increase service provision sufficiently to realise the full benefits for cancer patients.

Value achieved from Pharmac's procurement may be lowered by an injection of funds

- 41 Pharmac's negotiating power may be lowered if suppliers know their products are in demand. However, Pharmac manages this risk continuously by keeping extensive published lists, without disclosing the rankings, of products it would like to fund should its budget and the price and value equation align.
- 42 While the proposal would allow funding of a substantial number of new or increased access medicines in one year, this would by no means exhaust the possible products to be funded. Indeed, more applications are likely to be received as suppliers will know there is a higher chance of acceptance for their high-value products.
- 43 Mitigating this risk, the ability to fund a higher number of new medicines than usual in a shortened timeframe will give Pharmac greater options for negotiating 'bundles' of products from single suppliers that help to achieve better value for money.

New applications for high-value non-cancer medicines may lessen the number of cancer medicines to be funded

- 44 This risk is considered low because cancer treatments are such a large proportion of all new medicines and of those for which Pharmac receives applications. The explicit tying of the proposal to improving cancer treatment in New Zealand is also likely to alert cancer medicine suppliers and influence their efforts to successfully supply their products in this country.

Services to deliver cancer treatments may not be able to grow fast enough

- 45 The health system is under considerable pressure and undergoing changes, clinical, organisational and administrative. There are workforce shortages in some cancer treatment-related areas. It is possible that service delivery capacity could limit the numbers of patients who receive new treatments, even when the medicines are funded.
- 46 However, Health NZ is already developing plans to increase cancer services delivery in the community. Building additional community service delivery capacity would enable some treatments to be provided safely closer to people's homes, though does add complexity. The proposal boosts Health NZ's resource to build this additional distributed capacity at pace. Note that which cancer treatments are delivered in community or hospital settings will depend on the clinical and ancillary requirements for each treatment and patient.

Implementation

- 47 Once decisions have been made, Pharmac will start to work towards funding the range of medicines on (or soon to be added to) its OFI. Required stages include negotiation with suppliers, agreement on supply terms and dates for stock availability, public consultation, and making final decisions.
- 48 Completing these steps will mean that the earliest dates for funding of new medicines will likely be October to November. Some cancer medicines are among those already available in New Zealand where widened access would be enabled by this proposal. Widening access to these medicines is likely to be simpler and Pharmac expects to start progress on this early. The timeframe also gives Health NZ preparation time to obtain and commission new equipment and scarce expertise and to increase cancer treatment delivery as new and widened access cancer medicines are funded.
- 49 Implementing this proposal will be a very significant undertaking. Collective action across the health sector will be needed to achieve the cancer services increases and improvements that give New Zealand cancer patients and their whānau the outcomes we are seeking. We have asked the Director-General of Health to convene a leadership group from the Ministry of Health, Health NZ, Pharmac and the Cancer Control Agency that will spearhead and be accountable for the progress required.

Cost-of-living Implications

- 50 Medicines and other health services provide health benefits that allow people to continue with community, economic, educational and social activities.
- 51 Cost-of-living challenges can be particularly high for people who need treatments that are not funded. Meeting the full treatment cost themselves, if possible, or foregoing the added health benefit add to cost-of-living challenges.
- 52 Family and whānau also face cost-of-living challenges when their members are receiving cancer treatment and other treatments that impact significantly on patients' ability to continue with their usual life activities and/or require them to travel in order to receive treatment. Providing more treatments closer to where people live will mitigate these challenges. In those cases that people are still required to travel to receive their treatment, recent improvements in the National Travel Assistance policy will provide more support than was previously the case.

Financial Implications

- 53 This paper seeks funding of \$825.000 million in total over the forecast period (2024/25 to 2027/28) with a corresponding impact on the operating balance and net core Crown debt. The paper seeks to approve increases in appropriations of \$653.000 million over this period which covers:
- 53.1 \$604.000 million for Pharmac's CPB costs;
- 53.2 \$11.000 million for Pharmac's operating costs; and
- 53.3 \$38.000 million for Health NZ's implementation costs in 2024/25.

- 54 In addition, the paper seeks to establish an operating contingency of \$172.000 million for Health NZ's implementation costs from 2025/26 onwards. Drawdown from this contingency will be subject to Health NZ providing Joint Ministers with further detail on the implementation planning and costings.
- 55 The fiscal implications from the decisions sought in this paper will be managed against the Budget 2025 operating allowance, the Budget 2024 Between Budget Contingency and the Prime Minister's Emerging Priorities Fund as set out in Table 4.

Table 4. Sources of funding to increase access to cancer treatments and other medicines

Funding source	Amount over 4 years (\$ million)
Budget 2025 operating allowance	776.000
Between Budget Contingency	38.000
Prime Minister's Emerging Priorities Fund	11.000
Total	825.000

- 56 Note that, the amount presented for this policy decision as being funded from the Budget 2025 operating allowance will include the costs from the 2028/29 year. Therefore overall, on average agreeing to this proposal will commit around \$250.000 million from the Budget 2025 operating allowance. After taking into consideration existing pre-commitments this would leave just under \$800.000 million of funding available in the 2025 Budget operating allowance.
- 57 The proposal is based on current forecasted costs to fund and deliver medicines by the health system. We note the challenges that exist in forecasting funding and implementation costs with the number and scope of treatments being considered over time. We have asked Pharmac and Health NZ to work closely together to manage implementation, including any impacts, whether financial or to service capacity, that may arise from changes in costs, supply or demand for medicines.
- 58 Indirectly, this proposal will contribute positively to many New Zealanders' lives and in the longer term to social and economic outcomes. More people will be able to continue or resume their working and family lives, increasing productivity. It is possible that social welfare costs may increase while patients are receiving and recovering from treatment or live longer in receipt of superannuation.

Legislative Implications

- 59 There are no legislative implications arising from the recommendations in this paper.

Impact Analysis

Regulatory Impact Statement

- 60 No regulatory changes are proposed.

Climate Implications of Policy Assessment

- 61 No substantial changes to greenhouse gas emissions will result from the proposal. Increased travel for the purpose of receiving treatment is likely to be minimised by development of more service delivery capability closer to people's home.

Population Implications

- 62 The proposal will benefit all population groups. Any New Zealander may find themselves in need of a new medicine, and increasing funded access will contribute to overall confidence in Government and the health system to provide help when extraordinary health needs arise.

Human Rights

- 63 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Use of external Resources

- 64 No external resources were employed in developing proposals in this paper.

Consultation

- 65 Pharmac, Health NZ, the Cancer Control Agency, the Treasury and the Department of the Prime Minister and Cabinet have been consulted on the paper.

Treasury comment

- 66 The Treasury does not support this paper. The recent \$1.774 billion investment in the CPB at Budget 2024 was significant, particularly in the current constrained fiscal environment. While we recognise the benefits further increasing access to cancer and other medicines would provide individuals and their whānau, Treasury considers that a \$825.000 million investment would have greater impact in other Vote Health areas at this time, such as primary care. Taking this decision now, outside of the standard Budget process, prevents these and other trade-offs being made.
- 67 Funding this initiative would increase Vote Health's pre-commitment against the Budget 2025 allowance from 57% to 68%, further constraining the available allowance for other cost pressures and Government priorities. Note the funding decisions of this proposal will also reduce the Between-Budget Contingency and the Prime Ministers Emerging Priorities Contingency.
- 68 If Ministers wish to progress this initiative, Treasury's preferred option is to increase the CPB as recommended, but we note that a lower quantum could be funded (such as per Options A – C outlined in Table 3). We strongly advise against progressing this initiative outside of Pharmac's funding model (Option E), as this would benefit fewer New Zealanders, further increase costs, have legislative and legal risks, and reduce negotiation leverage. Given the uncertainty regarding the additional health system capacity needed to deliver these medicines, Treasury supports Health NZ's operating expenditure being placed in contingency from 2025/26 onwards.

Communications

- 69 We recommend that an announcement is made in the near future of the Government having committed funds to enable increased availability of and access to cancer treatments and other medicines.

Proactive Release

- 70 We plan to proactively release this paper in accordance with the usual timeframes after Cabinet has made its full decisions on the paper. Redactions will be made to protect information with commercial and other sensitivities.

Recommendations:

The Minister of Health and Associate Minister of Health (Pharmac) recommend that the Committee:

Summary

- 1 note Budget 2024 committed \$1,773.680 million over the forecast period to fund a shortfall in the funding available to purchase previously funded medicines from the Pharmac's Combined Pharmaceutical Budget (CPB) [CAB-24-MIN-0064];
- 2 note that since Budget 2024 decisions were announced, considerable public concern has been expressed about the delay in giving New Zealanders access to more cancer treatments;
- 3 note an out-of-cycle decision now on an increase in funding to improve access to medicines will assure New Zealanders of the Government's commitment to give New Zealanders access to more cancer treatments;
- 4 agree to fund the purchasing and provision of:
 - 4.1 an estimated 26 additional cancer treatments for a range of cancer types including thyroid, bowel, breast, bladder, lung, head and neck, prostate, liver, ovarian, kidney and four different blood cancers;
 - 4.2 included in these additional cancer treatments will be up to seven of the treatments on the original list of 13 treatments, plus replacement treatments that are as or more effective than the remaining treatments on the original list;
 - 4.3 increased health service capacity to deliver the additional treatments;
 - 4.4 an estimated 28 other medicines that add substantially to the health and life outcomes of New Zealanders with a wide range of health conditions;
- 5 agree to increase spending to provide for costs associated with the policy agreed in recommendation 4 above, with the following impact(s) on the operating balance and/or net core Crown debt;

SENSITIVE - BUDGET

Vote Health Minister of Health	\$millions – increase/ (decrease)			
	2024/25	2025/26	2026/27	2027/28 & outyears
Operating Balance and Net Core Crown Debt Impact	148.000	201.000	238.000	238.000
Operating Balance Only Impact				
Net Core Crown Debt Only Impact				
No Impact	-	(52.000)	(60.000)	(60.000)
Total Operating	148.000	149.000	178.000	178.000

- 6 note that the no impact in the table above reflects the establishment of the tagged contingency, outlined in recommendation 10;
- 7 approve, subject to your agreement to recommendation 5 above, the following changes to appropriations to give effect to this policy decision with a corresponding impact on the operating balance and net core Crown debt;

Vote Health Minister of Health	\$millions – increase/ (decrease)			
	2024/25	2025/26	2026/27	2027/28 & outyears
Non- Departmental Output Expenses:				
National Pharmaceuticals Purchasing	108.000	146.000	175.000	175.000
National Management of Pharmaceuticals	2.000	3.000	3.000	3.000
Delivering Hospital and Specialist Services	38.000	-	-	-
Total Operating	148.000	149.000	178.000	178.000

- 8 agree that the proposed changes to appropriations for 2024/25 above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.

Operating tagged contingency for Health New Zealand implementation costs

- 9 agree to establish an operating tagged contingency titled “Implementation of Increased Access to Cancer Treatments and Other Medicines” of \$172.000 million, as per the table below;

	\$millions – increase/ (decrease)				
	2024/25	2025/26	2026/27	2027/28 & outyears	Operating total
Implementation of Increased Access to Cancer Treatments and Other Medicines (Tagged Contingency)	-	52.000	60.000	60.000	172.000
Total	-	52.000	60.000	60.000	172.000

SENSITIVE - BUDGET

- 10 direct Health New Zealand to report back to the Minister of Finance and the Minister of Health (Joint Ministers) on the entity's delivery of this policy and implementation planning and costings for 2025/26 onwards;
- 11 authorise Joint Ministers to jointly draw down funding from the above tagged contingency, subject to the report back in recommendation 10;
- 12 agree that the default expiry date for the above tagged contingency be 1 February 2025;
- 13 note that Joint Ministers can jointly extend the expiry set out in recommendation 12;
- 14 authorise Joint Ministers to return any remaining funding in the contingency to future Budget operating allowances following drawdown(s);

Funding Implications

- 15 agree the fiscal implications from the table in recommendation 6 will be managed as follows:

		\$millions – increase/ (decrease)				
Allowance	Function	2024/25	2025/26	2026/27	2027/28 & outyears	Operating total
Between Budget Contingency	Health NZ Hospital Services operating (2024/25 only)	38.000	-	-	-	38.000
Prime Minister's Emerging Priorities Fund	Pharmac operating	2.000	3.000	3.000	3.000	11.000
Budget 2025 Operating Allowance	Combined Pharmaceutical Budget; and Health New Zealand Hospital Services (2025/2026 onwards in contingency)	108.000	198.000	235.000	235.000	776.000
Total		148.000	201.000	238.000	238.000	825.000

- 16 note that, at the October Baseline Update (OBU) later this year, the 5-year forecast period will include the 2028/29 financial year;
- 17 note that a further \$235.000 million will be managed against the Budget 2025 allowance for the costs of the policy in 2028/29 once the forecast period is rolled forward at OBU.

Authorised for lodgement

Hon Dr Shane Reti

Minister of Health

Hon David Seymour

Associate Minister of Health (Pharmac)

Aide-Mémoire

Cabinet Paper: Funding to increase access to cancer treatments and other medicines

Date due to MO:	21 June 2024	Action required by:	N/A
Security level:	SENSITIVE – BUDGET COMMERCIAL IN-CONFIDENCE	Health Report number:	H2024044889
To:	Hon Dr Shane Reti, Minister of Health Hon David Seymour, Associate Minister of Health		
Consulted:	Health New Zealand: <input type="checkbox"/>		

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	s 9(2)(a)

Aide-Mémoire

Cabinet Paper: Funding to increase access to cancer treatments and other medicines

Date due: 21 June 2024

To: Hon Dr Shane Reti, Minister of Health
Hon David Seymour, Associate Minister of Health

Security level: SENSITIVE – BUDGET **Health Report number:** H2024044889
COMMERCIAL IN-CONFIDENCE

Details of meeting: Cabinet Meeting; Monday 24 June 2024

Purpose of meeting/ proposal: You are taking a joint paper '*Funding to increase access to cancer treatments and other medicines*' to Cabinet for consideration by your Ministerial colleagues on Monday 24 June 2024.

Comment: This Aide-Memoire provides talking points to support the discussion at Cabinet.

Next steps

You have indicated that once the funding is approved by Cabinet, a public announcement will follow immediately.

The Ministry of Health's communications team have been working with their counterparts at Pharmac, Health New Zealand, the Cancer Control Agency, and your offices to provide supporting documents for the announcement.


Maree Roberts

Deputy Director-General

Strategy, Policy and Legislation

Cabinet Paper: *Funding to increase access to cancer treatments and other medicines*

s 9(2)(g)(i)



PROACTIVELY RELEASED



PROACTIVELY RELEASED