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Pharmaceutical Management Agency (Pharmac)

Minutes of the Board Meeting

Held on Friday 27 September 2024, at 9.30am

At Pharmac, Wellington

Present:

Board members

Paula Bennett	Chair
Dr Peter Bramley (BSc (Hon), LL.B, PhD)	Deputy Chair
Talia Anderson-Town (BBS, PG Dip Professional Accounting, CA, CPP)	Board member
Dr Diana Siew (PhD)	Board member
Dr Margaret Wilsher (MD, FRACP, FRACMA)	Board member

Apologies

Nil

Board Observers

Dr Jane Thomas	Board Observer, PTAC Chair
Robyn Manuel	Board Observer, CAC Chair

Pharmac staff in attendance

Sarah Fitt	Chief Executive
Catherine Epps	Director, Medical Devices
Michael Johnson	Director, Strategy, Policy & Performance (via Teams)
Geraldine MacGibbon	Director, Pharmaceuticals
Kathryn McInteer	Director, Corporate Services
Jannel Fisher	Acting Director, Equity & Engagement
David Hughes	Director, Advice and Assessment/CMO
Jacqui Webber	Board Secretary (Minute taker)

Attendees joined the meeting to present relevant papers: Saar Cohen-Ronen, Adrienne Martin, Chris Gilman, Andrew Davies and Brent McPherson.

1. Welcome and Opening of Meeting

The Chair welcomed everyone and opened the meeting at 10.05am.

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2. Chair's Report

2.1 Chair's Verbal Update

The Chair updated the Board on recent activity.

She extended her thanks for the work that had gone into Board strategy day – it was a great day and good engagement, with robust discussions.

The Board are grateful for the work that is currently being carried out and would like their thanks passed on to staff.

2.2 Minutes of Board meetings

The Board:

resolved to adopt the minutes of the meeting held on 27 August 2024, subject to minor amendments.

2.3 Interest Register

The Board:

noted the interest register and no conflicts were notified.

The Chair advised she has resigned from NZ Green Building Council.

3. Acting Chief Executive's Update

3.1 Acting Chief Executive's Report

The Director, Advice and Assessment/CMO spoke to the report, as he was Acting CE at the time of writing the report. Particular items noted:

1. Significant work is being done in the ADHD space.
2. It was noted that Dr Jane Thomas ends her term as PTAC Chair in November – the PTAC Chair appointment process is underway. The Board acknowledged the commitment Dr Thomas has given to the role and achievements over an extended period.
3. Medsafe Group Manager and Pharmac Chief Executive meet monthly.

The Board:

noted the Acting Chief Executive's report for September 2024.

Action Invite Board to Dr Jane Thomas farewell

Share TOR for PTAC with Board

Invite Chris James, Medsafe Group Manager, to a Board meeting.

3.2 Legal Report

Pharmac's legal team supports decision making processes and manages privacy, legislative compliance, litigation, and administrative complaints. It regularly reports to the Board on legal risk and related topics.

The legal report provides an update regarding new or existing legal matters where awareness at Board level is appropriate. For brevity, the report does not repeat previously reported topics, if no developments have been identified.

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This report is accurate as at the time of drafting. As the reported topics are still live issues, an updating briefing will be provided orally at the Board meeting, as needed.

The Board acknowledged the General Counsel standing in until a permanent replacement is recruited.

Three items discussed:

Ombudsman Report – it was noted that this review started around timeliness and Pharmac has done everything they could around this. However, the report actually looks more into culture and not just timing. It is about how all staff treat OIAs. The recommended actions are very doable and some have been actioned already. The Communications directorate will formulate reactive messaging to address any queries following the report being tabled in parliament. They will also create proactive messaging to use internally.

Covid-19 Commission – Draft report and Pharmac’s response were noted.

[Redacted]

[Redacted]

The Board:

noted the contents of the legal report.

4. Key Items

4.1 Decision on selection of a preferred supplier for a new digital solution for Medical Devices

This paper sought Board approval of the Master Services Agreement (MSA) agreement with Optimation, and Statement of Work and associated costs to progress to design, development, delivery and implementation of Stage One of the Medical Devices Programme - Technical Workstream.

The selection of Optimation as preferred supplier for all three stages of the Technical Workstream is the result of the procurement process Pharmac followed.

The Board confirmed that:

We are reluctantly deferring our decision due to [Redacted]

[Redacted]. This is due to circumstances out of our control. We need clarity of where management of medical devices sits, before we can commit to the decision.

4.2 Annual Review of PTAC, Specialist Advisory Committees and CAC Fees

This paper sought approval, consistent with the Fees Framework, to increase the fees paid to members of PTAC, SACs and CAC.

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The Board:

PTAC and SACs

agreed to increase the meeting day rate for both PTAC and SACs from \$800 per day to \$820 per day with an equivalent hourly rate increase from \$100 per hour to \$102.5 per hour for preparation work (both being increases of 2.5%)

CAC

agreed to increase the CAC member meeting day rate from \$295 per day to \$303 per day and the CAC Chair meeting day rate from \$419 per day to \$431 per day (both being increases of 3%, the maximum increase the Board is permitted to make each year)

Other

noted that the annual budget impact for these changes is estimated to be around \$20K, to be met within existing funding

noted that the Fees Framework requires fee increases to be reported to the Public Service Commission and the Crown Entities Act requires annual fees for Board Committee members to be reported in the Annual Report.

4.3 Review of te Tiriti Policy

This paper provided the Board with an overview of our review of the Te Tiriti Policy which was originally finalised in November 2022. Since then, the GPS was released and the LOE was received. Most recently on 12 August 2024, the Minister of Health's Cabinet paper *Vision and priorities to address Māori health need* was released.

The key points of connection with the Tiriti policy in relation to the LOE and GPS are summarised as:

- A focus on timely access to quality health care for all New Zealanders with health need as the key criterion
- A focus on delivering improved health outcomes underpinned by robust data and evidence
- Alignment with our statutory responsibilities (in the Act)
- Underscoring our role as part of a broader health system contributing to health system priorities (in particular, as a named health entity required to give effect to the GPS).

Our responsiveness strategy will be aligned with this.

The Board:

noted we have commenced the review of the Te Tiriti policy as requested, following receipt of the 2024/25 letter of expectation (LOE) from the Associate Minister of Health

noted the revised Te Tiriti Policy has been updated to reflect the Pae Ora (Health Futures) Act 2022 (the Act), the LOE and Government Policy Statement on Health 2024-2027 (GPS)

noted the points of alignment between the Tiriti policy, the LOE and GPS and our view that the Tiriti policy supports key aspects of both

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approved in principle the revised Te Tiriti Policy, pending consultation with PSA and kaimahi

noted the finalised policy will be taken to the next Board meeting for approval.

4.4 Tabled Paper – Signing Off Annual Report

Audit NZ have indicated that they intend to issue their 2023/24 audit opinion before 31 October 2024. Under the Crown Entities Act we are required to provide our Annual Report to the Minister no later than 15 working days after receiving the audit opinion.

Given the tight timeframes, the Finance, Audit & Risk Committee request the Board agree to the Annual report, Statement of Responsibility and the Letter of Representation for the year ended 30 June 2024, being approved and signed out by the Board Chair and the Finance, Audit and Risk Committee Chair.

The Board:

approved the Board Chair and the Finance, Audit and Risk Committee Chair approving and signing out the Annual Report, Statement of Responsibility and the Letter of Representation for the year ended 30 June 2024, once Audit New Zealand have confirmed the financial and non-financial reporting in the Annual Report

noted the Finance, Audit and Risk Committee have considered the above recommendation and agree the recommendation should be approved.

noted the finalised annual report will be sent to all Board members.

5. Schedule and Funding

5.1 Approach to Budget 2025 – Combined Pharmaceutical Budget

This paper set out our proposed approach for Budget 2025, subject to future Ministerial decisions, for the Combined Pharmaceutical Budget (CPB).

The Board:

noted the timeframes, proposed approach and milestones outlined by the Ministry of Health for providing Ministers with advice on Pharmac's funding for the Combined Pharmaceutical Budget (CPB) at Budget 2025

discussed our proposed approach for the CPB Budget 2025 bid

noted that we will provide the Board with progress updates on Budget 2025 at its October and November meetings.

5.2 Pharmaceutical transactions report

The purpose of this paper was to provide the Board with an advanced overview of current issues relating to pharmaceuticals funded through the Combined Pharmaceutical Budget (CPB), current significant supply issues, the contentious, large or significant pharmaceutical transactions and investments that staff are currently progressing and an update on vaccines and COVID-19 treatments.

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The Board:

resolved to delegate decision-making to the Chief Executive for a number of proposals that fall within the Board's financial delegations, to enable decisions to be made at the earliest available opportunity, to meet proposed timeframes, enable faster access to medicines for patients, and/or to support implementation of the proposals (both from a health sector perspective and for suppliers who need time to build up sufficient stock). These proposals are:

- a proposal to fund lenvatinib for three types of cancer
- a proposal to widen access to denosumab for osteoporosis and fund a new formulation of denosumab for people with high calcium levels due malignancy
- a proposal to fund lisdexamfetamine for people with ADHD

noted that if, following consultation, any of the above proposals were considered to be contentious, we would take them to the Board for a decision

noted the update from Pharmac staff on current medicines issues and the large and/or significant medicines transactions that are currently planned or in progress

noted the summary of decisions made under Delegated Authority during June 2024.

5.3 Exceptional Circumstances Year End Report

The purpose of this paper is to provide the Board with an annual update on Pharmac's management of applications under the Exceptional Circumstances framework for 2023/24 and to highlight any particular areas where there have been changes in outcomes or approach since the last report.

Board and SLT acknowledged excellent turnaround on NPAA assessments which has been an outcome of some of the process improvement work.

The Board passed on their message to the team for the great work they are doing.

The Board:

noted the update on activities under the Exceptional Circumstances framework, including an update on the Named Patient Pharmaceutical Assessment (NPPA) pathway, since the last update to the Board in October 2023.

5.4 Medical Devices Transaction and Investment Report

This paper provided an update to the Board on progress with medical devices national contracting activity. It also included an update on some wider medical device programme activity.

HNZ have recently advised they are doing an accelerated savings programme. Some of these savings plans will have an impact on Pharmac's work.

The Board:

noted the update on progress with medical devices national contracting activity

noted the summary of decisions made under Delegated Authority during July and August by the Director, Medical Devices.

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6. Strategic Planning and Policy

6.1 Draft Annual Report 2023/2024

This paper presented Pharmac's draft Annual Report 2023/24 for Board consideration and feedback. The Board noted that Audit NZ have not yet completed their financial and non-financial performance audits.

The Board:

noted the draft 2023/24 Annual Report and provide feedback

noted that Audit NZ have indicated they intend to issue their 2023/24 audit opinion before 31 October 2024

noted that under the Crown Entities Act we are required to provide our Annual Report to the Associate Minister of Health no later than 15 working days after receiving the audit opinion

noted that approval has been sought for the Board Chair and the Finance, Audit and Risk Committee Chair to approve and sign out the Annual Report, Statement of Responsibility and the Letter of Representation for the year ended 30 June 2024, once Audit New Zealand have confirmed the financial and non-financial reporting in the Annual Report.

6.2 Medical Devices Programme Update

This paper provided the Board with an update on progress of the Medical Device Programme and the focus for delivery over the coming months. It would be useful to consider a Specialist Committee to evaluate proposed medical devices.

The Board:

noted the update on progress with the Medical Device Programme

noted that the Programme aims to achieve by 30 June 2025 a comprehensive list that represents the medical devices hospitals are using with a dependency on HSC/FPIM programmes to achieve a comprehensive list within this timeframe.

noted that the Programme is working to have the systems and settings in place to be able to 'close the list' in 2025/26.

noted that there is a lack of funding certainty for the Medical Device programme from the beginning of the 2025/2026 financial year. If this is not secured, the Programme is unlikely to deliver the desired benefits within an acceptable timeframe.

7. Regular Reporting

7.1 Communications and Government Services Report

This paper summarised communications and government services activity for the previous month and the impact of our work.

The Board:

noted that the primary focus of the communications team is proactively communicating the medicine funding decisions. We have received positive external feedback about our communications approach.

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noted that we have commenced a range of staff sessions as part of the internal communications action plan and to support the enhanced organisational culture work.

noted that the government services team are advancing process improvement work.

Action: It was noted that the Media Survey results will be circulated to the Board shortly.

7.2 Implementation half year update

This paper provided the Board an update on key implementation work that has occurred over the last six months within the Equity and Engagement Directorate.

The Board:

noted the implementation activities completed to support supply issues and Pharmac's transactional decisions

noted the process improvement activities that are being progressed

noted the work we are doing to support the responsible use of medicines and medical devices, including a focus on collaborating with a range of stakeholders.

noted the utilisation of feedback from the Consumer Advisory Committee (CAC).

7.3 Supply Chain Risk Mitigation and Management Update

This paper is a six-monthly update to the Board on Pharmac's supply chain risk mitigation and management for medicines and medical devices.

Management queried whether this report needs to continue or is it adequate that this information is included in the transactions reporting. The Board feel this paper is very good and needs to continue to come six monthly and be kept at a high level.

The Board:

noted that a continuous improvement and wānanga approach continues to be used for how Pharmac manages and mitigates risks in the supply chain

noted the connections with other government agencies Pharmac engages with in relation to supply chain management.

7.4 HTAi 2024 Conference Feedback

This paper provided a summary of the themes and lessons learned from the HTAi 2024 Conference in Seville in June 2024.

The Board:

noted the summary provided from the HTAi 2024 Conference.

8. Previous Minutes of Committee Meeting

8.1 Minutes of Audit & Risk Committee Meeting

The Board:

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noted and endorsed the minutes of the Audit & Risk Committee meeting held on 25 June 2024, subject to minor edits.

Action: Add Paula Bennett to attendance.

8.2 Summary of July and August 2024 Consumer Advisory Committee (CAC) Meetings

This paper informed the Board of advice received from the CAC at the 10 July 2024 face to face meeting and the 14 August 2024 meeting.

It was noted that that the CAC Chair expressed concern at the lack of representation for Māori on PTAC and consumer committees.

The Board:

noted the minutes from the July and August CAC meetings

noted the summary of key issues across the meetings.

8.3 Summary of May 2024 PTAC advice and recommendations

This paper sought to inform the Board of recommendations made and advice given by PTAC at its meeting held on 16 and 17 May 2024.

The Board:

noted the summary of the record of the Pharmacology and Therapeutics Advisory Committee (PTAC) meeting held on 16 and 17 May 2024.

noted the May 2024 PTAC record was signed off by the Chair on 15 July 2024 and published on the Pharmac website 12 August 2024.

9. Governance Matters

9.1 Board and Committee Member Terms and Attendance Record

The Board:

noted the Board and Committee member terms; and

noted the 2024 Meeting Attendance Register

9.2 Board Correspondence

The Board:

noted there was no correspondence sent / received for the month of September 2024.

9.3 Board Actions

The Board **noted** there were no new Board Actions.

9.4 Matters Arising

The Board **noted** the Matters Arising.

9.5 Glossary of Terms and Abbreviations

The Board **noted** the Glossary of Terms and Abbreviations.

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9.6 Board Annual Agenda for 2024

The Board **noted** the Board Annual Agenda for 2024.

9.7 Board Annual Agenda for 2025

The Board **noted** the Board Annual Agenda for 2025.

9.8 General Business

9.8.1 Board ‘Meet and Greet’ with Staff

The Board indicated they would like to have morning tea with staff on 29 November.

They also suggested a ‘meet the Board’ session in 2025 – similar to the SLT session.

Action: Board Secretary to coordinate the above.

9.8.2 Board Papers

For long Board papers, the Board requested that paragraph numbers be used.

9.8.3 Working from home policy

The Board queried what our policy is on staff working from home. The Chief Executive responded that it is worked into our flexible working policy and we monitor this carefully. It was suggested that we take the word ‘embracing’ out of the information on the website.

The meeting closed at 1.15pm with a karakia.

Date of Next Meeting: 1 November 2024

Approved

1 November 2024

Paula Bennett, Chair

Date