

# Aide-Mémoire

## Regular meeting with Pharmac – 24 July 2024

<b>Date due to MO:</b>	18 July 2024	<b>Action required by:</b>	N/A
<b>Security level:</b>	IN CONFIDENCE	<b>Health Report number:</b>	H2024043273
<b>To:</b>	Hon Dr Shane Reti, Minister of Health		
<b>Copy to:</b>	Hon David Seymour, Associate Minister of Health		
<b>Consulted:</b>	Health New Zealand: <input type="checkbox"/>		

## Contact for telephone discussion

Name	Position	Telephone
<b>Kirsten Stephenson</b>	Acting Deputy Director-General, Regulation and Monitoring   Te Pou Whakamaru	s 9(2)(a)
<b>Liz Stirling</b>	Manager, System Planning and Accountability, Regulation and Monitoring   Te Pou Whakamaru	s 9(2)(a)

# Aide-Mémoire

## Regular meeting with Pharmac – 24 July 2024

**Date due:** 18 July 2024

**To:** Hon Dr Shane Reti, Minister of Health

**Security level:** IN CONFIDENCE **Health Report number:** H2024043273

**Details of meeting:** 24 July 2024 at 12.00 to 12.30 pm, in 6.6 EW, the Beehive

**Purpose of Meeting:** This is a regular meeting with Pharmac. You will be meeting with Hon Paula Bennett (Chair) and Sarah Fitt (Chief Executive). This is your first meeting with Hon Paula Bennett as the new Pharmac Chair.

Maree Roberts, Deputy Director-General, Strategy, Policy and Legislation will attend from the Ministry.

**Comment:** Pharmac has indicated they would like to discuss the following:

1. Update from Minister
2. Progress update on Budget Uplift – new funding for cancer medicines
3. Update on Continuous Glucose Monitors funding
4. Review of 8.1b of the Pharmaceutical Schedule
5. Medical Devices
6. General business.

Background on most of these issues is provided below. Suggested talking points are attached as **Appendix A**.

# Key topics for conversation

## New funding for cancer medicines

Pharmac is procuring medicines funded by the uplift of \$604 million (over four years) to the Combined Pharmaceutical Budget recently agreed by Cabinet. Pharmac estimated this enables access to 26 additional cancer treatments, including 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. It will also fund around 28 medicines for other illnesses.

Pharmac's primary focus is the delivery of initial medicines in 2024 so New Zealanders can access new medicines as quickly as possible. Pharmac is already publicly consulting on widening access to a range of cancer and other non-cancer treatments<sup>1</sup>.

At both leadership and working level, Pharmac is working closely with Health New Zealand, the Cancer Control Agency, Ministry and Medsafe to ensure the health system can plan for and deliver the immediate growth in new medicines as well as expand delivery capacity over the longer term.

Pharmac will receive an additional \$11 million over 4 years in operating budget to assist with the additional work. Health NZ will also incur service costs associated with administration of the new treatments.

Pharmac has indicated they can update you on progress.

## Continuous glucose monitoring (CGM)

Pharmac has paused its procurement of CGM following public consultation, and is further considering product usability, the health impacts of changing insulin pump brands and support for changes.

(Pharmac will update you on this matter.)

## Section 8.1b of the Pharmaceutical Schedule

Section 8.1b of the Pharmaceutical Schedule allows clinicians to prescribe cancer medicines to children without following Pharmac's usual processes. This rule has been under review, including a phase of public consultation. As a result of the review, we understand Pharmac does not intend to make major changes to this rule.

(Pharmac will update you on this matter.)

## Medical devices

In his Letter of Expectations, Minister Seymour has indicated he wants to work with Pharmac and the Ministry of Health on the following matters related to medical devices:

- How the current statutory objectives and functions of Pharmac could be updated to ensure that the organisation is operating in way which ensures the optimisation of health outcomes which can be provided by medical technologies.
- The role that Pharmac is playing in the value assessment and procurement of medical devices.

- How can Pharmac put forward medical technology budget requests to its responsible Minister in a manner which maintains independence but supports additional investment.
- The wider societal and fiscal impacts of investments in medical devices and treatments.

The Ministry of Health and Pharmac are currently considering how they can work together on these initiatives.

## **General Business**

### *Minister's Letter of Expectations*

Minister Seymour's Letter of Expectations for 2024/25, which was consulted on with Cabinet, included detailed expectations that Pharmac focus on changes and/or improvements in areas including:

- Organisational culture
- Dual roles of assessment and procurement
- Medical devices (as noted above)
- Incorporating the wider fiscal impacts of pharmaceutical investment
- Inclusion of the patient voice.

Pharmac has incorporated these expectations into its Statement of Performance Expectations for 2024/25 and is working on implementation. Some of these topics already form part of Pharmac's priorities, (such as 'inclusion of the patient voice') and will require continued focus. Others such as incorporating fiscal impacts are new and will require more investment. Minister Seymour met with Pharmac staff on 10 July 2024 to discuss the LoE and how it could be taken forward.

The Ministry will continue to support the responsible Minister and Pharmac in addressing these expectations.

### *Current performance of Pharmac*

In general, Pharmac is making progress on the initiatives set out in its current SPE, based on its most recent reporting as at the end of March 2024.

Pharmac has been overspending against its operating Budget, and forecasting a surplus on the Combined Pharmaceutical Budget for 2024/25. Quarter 4 results for 2023/24 are expected in early August.

In the 11 months to 31 May 2024, Pharmac widened access to 16 medicines not related to COVID-19 and listed 12 new medicines.

### *Board governance and appointments*

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<sup>1</sup> As of 15 July, Pharmac is publicly consulting on access to 13 treatments (7 related to cancer, 6 non-cancer)

The Ministry will engage directly with the Chair to seek her views on critical skill gaps as per the usual Crown entity Board appointment process.



Kirsten Stephenson  
Acting Deputy Director-General  
**Regulation and Monitoring | Te Pou**  
**Whakamaru**

PROACTIVELY RELEASED

## Appendix A: Talking points for meeting with Pharmac

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