

Minister of Health

Cabinet material: Update on the implementation of the Government response to the review of Pharmac

20 September 2023

These documents have been proactively released by the Ministry of Health on behalf of the Minister of Health, Hon Dr Ayesha Verrall.

Title of Cabinet paper:

- Update on the implementation of the Government response to the review of Pharmac

Titles of minutes:

- Report of the Cabinet Social Wellbeing Committee: Period Ended 21 July 2023 (CAB-23-MIN-0313)
- Update on the Implementation of the Government Response to the Review of Pharmac (SWC-23-MIN-0087)

Some parts of this information release have been redacted as they are out of scope of the subject of this proactive release.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Social Wellbeing Committee: Period Ended 21 July 2023

On 24 July 2023, Cabinet made the following decisions on the work of the Cabinet Social Wellbeing Committee for the period ended 21 July 2023:

Out of scope

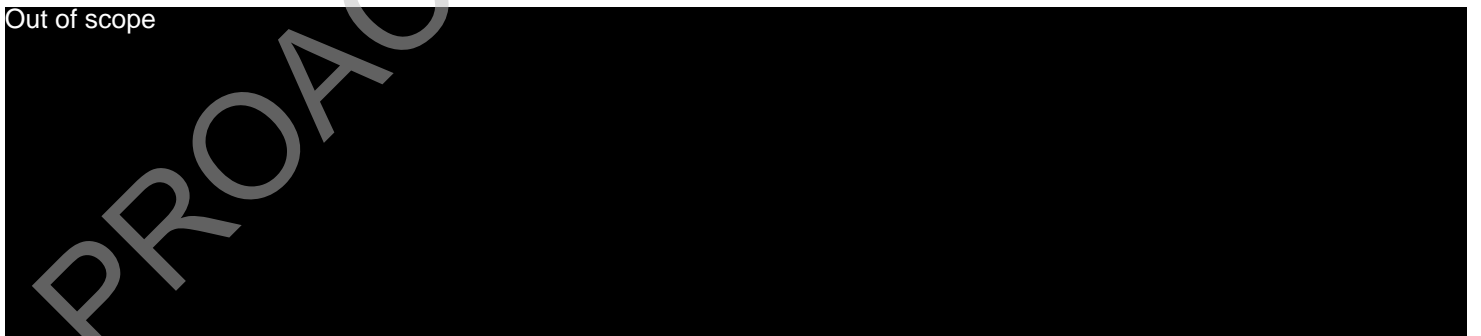


SWC-23-MIN-0087

**Update on the Implementation of the Government
Response to the Review of Pharmac**
Portfolio: Health

CONFIRMED

Out of scope



Rachel Hayward
Secretary of the Cabinet



Cabinet Social Wellbeing Committee

Minute of Decision

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Update on the Implementation of the Government Response to the Review of Pharmac

Portfolio Health

On 19 July 2023, the Cabinet Social Wellbeing Committee (SWC):

- 1 **noted** that in May 2022, SWC agreed to the Government response to the independent review of Pharmac and noted that there would be a report-back on progress by 30 June 2023 [SWC-22-MIN-0093];
- 2 **noted** that satisfactory progress has been made on the review outcomes to date with ongoing work underway or planned by both Pharmac and Manatū Hauora;
- 3 **noted** that Pharmac has incorporated initiatives to continue and extend its response in its draft refreshed Statement of Intent for 2023/24 to 2026/27, and its draft Statement of Performance Expectations;
- 4 **noted** that the Minister of Health, through quarterly performance monitoring arrangements, receives reports on continuing progress on the outcomes of the review of Pharmac;
- 5 **noted** that Pharmac and Manatū Hauora will provide the Minister of Health with advice on options and timing to further evaluate progress and opportunities for improvement.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Chris Hipkins
Hon Kelvin Davis
Hon Grant Robertson
Hon Dr Megan Woods
Hon Jan Tinetti (Chair)
Hon Peeni Henare
Hon Ginny Andersen
Hon Barbara Edmonds
Hon Jo Luxton

Officials present from:

Office of the Prime Minister
Officials Committee for SWC

In Confidence

Office of the Minister of Health

Cabinet Social Wellbeing Committee

Update on the implementation of the Government response to the review of Pharmac

Proposal

- 1 This paper provides a report-back on the health sector's progress in implementing the Government response to the independent review (the review) of Pharmac [SWC-22-MIN-0093 refers].

Relation to government priorities

- 2 The Government made a commitment, prior to the 2020 election, to conduct an independent review into Pharmac to identify improvements that would make the system better and more responsive to key challenges facing the health sector. The objectives of the review of Pharmac align with the key principles of the Pae Ora (Healthy Futures) Act 2022.

Executive Summary

- 3 Cabinet agreed to the Government response to the review (the Government response) in May 2022 and noted there would be a report-back on progress by 30 June 2023 [SWC-22-MIN-0093 refers].
- 4 Satisfactory progress has been made on the review outcomes to date with ongoing work underway or planned by both Pharmac and Manatū Hauora. Manatū Hauora is continuing to monitor progress against the review outcomes as part of its normal role, while also leading work on a rare disorders strategy.
- 5 Most of the recommendations required Pharmac to take action, working with key health stakeholders, while Manatū Hauora is responsible for developing a rare disorders strategy and contributing to wider Government work on supply chain resilience.
- 6 Following the publication of the Government response, Pharmac incorporated activity to address them in an amended Statement of Performance Expectations (SPE) for 2022/23, which was agreed by the previous Minister of Health. There was strong alignment of the recommendations in the Government response with ongoing and planned improvements in Pharmac's then current Statement of Intent (SOI) and SPE.
- 7 Recognising that further work is required, Pharmac has incorporated initiatives to continue and extend its response in its draft refreshed SOI for 2023/24 to 2026/27, and its draft SPE, both of which are currently being

finalised in discussions with Manatū Hauora. I consider that normal monitoring activity could be usefully supplemented by a more independent view of progress, once both entities have had more time to implement current and planned initiatives.

- 8 I have asked Pharmac and Manatū Hauora to provide me advice on options and timing for further evaluation of progress.

Background

- 9 The Government commissioned an independent review of Pharmac in March 2021. The Pharmac Review Panel (the panel) was appointed to consider whether Pharmac makes the best contribution it can to improving health outcomes for all New Zealanders, particularly Māori and Pacific peoples, as part of the wider health and disability system. The review was established to help ensure that New Zealanders can have confidence in the work of Pharmac.
- 10 The panel undertaking the review were asked to investigate and make recommendations on two key areas:
- 10.1 how well Pharmac performs against its current objectives and whether and how its performance against these could be improved;
 - 10.2 whether Pharmac's current objectives (with emphasis on equity for Māori and Pacific peoples) maximise its potential to improve health outcomes for all New Zealanders as part of the wider health system, and whether and how these should be changed.
- 11 The panel found that Pharmac performs an important role, but that to achieve its current objectives its performance needs to improve, especially regarding equitable outcomes for Māori, Pacific and disabled peoples, making a total of 33 recommendations.
- 12 The Panel reported before the finalisation of the Pae Ora (Healthy Futures) Act ("the Act"), which made Pharmac subject to its guiding principles and required collaboration with the rest of the health sector. The Act has shifted and broadened Pharmac's mandate, encouraging a wider health system view. The reforms are at an early stage, and I expect that collaboration and partnership will continue to evolve and will need to be re-assessed over time.
- 13 In its response, the Government agreed with most of the recommendations, with some modifications in some cases. It did not agree with 11 recommendations including a transfer of the responsibility for vaccines and medical devices away from Pharmac to other agencies. The panel recommendations, and the Government response released in June 2022, are summarised in the table at **Appendix One**.

Update on progress against the Government Response

Pharmac

- 14 In July 2022, the previous Minister of Health wrote to Pharmac asking for its initial response to the panel’s recommendations. This correspondence outlined the Minister’s highest priorities for action which were to be represented in an amended SPE. Pharmac approached its initial response to the review through structuring the panel’s recommendations under the following four themes:
 - 14.1 Enhanced assessment and decision-making.
 - 14.2 Doing more to achieve health equity.
 - 14.3 Te Tiriti o Waitangi (Te Tiriti) excellence.
 - 14.4 Better involvement of and collaboration with others.
- 15 Pharmac’s final response to the outcomes of the Government response to the review was submitted to the Minister of Health in November 2022. For 2022/23, Pharmac proposed a total of 30 actions and initiatives grouped under the 4 themes and noted how they were relevant to the Government response. Pharmac noted in its response that the pace and phasing of change would depend on resourcing. The 2022/23 initiatives are listed in **Appendix Two**.
- 16 All 30 actions and initiatives have been grouped under the relevant priority areas in Pharmac’s current SOI and incorporated in its SPE for 2022/23. This enables the Minister of Health to receive quarterly progress on these actions as part of regular monitoring and supports the ongoing monitoring of progress of Pharmac’s actions and initiatives by Manatū Hauora.
- 17 For the latest quarter, ending 31 March 2023, Pharmac reports that four actions have been completed, 20 are in progress and on track, planning has commenced on five and work has not yet commenced on one. The table below provides further detail classified under Pharmac’s Strategic Priorities.

Strategic Priority	Completed	In progress, on track	Planning commenced	Not started
Te Whaioranga (Māori Responsiveness Strategy)	1	4	4	
Enhancing Key functions	3	6		
Equitable Access & Use		4		1
Public understanding, Trust, and confidence		6	1	

- 18 I consider that Pharmac's progress to address the Government response has been satisfactory and note that further work is planned. Pharmac's initiatives to address review outcomes include actions to address Te Tiriti, focussing on improving Māori capability and participation across Pharmac, and improving its understanding of how it contributes to improving health outcomes for Māori. It has had preliminary discussions on forming a partnership with Te Aka Whai Ora. Pharmac is also working on actions to address equity, including hauora Māori, under its "Equitable Access and Use" priority.
- 19 A number of initiatives under action fall under Pharmac's priority of "Enhancing Key Functions" and are aimed at:
- 19.1 enhancing assessment methods
 - 19.2 increasing transparency
 - 19.3 enhancing input from a more diverse range of stakeholders
 - 19.4 learning from people with lived experience
- 20 To involve stakeholders more closely with its work, Pharmac is exploring a partnership with Te Aho o te Kahu Cancer Control Agency, extending its collaboration with the Health Quality and Safety Commission, and appointing more consumer representatives to its advisory committees. The initiative not started relates to better recognition of disabled people in Pharmac's work, and Pharmac is discussing access to the relevant databases with Statistics New Zealand in order to begin work.
- 21 A number of recommendations in the review seek better engagement and collaboration by Pharmac with key health stakeholders, including Te Whatu Ora, Te Aka Whai Ora, Te Pou Hauora Tūmatanui – the Public Health Agency; and Te Aho o te Kahu.
- 22 Feedback from key stakeholders generally indicates that positive progress is being made, but that more work may be needed by both parties in the engagement with Te Aka Whai Ora. All stakeholders along with Pharmac acknowledge the benefits of further improving collaborative working, especially around Pharmac's decisions to invest in medicines.

Manatū Hauora

- 23 To address the Government response, Manatū Hauora is developing a rare disorders strategy (the strategy) that will lead to better support for people with rare disorders by ensuring easier access to information and support for people, practitioners and organisations. The strategy will seek to seize opportunities created through engagement with rare disorders communities.
- 24 Rather than updating the medicines strategy straight away as recommended by the Pharmac review, the Government decided that greater traction on outcomes from medicines and other therapeutic products would be gained through developing the broader Pae Ora Act strategies and the proposed new

regulatory scheme for therapeutic products associated with the Therapeutic Products Bill.

- 25 Manatū Hauora has provided initial feedback and support to wider Government work on supply chain resilience for essential supplies led by the Ministry of Foreign Affairs and Trade.
- 26 A table which maps the panel recommendations to the Government response and details progress is attached as **Appendix Three**.

Next steps

- 27 While progress is being made, and some actions have been completed, ongoing work is required to address the recommendations of the review. Some aspects of the review outcomes, such as equity and Te Tiriti work, will continue to be a lens through which Pharmac should view its work.
- 28 Pharmac is currently working with Manatū Hauora to finalise its SOI for 2023/24 to 2026/27 and the SPE for 2023/24. These accountability documents acknowledge the need to continue work to address the review outcomes. Two of the strategic priorities proposed in the draft SOI incorporate activities which continue and extend the implementation of the improvements sought in the review outcomes.
- 29 A key initiative, which will be further advanced from 2023/24, is planning for refinements to how Pharmac assesses medicines funding applications, including improved recognition of equity, role clarity and greater input from its advisory committees.
- 30 Manatū Hauora will continue its monitoring of the review response and leading work on a rare disorders strategy. I consider that normal monitoring activity could be usefully supplemented by a more independent view of progress, once both entities have had more time to implement current and planned initiatives.
- 31 I have asked Pharmac and Manatū Hauora to provide me advice on options and timing of further evaluation of progress, including any additional opportunities for improvement.

Financial Implications

- 32 There are no financial implications from the proposals in this paper. It is likely that Pharmac will identify operational costs as it plans to accomplish the improvements identified. Costs that cannot be met by reprioritising within its baselines may be raised for future consideration.

Legislative Implications

- 33 There are no legislative implications from the proposals in this paper.

Impact Analysis

- 34 This paper does not require a Regulatory Impact Statement or Climate Implications of Policy Assessment (CIPA).

Population Implications

- 35 Some of the recommendations of the review focus particularly on equity of access for groups such as Māori and Pacific peoples and the disabled community.

Human Rights

- 36 This paper does not have human rights implications.

Consultation

- 37 Pharmac, the Treasury, the Ministry of Foreign Affairs and Trade, Te Whatu Ora, Te Aka Whai Ora, Cancer Control Agency, Whaikaha and the Public Health Agency have been consulted and provided input to this paper. Aspects of the paper have been discussed with the Department of the Prime Minister and Cabinet.

Communications

- 38 There are no communications plans associated with this paper.

Proactive Release

- 39 This paper and its associated minutes will be proactively released in line with standard practice, subject to redaction as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Health recommends that the Committee:

- 40 **note** that in May 2022, Cabinet agreed to the Government response to the independent review of Pharmac and noted that there would be a report-back on progress by 30 June 2023 [SWC-22-MIN-0093 refers];
- 41 **note** that satisfactory progress has been made on the review outcomes to date with ongoing work underway or planned by both Pharmac and Manatū Hauora;
- 42 **note** that Pharmac has incorporated initiatives to continue and extend its response in its draft refreshed Statement of Intent for 2023/24 to 2026/27, and its draft Statement of Performance Expectations;
- 43 **note** that the Minister of Health through quarterly performance monitoring arrangements receives reports on continuing progress on the outcomes of the review of Pharmac;

- 44 **note** that Pharmac and Manatū Hauora will provide the Minister of Health with advice on options and timing to further evaluate progress and opportunities for improvement.

Authorised for lodgement

Hon Dr Ayesha Verrall

Minister of Health

PROACTIVELY RELEASED

Appendices

Appendix One:	Summary of the review recommendations and the Government Response.
Appendix Two:	Summary of Pharmac's 30 actions and initiatives underway or commencing in 2022/23 in response to the Pharmac review.
Appendix Three:	Tracking document of Pharmac progress in line with the Government Response and Independent Panel review recommendations.

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Appendix One: The review recommendations and the Government response

Heading (no. of recs)	Panel recommendations	Government response
Governance and accountability (9)	Three recommendations were put in place by the passing into law of the Pae Ora (Healthy Futures) Act. Others subsequently accepted by Government included an expectation that Pharmac shares information with key health stakeholders where possible and improves the transparency and accessibility of its processes for disabled people. It also recommended transfer of the responsible use of medicines function to Te Whatu Ora and Te Aka Whai Ora.	One recommendation sought the development of an updated medicines strategy by Manatū Hauora. Government decided that the aim of this recommendation would be met through the new suite of strategies required by the Pae Ora (Healthy Futures) Act and continued implementation of the current medicines strategy, including a new regulatory scheme for therapeutic products. Pharmac is to retain responsible use of medicines, working with other agencies.
Decision-making (2)	The recommendations sought improvements and refinements to Pharmac's assessment of pharmaceuticals, and stronger Board oversight of decision-making processes, with more regular evaluation of the impact of investment decisions	Agreed
Cancer medicines (3)	The recommendations confirmed that cancer pharmaceuticals should continue to be considered in the same way as other pharmaceuticals and recommended Pharmac further develop its partnership with Te Aho o Te Kahu Cancer Control Agency.	Agreed, with the proviso that some unique characteristics will need to be considered.
Rare Disorders (7)	The key recommendation sought	Agreed

	<p>Manatū Hauora to lead the development of a rare disorders strategy, taking a system view, but including the funding of medicines for rare disorders. Other recommendations sought improvements to the processes of Pharmac's Rare Disorders Advisory Committee and the processes for considering applications for rare disorders.</p>	
Vaccines (7)	<p>The panel recommendations centred on primary recommendations to transfer responsibility for the prioritisation of vaccines and their eligibility criteria to the Public Health Agency, and the oversight of the vaccine supply chain to Te Whatu Ora.</p>	<p>Government did not agree and recommended that the sector work together to achieve good vaccine outcomes.</p>
Medical devices (4)	<p>The panel's recommendations centred around a recommendation that the cataloguing of and contracting of medical devices be transferred from Pharmac to Te Whatu Ora.</p>	<p>The Government did not agree that this should happen while Te Whatu Ora is being established, but this could be reviewed after the Therapeutic Products Bill and its associated regulation is in place. For now, Pharmac is to work closely with Te Whatu Ora.</p>
Promoting responsible use of pharmaceuticals (1)	<p>The panel recommended that Pharmac's role in optimising the use of medicines should focus on ensuring an equity approach is adopted to assessing medicines.</p>	<p>Agreed</p>

Appendix Two: Summary of Pharmac actions and initiatives underway or commencing in 2022/23

Enhanced assessment and decision-making

1. Make effective use of the funding uplift provided in Budget 2022 to fund both more treatments and widen access to already funded treatments.
2. Commence COVID-19 vaccine purchasing and management.
3. Continue to secure COVID-19 treatments.
4. Progress two process improvement projects to improve how we (i) conduct initial assessments of funding applications to improve timeliness; and (ii) improve processes for seeking and receiving expert advice.
5. Explore how we present our advisory committee meeting records using our decision-making framework (the factors for consideration) to make it clearer how the factors have been applied.
6. Clarify information published about our exceptional circumstances framework around its application to people with rare disorders, and publish better information about the outcomes from our exceptional circumstances decisions.
7. Prioritise engagement with our Rare Disorders Specialist Advisory Committee and proactively seek new funding applications from suppliers of medicines for rare disorders.
8. Explore with Te Whatu Ora, Te Aka Whai Ora and Manatū Hauora the best way for sector views to be taken into account in our assessment of funding applications.
9. Continue to improve the usability of our web-based Application Tracker to support improved transparency.

Te Tiriti Excellence

10. Prioritise giving effect to the health sector principles of Pae Ora, noting their significance for giving effect to te Tiriti, ensuring involvement of and engagement with Māori, and achieving Māori health equity.
11. Prioritise an effective partnership with Te Aka Whai Ora.
12. Continue to make progress with Te Rōpū, our Advisory Committee, to provide strategic direction and help guide our work, including the co-development of a partnership framework.
13. Adopt our Te Tiriti policy.
14. Commence a review, with Māori, of Te Whaioranga.
15. Adopt specific Te Tiriti accountabilities for the Senior Leadership Team.
16. Commence a full review of systemic bias and racism as they relate to Māori across our work.
17. Increased proportion of staff who are Māori experienced in mātauranga Māori and with close ties to whānau.

18. Implement a Māori capability development programme for all staff using Te Arawhiti guidelines.

Doing more to achieve health equity

19. Complete our organisational equity policy to make clear how equity considerations relate to our work.
20. Explore how we can better meet the needs and interests of disabled people across our work (such as related to data collection and our work on diversity and inclusion).
21. Work further to build an inclusive work environment where all people feel they belong and can be their best – supporting both our current workforce and helping to attract additional diversity when we recruit new staff.
22. Increase the diversity of our expert advisory network.
23. Evaluate how our recent insight reports, and use of the underlying monitoring framework, have been received and utilised by other key agencies and stakeholders, to better understand the demand and clinical relevance of such reports.
24. Support Te Aka Whai Ora to develop its role in monitoring system performance, including in relation to hauora Māori, and consider where our own analytical effort and sharing of data and insights are best directed to enhance system knowledge.

Better involvement of and collaboration with others

25. Participate in the cross-agency governance group for the immunisation system, to support better immunisation outcomes from alignment and connection of different roles.
26. Identify the best ways to ensure the perspectives and experiences of disabled people are included in our work, including through discussion with Whaikaha – Ministry of Disabled People.
27. Make consumer appointments to PTAC and some specialist advisory committees.
28. Working with HQSC, identify how best to improve opportunities for consumers to input into our work, including to understand lived experience of people living with diseases.
29. Explore a formal partnership with Te Aho a Te Kahu – Cancer Control Agency.
30. Support and contribute to the development of a rare disorders strategy by Manatū Hauora.

Appendix Three: Tracker of Pharmac Review panel and Government Response recommendations - what is completed and work under way

- This tracker traces the links between the independent Pharmac review panel's 33 recommendations, the Government response, and Pharmac's 30 final implementation plan commitments to meeting the Government response.
- Pharmac has incorporated initiatives to meet the Government response into its Statement of Performance Expectations (SPE) for 2022/23. Reporting from Pharmac's quarter 3 SPE performance report and updates from Pharmac has been used to inform the status of work completed and work under way.
- Pharmac final response commitment 1, 2, 3, 10, and 11 have been added as new initiatives as noted in their recent Q3 progress report.
- Next steps are that Pharmac is to continue progress under its SPE for 2022/23, while reviewing how to continue to give effect to the review in its future SPE (for 2023/24) and SOI (2023/24-2026/27). Manatū Hauora will continue to review progress and updates through Pharmac quarterly performance reports.

Panel recommendation for the Minister	Government Response and summarised description	What's completed	Work under way <i>Note: (#) relates to Pharmac final response commitment, [SPE Status] where available</i>
1. Governance and accountability			
1. Change the Pae Ora (Healthy Futures) Bill that Pharmac's best health outcomes objective includes securing equitable health outcomes for Māori and other populations.	Agreed, with modified response The Pae Ora (Healthy Futures) Act 2022 (the Act) provides that Pharmac works to achieve health equity outcomes and strive to eliminate disparities among population groups (including Māori).	<ul style="list-style-type: none"> • Passage of the Act • Inclusion in Pharmac 22/23 SPE 	Pharmac is progressing SPE commitments to embed the Pae Ora Act, to improve collaboration and health equity, Pharmac is: <ul style="list-style-type: none"> • engaging with other health entities on lung cancer medicines RFP and implementation, and vaccines tendering - (8) <i>Incorporating sector views on funding applications. [In progress, on track]</i>
2. Make explicit the expectation that in seeking the best health and equity outcomes, Pharmac must work collaboratively with Manatū Hauora, Health NZ, and the Māori Health Authority.	Agreed, with modified response The Act guides Pharmac by health sector principles, including collaborating to address wider health determinants to protect and promote health and wellbeing. Pharmac will prioritise collaboration to improve equity and health outcomes.	<ul style="list-style-type: none"> • Passage of the Act • Ministerial expectations letter • Inclusion in Pharmac 22/23 SPE 	<ul style="list-style-type: none"> • implementing advice on Pae Ora principles to inform future development, with plans to reflect them in Pharmac's future SOI for 2023/24 - 2026/27 - (10) <i>Giving effect to Pae Ora. [In progress, on track]</i> • engaging with Te Aka Whai Ora to establish a partnership from 30 June 2023 - (11) <i>Partnering with Te Aka Whai Ora. [In progress, on track]</i> • participating and advising on immunisation/forum matters - (25) <i>Participating and advising in Immunisation governance. [In progress, on track]</i>
3. Ensure all health system guiding principles in the Bill apply to Pharmac.	Agreed The Act sets out health sector principles that apply to all health entities, including Pharmac	<ul style="list-style-type: none"> • Passage of the Act 	<ul style="list-style-type: none"> • engaging with Manatū Hauora on its planning of a rare disorders strategy - (30) <i>Supporting the Rare Disorders Strategy of Manatū Hauora. [In progress, on track]</i>
4. Amend Pharmac's functions: a. Transfer responsible use of medicines to Health NZ and Māori Health Authority b. Enhance its role as the lead advisory agency in security of supply for pharmaceuticals.	Agreed, with moderated response The Act's principles include working collaborative between entities, to guides who is best placed to do these things. a. Pharmac retains the responsible use of medicines function, not as a sole responsibility but to contribute to achieving its primary objective. Collaborative work across agencies is under way and will expand over time b. Manatū Hauora will lead health sector input to supply chain resilience work across the Government.	4a: No change to Pharmac's role but is to collaborate under the Act. <ul style="list-style-type: none"> • Inclusion in Pharmac 22/23 SPE 4b: Agencies have provided feedback to MFAT's work on supply chain resilience	Pharmac is continuing in its role in collaboration with the sector to improve the responsible use of medicines, including <ul style="list-style-type: none"> • exploring a collaborative partnership with HQSC on future data insights - (23) <i>Evaluate how insight and monitoring framework is used. [In progress, on track]</i> • discussing with Te Aka Whai Ora to develop a MoU for insight work with HQSC - (24) <i>Supporting Te Aka Whai Ora on developing system performance and monitoring. [In progress, on track]</i> • advising on vaccine purchasing and supply management to inform programme decisions - (25) <i>Participating and advising in immunisation governance (3) Continue to secure COVID-19 treatments. [In progress, on track], (2) Commence COVID-19 vaccine purchasing and management. [Completed]</i>
6. Agree that the membership of the Consumer Advisory Committee should be appointed by the Minister.	Intent agreed (for strong consumer voice input), moderated response The Act requires entity boards to have consumer advisory committees and give effect to a code of expectations for consumer and whānau engagement. Pharmac will meet the code and ensure consumer participation. The code highlights opportunities to enhance consumer participation, including in Ministerial appointments to Boards.	<ul style="list-style-type: none"> • Passage of the Act • Inclusion in Pharmac 22/23 SPE 	While Ministerial appointments were not expressly agreed, Pharmac is progressing work to improve consumer voice input noting: <ul style="list-style-type: none"> • 3 consumer members have attended an Induction session at Pharmac, and each has attended an Advisory Committee meeting as an observer - (27) <i>Consumer appointments to PTAC/specialist committees. [In progress, on track]</i> • a multi-agency group is examining how Code of expectations for Health entity engagement with consumers and whanau is implemented. Pharmac is using the HQSC consumer network for appointments. HQSC is supporting Pharmac's development of its engagement principles. - (28) <i>Pharmac works with HQSC on consumer input. [Planning commenced]</i>
7. Direct Manatū Hauora to develop an updated medicines strategy in consultation with stakeholders (including Māori, Pasifika, disabled people)	Intent agreed, moderated response Strategic thinking about how medicines contribute to equity	<ul style="list-style-type: none"> • Therapeutic Products Bill (TPB) 	<ul style="list-style-type: none"> • Manatū Hauora is continuing with its progression of the Pae Ora Act strategies. • Manatū Hauora notes the passage of the TPB, and setup of regulatory scheme

Appendix Three: Tracker of Pharmac Review panel and Government Response recommendations - what is completed and work under way

Panel recommendation for the Minister	Government Response and summarised description	What's completed	Work under way <i>Note: (#) relates to Pharmac final response commitment, [SPE Status] where available</i>
on its contents over the next 12 months.	and health outcomes will be progressed through the new Pae Ora Act strategies and current Medicines Strategy, including a new regulatory scheme for therapeutic products.	introduction	may lead to initial scoping discussions on a new medicines strategy, including discussions and planning with Pharmac.
8. Require Pharmac to improve the transparency and accessibility of its systems, processes, resources, and communications to allow disabled people to participate and contribute on an equal basis.	<p style="text-align: center;">Agreed</p> <p>Pharmac will improve the transparency and accessibility of its systems, processes, resources, and communications to allow disabled people to participate and contribute on an equal basis.</p> <p>Pharmac will ensure that the public and stakeholders are informed and engaged, that changes made as part of the Government response are visible and that the reasons for prioritising some changes over others are clearly explained.</p>	<ul style="list-style-type: none"> Ministerial expectations letter Inclusion in Pharmac 22/23 SPE 	<p>Pharmac is increasing the transparency and accessibility of information to allow disabled people to participate, including</p> <ul style="list-style-type: none"> reviewing its assessment and triage processes, updating status of application and improving data quality and usability. Notes early work to review assessment methods to embed equity considerations - (4) Projects to improve funding application assessment and seeking/receiving expert advice. [In progress, on track] advisory committee records now more clearly record application of the Factors for Consideration - (5) Exploring how advisory committee records using a decision-making framework is presented. [Completed] Hui held with Rare Disorders New Zealand to build common understanding. Pharmac to review NPPA policy with Manatū Hauora's RDS development - (6) Clarify published information by the exception circumstance framework and publish better info about framework outcomes. [In progress, on track] engaging with other health entities on lung cancer medicines RFP and implementation, and vaccines tendering - (8) Incorporating sector views on funding applications. [In progress, on track] (9) Pharmac is improving the data quality and useability of the Pharmac's Pharmconnect database and application tracker. [In progress, on track] (26) [In progress, on track] are commitments on how Pharmac can better meet the needs, interests and identify how disabled people's perspective can be included across its work. Pharmac is working with Whaikaha on achieving this.
9. Require Pharmac to ensure its contractual obligations do not preclude sharing of commercially sensitive information with key monitoring agencies such as Health NZ, the Māori Health Authority and the Treasury.	<p style="text-align: center;">Intent agreed (for relevant disclosure and sharing permissions), moderated response</p> <p>Pharmac will ensure its obligations to protect commercially sensitive information allow for levels of disclosure that is permissible circumstances, with frameworks for permissions and processes for recipient handling of confidential information.</p>	<ul style="list-style-type: none"> Inclusion in Pharmac 22/23 SPE 	<ul style="list-style-type: none"> (4 and 6). [In progress, on track] 5. [Completed] See previous references
10. Direct Pharmac and other agencies in the health sector to review how the different operating approaches used in the COVID-19 response could be applied to business as usual, including working collaboratively and speedily, sharing data, and using streamlined processes.	<p style="text-align: center;">Agreed</p> <p>A health system response focused on health system supplies will be led by Manatū Hauora to contribute to wider Government work on supply chain resilience for essential supplies.</p>	<ul style="list-style-type: none"> Input into Manatū Hauora Foreign Affairs and Trade led work on supply chain resilience 	<ul style="list-style-type: none"> (2). [Completed] (3 and 25). [In progress, on track] See previous references
2. Decision-making			
11. Direct Pharmac to develop an integrated analytical framework for the assessment of pharmaceuticals that incorporates: <ol style="list-style-type: none"> Enhanced cost-benefit analysis with strengthened distributional elements Strengthened equity analysis in all its decision-making processes Reviewing and revising the factors for consideration to ensure a proper analytical framework for their application, which can be demonstrated to make a material impact on the outcomes of funding decisions and advance the agency's equity goals More formal structure to consider the prioritisation of the options for 	<p style="text-align: center;">Agreed with modified response</p> <p>Pharmac will give high priority to considering equitable outcomes in its decision-making processes.</p> <p>Pharmac will further develop its analytical frameworks and tools to include distributional analysis and support achieving more equitable outcomes. This will likely involve a multi-year programme of development, testing and further refinement and be world leading.</p> <p>Pharmac will report on the impacts its work, including its collective work with other agencies, has on improving equity and health outcomes.</p>	<ul style="list-style-type: none"> Ministerial expectations letter Inclusion in Pharmac 22/23 SPE 	<p>Pharmac has a strong focus on improving its assessment and decision-making processes through</p> <ul style="list-style-type: none"> 42 new investments made to 30 April 2023 - (1) Effectively using Budget 2022 funding. [In progress, on track] (4) [In progress, on track] and (5) [Completed] See previous reference implementing its drafted Te Tiriti policy which aims to introduce measures to maximise its contribution to achieving equitable health outcomes - (13) Adopting a Te Tiriti policy. [Completed] developing its Equity Policy to make clear how equity consideration relates to its work. Policy intended to be completed by 2022/23 - however action plan to operationalise will come in 2023/24.- (19) Completes an equity policy [In

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Panel recommendation for the Minister	Government Response and summarised description	What's completed	Work under way <i>Note: (#) relates to Pharmac final response commitment, [SPE Status] where available</i>
<p>investment list currently performed by Pharmac staff, with greater input from its advisory committees</p> <p>e. More generally, role clarity at each step of the decision-making process, including what information should be taken into account when preparing material to support decision.</p>			<p><i>progress, on track</i></p>
<p>12. Have stronger oversight by the board of pharmaceutical investment decision-making, with a focus on what is not funded alongside what is funded. This should include:</p> <p>a. Ongoing quality assurance oversight of the investment decision-making process</p> <p>b. Regular evaluations of the impact of investment decisions and assurance that the pharmaceutical schedule more generally is advancing Pharmac's objectives, including those of achieving equitable health outcomes.</p>	<p>Agreed</p> <p>Pharmac has confirmed that it accepts the Panel's findings and is determined to make the needed improvements.</p>	<p>• Ministerial expectations letter</p>	<p>Pharmac recognises the expectations for effective governance and a continued focus on performance improvement.</p> <p>• Pharmac notes ongoing quality assurance oversight by the Board of the investment decision-making process by providing supporting Board papers, reports and holding meetings with the Board. <i>[No direct SPE measure]</i></p>
<p>3. Cancer medicines</p>			
<p>13. Agree cancer pharmaceuticals should be considered like other pharmaceuticals. The emphasis needs to be on severity of disease, clinical alternatives and cost for benefit.</p>	<p>Agreed with modification</p> <p>Agreed with proviso that some unique characteristics will need to be considered. Pharmac will complete its review of the child cancer treatments pathway.</p>	<p>• Note s8(1)(b) consultation has commenced in early November 2022.</p>	<p>• (1) . <i>[In progress, on track]</i> See previous reference</p> <p>• Initial positive discussions have taken place with Te Aho o Te Kahu (Cancer Control Agency) - (29) formal partnership with Te Aho o Te Kahu. <i>[In progress, on track]</i></p>
<p>14. Notes the review considered ring-fenced funding for cancer but believed that would lead to prioritising over other conditions.</p>	<p>Agreed</p> <p>Accepted, no action required.</p>	<p>• No change required</p>	<p>Completed</p>
<p>15. Direct Pharmac and Te Aho o Te Kahu to develop a partnership to enable closer integration with the cancer health sector, with a focus on ensuring equitable access to funded cancer medicines.</p>	<p>Agreed</p> <p>Already under way, Pharmac and Te Aho o Te Kahu will continue their partnership.</p>	<p>• May not require action, however, could include partnership projects</p>	<p>• Pharmac continues to work closely with Te Aho o Te Kahu and is progressing this partnership arrangement.</p> <p>• Joint work undertaken on the lung cancer treatment RFP and implementation planning with an equity focus highlights collaboration with Te Whatu Ora, Te Aho o Te Kahu, Pharmac, and Manatū Hauora under Pae Ora - (29) <i>[In progress, on track]</i></p>
<p>4. Rare disorders</p>			
<p>Direct Manatū Hauora to:</p> <p>16. Lead the development of a rare disorders strategy to coordinate efforts to address and improve the lives of people with rare disorders. This strategy will need to:</p> <p>a. Agree an official New Zealand definition of rare disorder.</p> <p>b. Be a system view and based on a commitment to ensuring more equitable access to appropriate healthcare services from diagnosis through to treatment and other supports.</p> <p>c. Consider the challenge of funding medicines for rare disorders, taking into account the increasing scale of the problem and the impact that this will have on health services more generally.</p>	<p>Agreed</p> <p>More can be done to improve the lives of people with rare disorders and to make it easier for people, practitioners and organisations to get the information and support that helps. Manatū Hauora will lead the development of a strategy that will lead to better, more timely services, equitable support and outcomes for people and whānau with rare disorders.</p>	<p>• Initial advice to the Minister of Health on the approach to develop the rare disorders strategy</p>	<p>• Manatū Hauora is leading the planning and engagement for a future rare disorders strategy (RDS) in line with the Pae Ora Act strategies</p> <p>• In partnership with RDNZ, Manatū Hauora has conducted webinars to inform the Pae Ora strategies with the lived experience of those with rare disorders</p> <p>• Manatū Hauora is planning for further engagements with the rare disorders community and sector experts to inform the development of the strategy for June on-wards</p> <p>• RDS development and timing of launch TBC, estimated timeframe of late 2023/24</p>

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<p>Direct Pharmac to:</p> <p>17. Fully adopt the recommendations of the RFP pilot evaluation¹:</p> <ol style="list-style-type: none"> Pharmac's Rare Disorders Advisory Committee needs to meet frequently enough to undertake and/or consider horizon scanning. Pharmac needs to demonstrate it is acting on the recommendation to have in place more regular calls to suppliers seeking applications. <p>18. Support the chair of the Rare Disorders Advisory Committee to ensure the right expertise is invited to provide advice on applications where there is currently no member of the committee covering that specialism. This may mean involving experts from other countries.</p> <p>19. Involve the lived experience of patients with rare disorders in the decision-making process.</p> <p>20. Extend the role of the Rare Disorders Advisory Committee to monitor and review pharmaceuticals once funded, to gauge their efficacy. This could be achieved through the development of a register for funded medicines.</p> <p>21. Become more transparent about the decision on applications for rare disorders, including under exceptional circumstances.</p> <p>22. Formalise the discretion currently applied within the exceptional circumstances process to minimise barriers to access for rare disorders, including greater clinical oversight.</p>	<p>Agreed with modified response</p> <p>Pharmac will continue to improve its responses to rare disorders, including continuing to involve the lived experience of rare disorders and other expertise</p>		<p>Pharmac progress:</p> <ul style="list-style-type: none"> See previous references for (5) [Completed] (6, 27, 30) [In progress, on track] & (28) [planning commenced] A meeting of the Rare Disorders, Specialist Advisory Committee took place on 7 March 2023. Consumer representatives presented at the meeting providing lived experience of rare disorder conditions. - (7) Pharmac made a call for funding applications from suppliers of rare disorders medicines in late 2022 [Completed] Pharmac have funded nursinersin, trikafta, and risdiplan for SMA.
5. Vaccines			
<p>23. Transition prioritisation of vaccines and their eligibility criteria to the newly established Interim Public Health Agency (PHA)</p> <p>24. Direct the Interim PHA to consider equity as part of the processes they adopt</p> <p>25. Pharmac should continue to negotiate the price, supply and terms of conditions of supply, but should no longer decide which vaccines are listed on the schedule or the eligibility criteria</p> <p>26. Transition these new arrangements over a sufficient time period to enable the Interim PHA to establish the requisite capability</p> <p>27. Direct Manatū Hauora, the Interim PHA and Pharmac to revise the memorandum of understanding to reflect clear roles and functions, including the primacy of the Interim Public Health Agency in ensuring the vaccine schedule is up-to-date and relevant to the health needs of New Zealanders</p> <p>28. Allocate responsibility for overseeing the entire vaccine supply chain to Health NZ.</p> <p>29. Direct Health NZ to undertake detailed policy work to design the system needed to ensure comprehensive, real-time monitoring of vaccines along the supply chain</p>	<p>Not agreed</p> <p>Better gains will be achieved with the sector working together than in splitting up functions.</p> <p>Manatū Hauora, PHA and Pharmac will agree on a robust strategy for immunisation outcomes and the key vaccine decisions involved.</p> <p>Pharmac will use its purchasing skills to deliver the vaccines needed to protect New Zealanders, being responsive to needs of those involved in providing immunisation.</p> <p>All entities will work together to achieve good and equitable immunisation outcomes in maintaining the high priority of preventing disease and improving health for all communities.</p>	<ul style="list-style-type: none"> PHA led advice on establishing an immunisation strategy, immediate strategic priorities for COVID-19, and decision-making and governance mechanisms 	<p>PHA to continue leading on developing</p> <ul style="list-style-type: none"> Immediate strategic priorities for broader immunisation Immunisation strategy with full governance, oversight, decision-making and responsiveness protocols <p>Pharmac has supported the response through work under (1, 8 and 25) [In progress, on track], 2, [Completed] See previous references.</p>

¹ [2017-06-final-Grant-Thornton-evaluation.pdf \(pharmac.govt.nz\)](https://pharmac.govt.nz/news-and-resources/official-information-act/official-information-act-responses/spend-on-rare-disorders-medicines-funded-through-the-2014-request-for-proposals-rfp/)

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6. Medical devices			
<p>30. Transfer cataloguing and contracting medical devices from Pharmac to Health NZ, which is better placed to manage procurement and supply chain for medical devices</p> <p>31. This transition should happen at the speed Health NZ determines</p> <p>32. Direct Pharmac to work with Health NZ to complete the work to design the health technology assessment process</p> <p>33. Any ongoing role for Pharmac in medical devices (for example in technical evaluation or as a purchasing agent) is a matter for Health NZ to consider and agree with Pharmac</p>	<p>Not agreed</p> <p>Responsibility for pharmaceutical devices should not be transferred while Health NZ is being established and public benefits with Pharmac continuing with this responsibility. Until a new therapeutic products legislation is in effect, Pharmac's safety and quality assessments are important across these products. Several devices are listed on the Pharmaceutical Schedule and funded for community use; it is probable that this will continue and expand in future.</p> <p>The Government may review responsibilities, but not until the TPB is implemented and regulation is in place, responsibility for large devices involving significant capital outlay may be considered earlier. For now, the Minister has asked Pharmac to continue working closely with Health NZ to promote consistency in health services across New Zealand.</p>		<p>Agrees to continue its responsibility to manage medical devices, in collaboration with Te Whatu Ora and other key agencies and stakeholders.</p> <ul style="list-style-type: none"> Pharmac has finalised national contracts for \$530 million as at 1 May 2023 purchased by Te Whatu Ora. <i>[In progress, on track]</i> Pharmac is working with Te Whatu Ora and Te Aka Whai Ora to enable devices to be purchased from a nationally maintained list, ensuring consistent access to medical devices and better value for the system. <i>[In progress, on track]</i> Pharmac and Te Whatu Ora have agreed a National Medical Devices Action Plan which aims to ensure strategy and operations are aligned between Pharmac and Te Whatu Ora.
7. Responsible use			
<p>34. Agree Pharmac's role in optimising the use of medicines should focus on ensuring medicines are assessed with an equity approach and undertaking any agreed activities that follow on from the proposed medicines strategy and associated action plans.</p>	<p>Intent agreed (for pharmaceuticals to be assessed with an equity approach), moderated response</p> <p>Pharmac will take an equity approach to pharmaceutical assessments and will promote responsible use of medicines.</p>		<p>Pharmac progress in equity as updated in</p> <ul style="list-style-type: none"> (8, 19, 23, 24) <i>[In progress, on track]</i>, (28 and 10) <i>[planning commenced]</i>

PROACTIVELY