

In Confidence

Office of the Minister of Health

Cabinet Social Outcomes Committee

Rescinding a Prescription Co-Payment Decision

Proposal

- 1 This paper seeks agreement to rescind Cabinet's decision to require \$5 co-payment every three months of a prescription with the maximum length of 12 months, and only charge one \$5 co-payment on the initial dispensing [CAB-25-MIN-0159].

Relation to government priorities

- 2 Rescinding the co-payment decision will improve access to medicines by reducing costs for patients, and improve health system efficiency. This is in line with the Government's priorities for health as expressed in the Government Policy Statement on Health 2024 – 2027.

Background

- 3 Cabinet recently agreed to increase the maximum length of a prescription from three to 12 months [CAB-25-MIN-0159]. As of 1 February 2026, prescribers will be able to issue prescriptions for up to 12 months, when it is clinically appropriate to do so. This will enable patients with long-term, stable conditions to continue receiving their medicines, without requiring frequent repeat prescriptions.
- 4 Cabinet also agreed to maintain a \$5 dispensing co-payment every three months over the prescription period for prescription medicines [CAB-25-MIN-0159] to mitigate the financial impact on Health New Zealand (Health NZ).
- 5 A key driver of equitable health outcomes is the removal of financial barriers to accessing medicines. The 2023/24 New Zealand Health Survey estimated that around 191,000 adults did not fill a prescription because of the cost.

Analysis

I propose to remove co-payments every three months over the prescription duration

- 6 The overarching objective of increasing prescription length is to remove cost and administration barriers for patients accessing medicines. After further consideration, I am seeking agreement to rescind the decision to apply \$5 co-payments every three months of the prescription period of supply for prescription medicines.
- 7 If Cabinet agrees, moving to 12-month prescriptions will mean one \$5 co-payment with a prescription over the full prescription period. This payment would be collected on the first dispensing of the prescription.

Removing co-payment requirements removes a financial barrier to access for patients

- 8 Removing financial barriers to accessing medications is a driver of health outcomes. Removing three-monthly co-payments on longer-term prescriptions for patients on long-term medicines will remove this barrier for many patients and better achieve the intent of the prescription length policy – increased access to medicines.
- 9 Patients would pay one payment on the initial dispensing and no longer be required to pay a \$5 co-payment for dispensing every three months. This has the potential to reduce the cost to a patient by up to \$15 over the course of a 12-month prescription, in addition to less frequent visits needed to get a prescription from a prescriber.

It also removes some complexities for implementation by Health NZ

- 10 The co-payment decision [CAB-25-MIN-0159] would require Health NZ to make significant changes to several complex external prescribing and dispensing IT systems.

11 9(2)(g)(i)

12 9(2)(g)(i)

13 9(2)(g)(i)

Options considered

14 9(2)(g)(i)

14.1 9(2)(g)(i)

14.2 9(2)(g)(i)

Financial Implications

15 9(2)(g)(i)

Health New Zealand

16 9(2)(g)(i)

17 9(2)(g)(i)

Pharmac

18 9(2)(g)(i)

19 9(2)(g)(i)

Implementation

20 I have instructed the Ministry of Health to work with Health NZ and Pharmac to implement this policy by 1 February 2026.

21 The Ministry will work with Health NZ and Pharmac to monitor and review the uptake of 12-month prescriptions across the sector in addition to a report-back from Pharmac on actual impacts.

Cost-of-living Implications

22 Out-of-pocket costs for patients are a key barrier to accessing healthcare and medicines, and a major driver of inequitable outcomes. This proposal is intended to reduce out-of-pocket costs for patients, to make it easier to access medicines.

23 In rescinding this decision, which removes co-payment requirements, patients will now only be required to pay the prescription cost (costs vary across General Practice)

versus paying the cost of the prescription plus a \$5 co-payment on each dispensing (in total every three months) under the original policy.

Legislative Implications

- 24 The decision sought in this paper has no legislative implications, as it only involves amending the Health NZ Pharmacy Procedures Manual and co-payment Pharmacy digital system rules. Neither of these has the status of legislation.

Impact Analysis

Regulatory Impact Statement

- 25 A Regulatory Impact Statement is not required for this paper as it maintains the current settings for co-payments.

Climate Implications of Policy Assessment

- 26 The Climate Implications of Policy Assessment is not required for this paper as it maintains the current settings for co-payments.

Population Implications

- 27 The intent of this proposal is to support continued access to medicines for patients on long-term medicines. Population groups with limited access to health services, such as rural and low-income communities, will benefit most from removing financial barriers to accessing medicines.

Human Rights

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

Consultation

- 29 The following agencies were consulted: Treasury, Pharmac, Health New Zealand, Ministry for Regulation, Accident Compensation Corporation and the Ministry for Social Development. The Department of the Prime Minister and Cabinet were informed.

Communications

- 30 I intend to make an announcement following Cabinet's confirmation of decisions.

Proactive Release

- 31 I intend to proactively release this paper within 30 business days of decisions being confirmed by Cabinet, with any redactions as appropriate under the Official Information Act 1992.

Recommendations

The Minister of Health recommends that the Committee:

- 1 **note** that Cabinet previously agreed prescription co-payment rules be amended so that patients continue to be charged \$5 co-payments every three months [CAB-25-MIN-0159];
- 2 **note** that the previous decision does not align with the policy intent to reduce costs to patients;
- 3 **note** that I consider that, to achieve this policy intent, the additional co-payment every three months needs to be removed;
- 4 **note** that this removal will result in benefits including the removal of cost barriers to access to long term medicines as well as remove complexities for implementation;
- 5 9(2)(g)(i)
- 6 **agree** to rescind the Cabinet decision [CAB-25-MIN-0159] and revert to the current settings where a patient pays a \$5 co-payment fee on the first dispensing only.

Authorised for lodgement

Hon Simeon Brown
Minister of Health