

Briefing for information

Joint approach for the procurement of medical devices – Progress report

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To:	Hon Simeon Brown, Minister of Health Hon David Seymour, Associate Minister of Health		
Consulted:	Health New Zealand: <input checked="" type="checkbox"/> Pharmac: <input checked="" type="checkbox"/>		
Proactive release:	This title is proposed by the Ministry of Health for proactive release: <input checked="" type="checkbox"/>		

Contact for telephone discussion

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Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Noted | <input type="checkbox"/> Seen |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Withdrawn |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Overtaken by events |

Comment:

PROACTIVELY RELEASED

Briefing for information

Joint approach for the procurement of medical devices – Progress report

Security level: IN CONFIDENCE **Date:** 26 March 2026

To: Hon Simeon Brown, Minister of Health
Hon David Seymour, Associate Minister of Health

Purpose of report

1. This report provides a progress update and next steps in the transition to a joint approach for the procurement of medical devices.

Summary

2. Following Cabinet approval in September 2025, Health New Zealand (Health NZ) and Pharmac are implementing a joint national approach to hospital medical device procurement. With annual expenditure of approximately \$1.5 billion, the approach is designed to strengthen national consistency, improve value for money, and better align procurement decisions with clinical need, patient outcomes, and funding priorities.
3. Implementation is well underway, with core governance, planning, and operating arrangements in place. Agencies have begun a process to transition contracts with the first agreements expected to be completed in March, developed a consolidated view of procurement priorities, and have operationalised a process for Pharmac to deliver health technology assessments (HTAs).
4. Immediate procurement activity is prioritising tangible benefits, including cost savings and avoided costs through national contracting and improved supply assurance in high-risk categories.
5. The new approach is supported by structured processes for joint planning and prioritisation of procurement activity, clinical engagement and a Supplier Reference Group. The Ministry of Health (the Ministry) is providing oversight, monitoring delivery against Ministers' expectations (see **Appendix One**), and supporting agencies to address issues.
6. Overall, the most critical aspects are being delivered, and agencies have made reasonable progress to establish structures to support coordinated procurement. However, further maturation is required to embed these changes and deliver the intended system objectives. In particular, agencies need to:
 - a. confirm an approach to measuring and reporting on patient, system and financial benefits
 - b. more closely align on a strategic approach to procurement
 - c. deliver an agreed, and resourced, annual procurement plan that builds on the current view of priorities

- d. improve shared access to spend data to support future planning.
7. To support this next phase, the Ministry will continue its oversight role, facilitating collaboration between agencies and ensuring delivery remains aligned with Ministers' expectations for an efficient, patient-focused national procurement system.

Recommendations

We recommend you:

- a) **Note** that, following Cabinet approval in September 2025, Health New Zealand and Pharmac are implementing a joint national approach to the procurement of hospital medical devices **Noted**
- b) **Note** that refinements have been made to the allocation of procurement category leadership as implementation has progressed, with the updated list provided in **Appendix Two** **Noted**
- c) **Note** that Health NZ and Pharmac have made reasonable progress against Ministers' expectations for a joint approach to medical device procurement (see **Appendix One**) **Noted**
- d) **Note** the key elements that have supported the transition to date, including agreed category leadership, a consolidated view of procurement priorities and an operational health technology assessment pipeline **Noted**
- e) **Note** that further work is required to mature the approach, particularly to finalise benefits measurement, strengthen joint strategic planning, confirm and resource an annual Medical Devices Plan, and improve shared access to spend and volume data **Noted**
- f) **Note** that the Ministry of Health will continue to oversee implementation, monitor delivery against Ministers' expectations, and report back as the joint procurement model continues to mature. **Noted**



Allison Bennett
GM, Health System Settings

Strategy and Policy

Date: 26/03/26

Hon Simeon Brown
Minister of Health
Date:

Hon David Seymour
Associate Minister of Health
Date:

Joint approach for the procurement of medical devices – Progress report

Background

8. In September 2025, Cabinet agreed to a joint approach for the procurement of hospital medical devices, with clearly defined roles and responsibilities for Health NZ and Pharmac. The agreed approach is intended to improve value for money, align procurement with health system priorities, and reduce duplication and fragmentation across agencies.
9. Under the agreed category split, Pharmac leads procurement for devices that have direct therapeutic impact on patients (for example, orthopaedic implants), while Health NZ leads for devices that are less therapeutically intensive and require integration with hospital infrastructure (for example, beds and imaging). Both agencies are expected to work in close partnership across all categories.
10. The joint Letter of Expectations (LOE) sets expectations for Health NZ and Pharmac to deliver an effective and coordinated approach for medical device evaluation and procurement. Key expectations include:
 - a. clear leadership by category, with agencies leading where they add the most value
 - b. joint planning and coordination of procurement activity
 - c. Pharmac to provide independent Health Technology Assessment (HTA) to inform adoption, procurement and investment decisions
 - d. consistent and transparent engagement with industry stakeholders
 - e. delivery of measurable benefits over time.

Assessment of implementation

11. Overall, agencies have made reasonable progress to transition to a joint approach for the procurement of medical devices. Health NZ and Pharmac have moved beyond initial set-up and are now operating under the agreed governance and operating model. The new approach represents significant change for both agencies, which has been particularly challenging to implement with constrained resource and organisational restructure.
12. Foundational arrangements are in place, priority evaluation and procurement activity is underway, and agencies are beginning to realise the benefits of more coordinated national planning and decision-making. While the transition remains complex, particularly for contract transition and novation, implementation is functioning as intended and continuing to mature.
13. Key governance arrangements are now in place, with clear leadership by category for procurement and teams are building mechanisms for joint planning, prioritisation, and industry engagement. This has supported delivery of a system-wide view of intended

procurement activity. Similar governance and commissioning arrangements have been established for HTAs, which has led to an agreed pipeline of assessments.

14. The Ministry has been providing oversight, monitoring delivery against Ministers' expectations, and supporting resolution of emerging risks to ensure momentum is maintained and agencies are focusing on system priorities.

Standing up the new approach

15. After the first 6 months, delivery against the joint LOE is well underway. As set out in **Appendix One**, most expectations are assessed as on track or completed. Key achievements include:
 - a. agreement on category leadership, with a plan for contract transition
 - b. a consolidated view of procurement priorities and targeted benefits
 - c. an operational HTA service level agreement and pipeline, and
 - d. early mechanisms for coordinated engagement with suppliers and clinicians, for example the supplier reference group.
16. A small number of expectations are assessed as in progress or at risk, for example agencies have not yet delivered a finalised procurement plan for devices. This reflects that further work is required rather than any failure to implement the agreed approach. The remaining challenges are primarily related to the maturity of systems and processes between organisations.
17. For the next phase (over the next 6 months), agencies need to:
 - a. improve shared access to relevant volume and expenditure data,
 - b. finalise shared procurement documentation and approval pathways
 - c. confirm a consistent approach to measuring and reporting patient, system, and financial benefits, and
 - d. deliver an agreed and resourced procurement plan, translating the current consolidated priorities into confirmed activity, sequencing, and intended benefits.
18. These gaps are recognised by both agencies and are being actively managed, but remain critical to demonstrating the full value of the new approach over time.
19. In addition to the work described above, agencies will continue to focus on:
 - a. completing contract transition activity in priority areas,
 - b. finalising joint operational arrangements (including the new Relationship Agreement schedule),
 - c. embedding early and coordinated engagement with suppliers and clinicians as business-as-usual, and
 - d. scaling delivery of HTAs under the agreed service level agreement.

Long-term development of this model

20. The final phase of implementation requires focus on strategic work to mature the joint approach, including development of a more integrated annual planning process, alignment with a future benefits measurement framework, and stronger connection to Health NZ's emerging Health Technology Investment Plan over a 10-year horizon.
21. As the joint procurement approach matures, this next phase will provide opportunities to develop more sophisticated procurement strategies. This includes the ability to consider a broader range of outcomes alongside value for money, such as supporting innovation, economic growth, and the long-term sustainability of the medical devices market, while remaining focused on patient outcomes and system performance.
22. The Ministry will continue to provide oversight as this model develops, ensuring any evolution of procurement strategy remains aligned with Ministers' priorities and delivers clear benefits for patients and the health system.

Key elements of the joint procurement approach

23. The following section provides further detail on the core components and key deliverables that underpin the joint approach to medical device procurement.

Contract transition process

24. Contract transition remains one of the more complex elements of implementation. Progress is dependent on timely legal approval of novation and variation arrangements, supplier engagement and agreement, and alignment with broader procurement activity to avoid unnecessary duplication or rework.
25. Agencies are implementing a structured approach to transitioning contracts to align with the agreed category leadership model. This work is a core component of implementing the joint procurement approach and is being phased and risk-managed to ensure continuity of supply and minimise disruption for services and suppliers. Suppliers are being supported through a joint engagement plan, and agencies report that industry stakeholders have responded positively to the more coordinated approach.
26. Health NZ and Pharmac have agreed a common transition framework that distinguishes between contracts requiring full novation, partial transition, or no immediate change. Key elements of this framework include:
 - a. A pragmatic implementation, commencing with relatively simple suppliers (i.e. single category suppliers, full transition between agencies) in April 2026 and progressing to more complex (multi-category, split transition) in June 2026.
 - b. Standardised legal and communications tools to support this process, such as variation agreement templates and supplier notification letters. These materials will provide consistency and reduce administrative burden for suppliers.
27. This transition is a significant process. Of the 170 contracted medical device suppliers, 94 have contracts requiring transition to align with new category leadership. This includes 47 suppliers fully transitioning to a different lead agency (primarily from Pharmac to Health NZ) and 47 moving to shared arrangements with both agencies. The contracts

affected represent an estimated \$200–\$300 million in annual spend, (up to 20% of yearly expenditure on medical devices).¹

Aligning how agencies measure benefits and value measurement

28. Health NZ and Pharmac are developing a joint benefits framework to support consistent identification, measurement, and reporting of benefits arising from the joint procurement approach. Initial work has focused on aligning how agencies describe and categorise benefits, including distinctions between cost reduction, cost mitigation, and broader system and patient benefits. This work has been informed by existing agency frameworks and early workshops between agencies.
29. At present, benefit estimates reported through agency workplans are indicative, reflect varying levels of confidence depending on the maturity of each procurement activity, and are not yet underpinned by a fully agreed, joint methodology.
30. Further work is required to finalise and operationalise the joint benefits and value measurement framework. Key next steps include:
 - a. agreeing a shared methodology for calculating and validating benefits across agencies
 - b. improving access to and consistency of underlying spend and activity data
 - c. confirming accountabilities for benefits tracking and reporting
 - d. integrating benefits reporting into joint reporting products and oversight arrangements.
31. Agreement on a shared benefits and value reporting framework is critical to delivering against Ministers' expectation to demonstrate measurable value, and the Ministry will be asking agencies to prioritise completion and implementation of this work.

Medical Device Plan – An annual plan for procurement priorities

32. Health NZ and Pharmac are currently developing an annual Medical Devices Plan, representing the first consolidated, system-wide view of planned procurement activity across both agencies. This consolidation enables clearer prioritisation, improved sequencing of activity, and greater transparency over expected delivery and benefits. This represents a material shift from fragmented planning to a shared, forward-looking procurement programme across the system.
33. The current overview sets out timelines for priority category activity over 2025/26 and into 2026/27, covering evaluation, market engagement, contracting, consultation, approval, and implementation stages. While this provides improved visibility of intended activity, it does not yet constitute a confirmed or fully resourced programme of work.
34. Priority activity includes, for example:

¹ These figures are indicative and require further refinement.

- a. Pharmac-led procurement in clinically critical categories such as interventional cardiology, endo-mechanical and electrosurgical devices, and interventional radiology.
 - b. Health NZ-led activity will focus on value delivery through national standardisation, fleet alignment, and supply assurance in categories such as patient monitoring consumables, personal protective equipment, laboratory equipment and consumables.
35. Agencies have provided an initial view of the intended benefits to be delivered through priority procurement activities through FY 25/26 and 26/27. These benefit estimates are indicative and high-level, reflecting varying levels of maturity and confidence across activities, and are not yet underpinned by a fully agreed joint benefits framework.
36. A key expectation for the next phase of work (within the next 6 months) is for agencies to deliver a confirmed and resourced Medical Devices Plan, translating the current consolidated priorities into an agreed, deliverable programme of work. This will be supported by improved access to spend and volume data, clearer alignment with HTA commissioning, and maturation of joint reporting and benefits measurement arrangements.

Health Technology Assessments (HTAs) process and pipeline

37. The Health Technology Evaluation Pathway (HTEP) is a single, nationally consolidated process for triaging, assessing and appraising health technologies to inform their adoption and use within Health NZ.
38. HTEP supports patient outcomes and system performance by:
- a. enabling informed decisions on new and emerging technologies, ensuring patients and clinicians have access to effective innovations while avoiding adoption where value is uncertain or low.
 - b. improving consistency and equity of care by reducing unwarranted variation and supporting the uptake of high value interventions while limiting low value or unnecessary care.
 - c. supporting procurement decisions that deliver clinical benefit and patient outcomes within a financially sustainable system.

s 9(2)(b)(ii)

s 9(2)(b)(ii)



40. HTA delivery is monitored through existing dashboards, providing real time visibility of progress and supporting coordination with procurement planning. Over time, this information is expected to be made available on Health NZ's website, strengthening confidence that prioritisation and procurement decisions are evidenced and patient focused.

Stakeholder management

41. Agencies have coordinated engagement with clinicians and suppliers to support transition and build confidence in the joint approach. This includes targeted supplier communications on contract transition, establishment of advisory groups for priority categories, and the formation of a Supplier Reference Group to provide structured feedback on process and implementation issues.
42. The first Supplier Reference Group meeting was held in March 2026. Initial engagement has focused on explaining the joint approach, outlining forthcoming procurement and transition activity, and seeking feedback on supplier experience and areas of concern.
43. Early stakeholder engagement has highlighted the importance of clear communication, predictable processes, and early visibility of procurement intentions. Agencies are incorporating this feedback into ongoing engagement activity, including refinement of communications protocols and further development of joint engagement tools.

Next steps

44. The Ministry will continue to oversee the implementation and development of the joint approach for procurement, and will provide a follow up report in 6 months.

ENDS.

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Appendix one – Progress against Letter of Expectations

Summary of progress against key LoE expectations (March 2026)

Key LoE expectations	Key deliverables / progress (March update)	Status of progress (summary description)
1. Joint priority-setting and shared procurement pipeline	<ul style="list-style-type: none"> Joint priorities agreed across 10 categories Six-month joint pipeline in place and being implemented Category leadership and ownership agreed Contract transition approach established and initial transfers underway 	On track. Core joint planning and prioritisation arrangements are in place and operating. Contract transition is underway but remains complex and dependent on legal and sequencing issues, requiring ongoing management.
2. Annual Medical Devices Plan	<ul style="list-style-type: none"> Agreed first 12-months of priority procurement activities Priority category activities defined and feeding into plan Consolidated workplan completed, spend data access still being finalised 	In progress, but at risk. Foundational planning deliverables have been completed. Work is needed to further consolidate activity into a single cross-agency view and improve access to spend data to support future planning cycles. Confirmation of resourcing against priority activities is required to develop a deliverable programme of work. The Ministry has highlighted this as critical to meeting Ministers' expectations to demonstrate measurable benefits.
3. Agreed procurement briefs, approvals and documentation	<ul style="list-style-type: none"> Initial joint planning documents drafted for priority categories Supplier protocol drafted Relationship Agreement schedule under active development 	On track, but with key dependencies. Direction of travel is clear, but key documentation (particularly the Relationship Agreement schedule and approval pathways) is still being finalised and remains time-critical.

4. Early and coordinated engagement with suppliers	<ul style="list-style-type: none"> • Innovation submission pathway operational • Joint communications and engagement working group established • Supplier Reference Group established (first meeting held March 2026) • Joint engagement activity underway and planned (e.g. HealthTech Week) 	<p>On track. Practical engagement mechanisms are now operating. Some documentation and process maturity is still required, but early engagement is functioning and expanding. Early feedback from industry has been positive about the opportunity for more proactive engagement from agencies.</p>
5. Involvement of clinicians and, where appropriate, patients	<ul style="list-style-type: none"> • Clinical advisory groups established across multiple categories • Patient engagement pilots underway through HTA processes • Further pathways to be built on HTEP and HTA processes 	<p>On track but early-stage. Clinical involvement is embedded in priority areas. Patient involvement is emerging and will require further development to become business-as-usual.</p>
6. Joint HTA pipeline aligned to priorities	<ul style="list-style-type: none"> • HTA SLA signed and operational and HTA pipeline agreed • Process for refreshing pipeline underway • Initial HTAs commissioned and underway • Reporting dashboards in place and being tested 	<p>On track. A coordinated HTA pipeline is operational and aligned with procurement priorities, supporting evidence-led decision-making. Reporting is operational but still being refined.</p>
7. Engagement of clinicians, consumers and suppliers in HTA	<ul style="list-style-type: none"> • Engagement occurring through HTA and HTEP processes • Early pilots for patient engagement underway 	<p>On track. Engagement expectations are being met in practice, with further refinement expected as HTA capability matures.</p>

Appendix Two – Updated lead agency for medical device categories (Attached)

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Lead agency for procurement of medical device categories (Updated March 2026 – new categories highlighted)

Health New Zealand led		
Clinical Equipment		
1	Ward & General Ambulatory equipment	Beds, mattresses and patient transfer devices
2	Ward & General Ambulatory equipment	Rehabilitation equipment (inc hoists and bariatric)
3	Ward & General Ambulatory equipment	Medications equipment (medical refrigeration, robots and dispensing)
4	Surgical equipment	Patient warming and cooling
5	Surgical equipment	Robotics – Soft Tissue
6	Surgical equipment	Sterilisation and decontamination equipment and servicing
7	Surgical equipment	Surgical navigation
8	Surgical equipment	Theatre equipment and servicing
9	Medical equipment	Incubators and infant warmers
10	Medical equipment	Lights, pendants and operating tables
11	Medical equipment	Patient monitoring (inc ECG)
12	Imaging equipment	Major imaging (CT, Spec CT, MRI, DSA, Cath Lab and Linac)
13	Imaging equipment	Minor imaging (XR, ultrasound, image intensifier, mammography, fluoroscopy)
14	Imaging equipment	Ultrasounds
15	Laboratory Equipment	Diagnostic/labs equipment (inc POC testing)
16	Laboratory Equipment	Microscopes
17	Laboratory Equipment	Laboratory equipment, calibration and certification, maintenance, service and repair
Clinical Consumables		
18	Surgical Services consumables	Drapes, gowns and surgical gloves
19	Surgical Services consumables	Sterile wraps and sterile services consumables
20	Ward & General Ambulatory consumables	Patient monitoring (inc pulse oximetry and ECG electrodes)
21	Ward & General Ambulatory consumables	Needles and syringes
22	Ward & General Ambulatory consumables	Sharps disposal containers
23	Clinical consumables	Hand hygiene
24	Clinical Consumables	Personal protective equipment (inc non sterile gloves, gowns, masks, eyewear)
25	Ward & General Ambulatory consumables	Point of care testing (inc thermometers and other diagnostic supplies)
26	Imaging consumables	Radiology consumables
27	Laboratory consumables	Biochemistry
28	Laboratory consumables	Diagnostic genetics
29	Laboratory consumables	Haematology
30	Laboratory consumables	Histology
31	Laboratory consumables	Reagents and solvents
32	Laboratory consumables	Virology and Immunology
33	Ward & General Ambulatory consumables	Contenance

Pharmac led		
Clinical Equipment		
1	Surgical equipment	Cardiology equipment (inc defibs, echos and perfusion)
2	Surgical equipment	General and specialist surgical instrumentation, power tools,
3	Surgical equipment	Anaesthetic machines
4	Surgical equipment	Robotics – Orthopaedics
5	Medical equipment	Ventilation and respiratory equipment
6	Medical equipment	Dental and oral health equipment
7	Medical equipment	Gastroenterology, endoscopy, lap towers and scopes
8	Medical equipment	ENT and ophthalmology equipment
9	Medical equipment	Infusion pumps, PCA pumps, syringe drivers, feeding devices
10	Medical equipment	Electrophysiology and neurophysiology equipment
11	Medical equipment	Renal dialysis equipment
12	Wards and General Ambulatory	Obstetrics and Gynaecology
Clinical Consumables		
13	Surgical Services consumables	Anaesthesia and respiratory consumables and resuscitation products
14	Surgical Services consumables	Customised and non customised procedure packs
15	Surgical Services consumables	General surgery/perioperative consumables (other)
16	Surgical Services consumables	Orthopaedic implants and cement
17	Surgical Services consumables	Other surgical implants and mesh
18	Surgical Services consumables	Surgical suction and chest drainage
19	Surgical Services consumables	Sutures and glues, closure devices, skin tissue and vessel stapler-sealants
20	Medical Services consumables	Audiology aids and new born hearing consumables, ophthalmology
21	Medical Services consumables	Dental and oral health supplies and implants
22	Medical Services consumables	Endomechanical, electrosurgical and laparoscopic devices
23	Medical Services consumables	IV equipment, consumables and IV fluids
24	Medical Services consumables	Renal fluids and dialysis supplies
25	Ward and General Ambulatory consumables	Compression garments
26	Ward & General Ambulatory consumables	Medical, patient and treatment consumables inc orthotics (other)
27	Ward & General Ambulatory consumables	Urology, ostomy
28	Ward & General Ambulatory consumables	Women's health and maternity, obstetrics and gynaecology
29	Ward & General Ambulatory consumables	Wound care consumables, (inc casting, NPWT consumables and rental, VTE prevention)
30	Imaging consumables	Cardiac and interventional cardiology and interventional radiology consumables (inc heart valves, ICD and pacemakers, stents, perfusion, grafts)