

Joint Briefing

COVID-19 vaccine purchasing and management transition to Pharmac

Date due to MO: 20 April 2022

Action required by: 27 April 2022

Security level: Commercially Sensitive

Health Report number: HR20220639

To: Hon Chris Hipkins, Minister for COVID-19 Response

Hon Andrew Little, Minister of Health

Contact for telephone discussion

Name	Position	Telephone
Maree Roberts	Deputy Director-General, System Strategy and Policy	s 9(2)(a)
Peter Alsop	Director Engagement and Implementation (Pharmac)	s 9(2)(a)

Minister's office to complete:

Approved

Decline

Noted

Needs change

Seen

Overtaken by events

See Minister's Notes

Withdrawn

Comment:

COVID-19 vaccine purchasing and management transition to Pharmac

Security level: Commercially Sensitive **Date:** 20 April 2022

To: Hon Chris Hipkins, Minister for COVID-19 Response
Hon Andrew Little, Minister of Health

Purpose of report

1. This paper provides you an update on the preparations to date to implement Cabinet's in-principle decision to transfer COVID-19 vaccine purchasing and management from the Ministry of Health to Pharmac [SWC-21-MIN-0223 refers].
2. We wish to discuss the overall direction of the work to date in preparation for drafting a Cabinet paper for May 2022.

Key Points

3. The Ministry of Health and Pharmac have begun mapping the detailed end-to-end process for COVID-19 vaccine purchasing and management, including identifying key differences with Pharmac's existing purchasing processes.
4. It will be necessary in finalising the details of the transfer to:
 - a. align with the wider strategic approach to integrating immunisation programmes to ensure population protection against the full range of vaccine preventable diseases as agreed by Cabinet [SWC-21-MIN-0223 refers];
 - b. retain an overarching strategy and outcomes focus to the COVID-19 immunisation programme (including purchasing functions and management), which enables alignment of objectives across settings and the health system;
 - c. ensure the immunisation system (including COVID-19 immunisation) is prevention focused, responsive, easily accessible and equitable (including meeting our obligations under te Tiriti o Waitangi);
 - d. maintain vaccine portfolio, purchasing and management functions that support the evolving response to COVID-19; and
 - e. manage the remaining uncertainty and risk posed by COVID-19 through the transition.
5. We are considering the end-to-end process in more detail to identify any insights that can assist other vaccine programmes. There is significant scope for improvement in how different functions and roles work together to improve the outcomes in each programme and the health system overall.

Recommendations

- a) **Note** that Cabinet agreed in principle to transfer responsibility for ongoing management and purchase of COVID-19 vaccines from the Ministry of Health to Pharmac from 1 July 2022; **Yes/No**
- b) **Note** that Cabinet invited the Minister of Health to report back to the Social Wellbeing Committee in May 2022, setting out the arrangements for the transfer to Pharmac; **Yes/No**
- c) **Note** that officials have mapped out the high-level approach and end-to-end pathway for COVID-19 vaccine purchasing and management; **Yes/No**
- d) **Note** that officials wish to discuss the high-level approach and end-to-end pathway for COVID-19 vaccine purchasing and management; **Yes/No**
- e) **Note** that we intend to provide a paper in late April for you to report back to Cabinet on 18 May 2022; and **Yes/No**
- f) **Note** this Cabinet paper will confirm the specific roles and responsibilities, and timelines for the operational transfer of functions to Pharmac. **Yes/No**

Hon Chris Hipkins

Minister for COVID-19 Response

...../...../.....

Hon Andrew Little

Minister of Health

...../...../.....

Maree Roberts

**Deputy Director-General
System Strategy and Policy**

20/04/2022



Peter Alsop

**Director Engagement and Implementation,
Pharmac**

20/04/2022



COVID-19 vaccine purchasing and management transition to Pharmac

Background

1. In principle, Cabinet agreed to transfer responsibility for the ongoing management and purchase of COVID-19 vaccines from the Ministry of Health to Pharmac from 1 July 2022 [SWC-21-MIN-0223 refers].
2. The transfer was subject to a report from the Minister of Health in May on the necessary arrangements for this decision [SWC-21-MIN-0223 refers].
3. It was considered appropriate to transfer the functions at this time with:
 - a. COVID-19 vaccine supply and development stabilising and a significant proportion (high-level) of the population immunised;
 - b. pandemic purchasing moving closer to Pharmac's usual role in vaccine management, including purchase and supply management;
 - c. a changing communicable disease landscape as we reconnect with the world while the pandemic continues, and need to focus on a broader range of immunisation needs; and
 - d. a focus on broader health and wellbeing outcomes as we emerge from the acute phases of pandemic and maximise opportunities for a newly aligned, cohesive health system to improve equity and health outcomes.
4. The transfer is taking place alongside the Health and Disability System reforms and the Government's response to the Pharmac Review, allowing for greater alignment with the new system while learning from the COVID-19 response.

Progress to date

5. The Ministry of Health, Pharmac, and the Ministry of Foreign Affairs and Trade have been mapping out the current processes and functions, including a high-level view of the pathway and end-to-end process.
6. Work to date has focused on a high-level view of:
 - a. the end-to-end pathway of the outcomes-based approach to the COVID-19 immunisation programme;
 - b. the overarching functions that support the programme;
 - c. the inputs and role that purchasing has across the end-to-end pathway to achieve the desired outcomes; and
 - d. an initial scope of where this is likely to differ from Pharmac's usual processes.

7. More detailed work is underway to map the purchasing function, including the processes for identifying needs, assessment of vaccines and purchase options, and portfolio and contract management.

Managing the transfer during the pandemic

8. It is crucial the transfer of COVID-19 vaccine management and purchasing functions maintains the outcomes focused response to COVID-19 and continuing to mitigate its impact on New Zealand and the health system.
9. We will need to ensure that the institutional arrangements for the COVID-19 immunisation programme as a system (including the roles of Pharmac, the Ministry of Health, and the new health agencies) support the objectives of the COVID-19 response.
10. A key component of this is the immediate response related to Reconnecting New Zealand and the reopening of borders. There are health risks associated with this reconnection. COVID-19 vaccine purchasing and management functions will need to continue to support a National Immunisation Programme response effectively.
11. As we transfer functions, it will be critical to maintain our effective response to COVID-19. To ensure a smooth transition:
 - a. Cabinet has already agreed that COVID-19 vaccines will continue to be funded separately from the Combined Pharmaceutical Budget; and
 - b. Ministers will continue to approve final decisions on purchases [SWC-21-MIN-0223].
12. The Ministry of Health, Pharmac and the Ministry of Foreign Affairs and Trade are building out a timeline for the transfer and likely decision making and purchasing requirements. This includes outlining continuing risks and mitigations to ensure transparency for the COVID-19 immunisation programme.

The COVID-19 immunisation programme – how it's worked do date

13. Immunisation has been a cornerstone of New Zealand's pandemic response to manage the risks of COVID-19.
14. The challenges of COVID-19 meant the response was done differently. Vaccine purchasing and portfolio management, distribution and immunisation management was centralised to support and coordinate New Zealand's pandemic response and ensure agility in responding to emergent need and managing significant uncertainty.
15. The success of the COVID-19 immunisation programme is in part due to alignment across the health system. The programme aligns with an end-to-end pathway from strategy to outcomes, as part of:
 - a. a strategic system-wide response to COVID-19 (New Zealand has responded to COVID-19 in a coordinated approach with cross sector and agency programmes aiming to reduce the likelihood and harms of COVID-19); with

- b. each programme guided by the same strategy and geared towards achieving the same objectives of reducing the impact of COVID-19.
16. COVID-19 vaccine purchasing and management was part of an outcomes focussed process with:
- a. a pathway or end-to-end view of the COVID-19 immunisation programme and as part of the wider COVID-19 Response Strategy;
 - b. supported by overarching functions and an outcomes approach across each component of the programme; and
 - c. input from all areas of the programme from strategy through to delivery.
17. An overview of this process is provided in Appendix One.
18. This system-wide joint agency and sector process from strategy to outcome with accountability across all parties:
- a. enables alignment of objectives across the programme, ensuring purchasing decisions and management of vaccines are not made in isolation of other programme areas;
 - b. manages uncertainty and risk across the programme and not just within each function;
 - c. provides agility and responsiveness to drive change and ensure a balance across priorities for the programme and the other programme/s as part of the system response to COVID-19;
 - d. confirms priorities, sets expectations and adjusts planning to improve outcomes;
 - e. allows funding and purchasing decisions to follow strategic intent and adjust to a change in priorities;
 - f. allows for transparency across the programme/s and joint accountability to achieve outcomes.

Things that need working through due to the new approach

19. We are carefully working through the detailed end-to-end system mapping of the current Ministry of Health process. Similarly, we are mapping out Pharmac's current vaccine purchasing and management processes. System mapping also considers the Ministry of Foreign Affairs and Trade's role in COVID-19 purchasing and management.
20. Mapping has highlighted processes and functions that have contributed to the success of the COVID-19 immunisation programme, including:
- a. assessment and decisions on vaccines being considered against wider determinants of health, e.g. the economy in New Zealand's COVID-19 response;

- b. decision making and governance at a COVID-19 immunisation programme level and wider COVID-19 Response, e.g. Ministerial and Cabinet oversight across the programme including purchase and management decisions;
 - c. consistent overarching advisory functions across the immunisation programme, e.g. science and technical support through the COVID-19 Vaccine Technical Advisory Group;
 - d. context specific management and purchasing strategy, adjusted regularly to manage risk and shift with immunisation programme priorities and the wider COVID-19 response. This includes the vaccine portfolio risk management approach, and additional purchases via suppliers and other jurisdictions and bilateral and multilateral donations; and
 - e. providing international and regional support to Polynesia and the Pacific, including direct purchasing for countries and secondary donation of vaccines.
21. Many of these functions and processes are already in use by Pharmac (for example, through the COVID-19 therapeutics work programme) or are being considered for the National Immunisation Programme.

The transfer is also occurring during the transition of the current health system

22. The overall outcomes of the immunisation system (including COVID-19 immunisation) are to improve the health outcomes for all New Zealanders, which means that the system is prevention focused, responsive, easily accessible and equitable.
23. The transfer of COVID-19 vaccine purchasing is part of a wider set of changes required to accommodate the responses to the Health and Disability System reforms and Pharmac Review. Therefore, the transfer aligns with the timing of these responses.
24. There is a significant opportunity for the response to the Pharmac Review and Health and Disability System reforms to be informed by the successes and lessons of the COVID-19 immunisation programme.
25. Lessons from the COVID-19 immunisation programme can help improve vaccinations rates across preventable diseases as we transition towards an integrated national immunisations programme consistent with a more integrated health system.

Maintaining outcomes-focused approach after the transfer

26. The context is already shifting as we look to integrate the immunisation programmes and ensure that the health system responds to our wider intent of reconnecting New Zealand with the world. This reiterates the need:
- a. an overarching Immunisation Strategy, connected and aligned functions and an end-to-end view across all immunisation programmes, including COVID-19; and
 - b. that priorities will need to shift and change to the environment with the overarching National Immunisation Programme to manage risk and achieve outcomes.

27. To maintain an outcomes-focussed approach for the COVID-19 immunisation programme we are looking at the governance and oversight functions, i.e. how agencies will work together while retaining clear accountability lines. These arrangements may influence other approaches to vaccinations as we move towards an integrated immunisation programme.
28. It is expected that, alongside ringfenced funding and Ministerial oversight, clarity on the governance and oversight functions will mean that we are able to:
 - a. maintain the outcomes of the COVID-19 response;
 - b. support the National Immunisation Programme at this time specifically focused on responding to the impacts from COVID-19;
 - c. learn from our COVID-19 response as we consider what next.

Managing risks

29. There are risks associated with managing a transition.

COVID-19 Risks and pandemic environment

30. There continues to be a level of uncertainty and risk for the COVID-19 immunisation programme and our response to COVID-19. Vaccine understanding and use is stabilising, but significant uncertainty remains:
 - a. protection wanes over time – fully effective and enduring protection is not yet on the horizon;
 - b. access and inequity – improving in New Zealand but inequitable globally;
 - c. future variant threat remains;
 - d. we do not know what vaccine coverage or frequency may be needed in the long term; and
 - e. s 9(2)(b)(ii)
31. In transferring vaccine management and purchasing to Pharmac, we must continue to manage ongoing vaccine requirements for COVID-19 and look to support the sustainability of a wider national immunisation programme. This will include further work to develop a clear timeline, expected upcoming decisions, and identify and manage any potential risks for the National Immunisation Programme in 2022.

Alignment Risks

32. To ensure continuity, the transfer of COVID-19 vaccine purchasing and management must align with the Health and Disability System reforms and Pharmac Review. This includes:
 - a. maximising the opportunities by the new set of agencies working together in a more cohesive, aligned, pro-equity, people-centred and future focused health system; while

- b. minimising the risk of eliminating opportunities for close collaboration with the current National Immunisation Programme or reducing responsiveness to emerging risks or issues through the transfer of functions to Pharmac.
- c. meeting our obligations under te Tiriti o Waitangi for Partnership and Kaitiakitanga. This includes a wider partnership with health system entities and Māori, focused on what Māori want from health and immunisation outcomes and prioritising of a National Immunisation Programme.

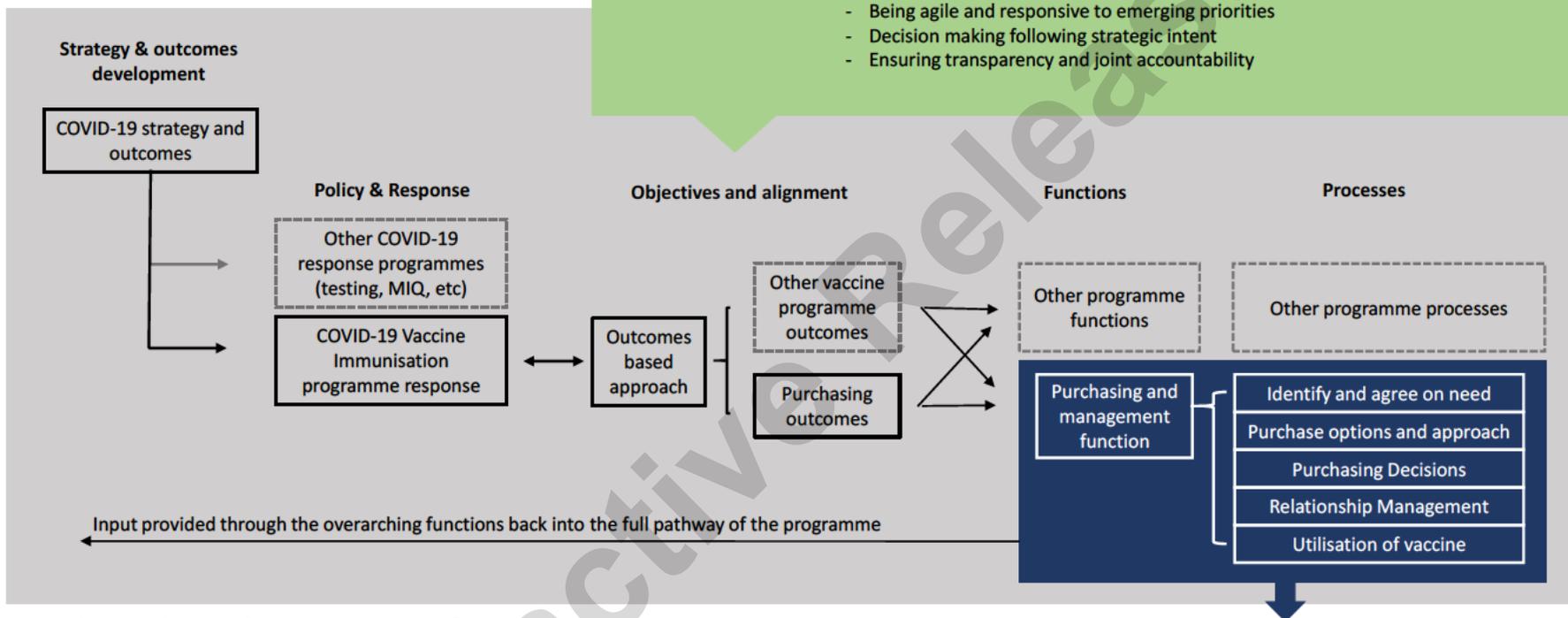
Next steps

- 33. The Ministry of Health and Pharmac will progress work on the detailed transition plan and drafting of a Cabinet paper, subject to any feedback on the direction of work to date. This includes engagement with key agencies and stakeholders on the transfer and timelines.
- 34. The transition plan will ensure that we have consistency and continuity in managing our COVID-19 vaccine portfolio in 2022 and outyears, and allow for the continued close alignment with the National Immunisation Programme and our ongoing COVID-19 response.
- 35. A draft Cabinet paper will be provided in late April, which will seek approval to the transfer of vaccine management and purchasing to Pharmac; including a transition plan that provides:
 - a. overview of the functions and underpinning activities;
 - b. roles and responsibilities; including:
 - i. the roles that would move to Pharmac
 - ii. additional measures, resources and support for Pharmac
 - iii. residual roles and where they will be led;
 - c. governance and accountability of each function and whole system functioning and connectedness;
 - d. contract, legal implications, and any financial implications; and
 - e. any resourcing requirements and timeframes.
- 36. A timeline for advice to Cabinet is provided in Appendix Two.

ENDS.

Appendix One: COVID-19 vaccine purchasing and management

Pathway to improved public health outcomes



How the purchasing function operates for COVID-19

	A. Identify and agree on need	B. Purchase options and approach	C. Purchasing Decisions	D. Relationship Management	E. Utilisation vaccine
Description	Identify and agree on best approach to support strategy and outcomes of the programme	Options / ways to meet need are assessed and agreed	Assessment process on the best option/s for programme outcomes	Process to manage suppliers and supply options for programme consideration	Deciding on how to use the vaccines within the portfolio to achieve the outcome
COVID-19 Approach	Identified vaccine needs and portfolio approach as most effective way to manage significant risk	Identified best option to build risk based portfolio (advance purchase agreements, amendments, bilateral arrangements and COVAX Facility)	Assessing individual vaccine candidates and portfolio need to manage risk and best support immunisation programme	Delivery timing and supply to support programme outcomes and mitigate risk	Domestic use, maintaining access to manage risk, regional support and donation to maximise utilisation of existing vaccine supply

Appendix Two: Timeline

Week	Scope & development of advice	Cabinet	Transfer
28 March - 1 April	Engagement with agencies		
4 – 8 April	Stakeholder feedback		
11 – 15 April	Advice confirmed by agencies		
18-22 April			
25-29 April	Scope and objectives confirmed by Ministers	Ministerial Consultation on draft Cabinet	
2-6 May			
9-13 May		Lodgement of Cabinet Paper	Engagement with Bell Gully on legal / contract requirements
16 – 20 May		SWC	Engagement with suppliers on intent to transfer
23 – 27 May		Cabinet	Formalised transition timeline agreed
June			Transition of functions begins
July			1 July operational handover of vaccine purchasing