

28 July 2022

Hon Andrew Little
Minister of Health
Parliament Buildings
Wellington

Tēnā koe Minister

Interim Response to Outcomes of the Pharmac Review

Thank you for your letter of 16 June 2022 setting out additional expectations of Te Pātaka Whaioranga Pharmac arising from the Government's response to Te Arotake i te Pātaka Whaioranga, the Pharmac review.

Pharmac welcomes the opportunity to share how we are giving effect to the outcomes of the review. This is our interim response, with our full implementation plan, including an outline of resourcing needs, due with you by the end of October 2022.

The new arrangements for the health and disability system provide great opportunity to improve New Zealanders' health, including achieving health equity for Māori and other population groups. As we work to deliver improvements, we will give effect to te Tiriti, bring a stronger consumer focus to our work, and collaborate effectively with other system entities. A more integrated health and disability system will support people to better access and use medicines and medical devices, strengthening the contribution our work can make.

As set out in this response, there are many dimensions to the improvements we want to make, such as enhancing assessment methods, stronger partnership with Māori, strengthening our focus on equity, better incorporating consumer voices in our work, and sharing more impactful information about our work. We look forward to working with a wide range of stakeholders as we make these improvements ahead, as well as ensuring we support and are responsive to the priorities and progress of other organisations.

Recognition of review work

We welcome the review's findings and agree with key areas for our improvement. We are grateful to everyone involved in the review – from the review committee through to the individuals and groups who shared their views – for the analysis, commentary, recommendations and suggestions related to our work.

Alongside the recommendations and commentary on many issues, it was reassuring to hear the committee's recognition of the important role Pharmac plays, and their view that the overall model is sound and continues to deliver significant benefits for New Zealand.

We also appreciated the Government's timely response to the review, giving certainty and direction to Pharmac and the wider health and disability system as we head into a new phase. Our focus now is on giving effect to the Government's response, while continuing to draw on the underlying review work itself.

Giving effect to Pae Ora

We welcome the establishment of Te Whatu Ora – Health New Zealand and Te Aka Whai Ora – Māori Health Authority and see good opportunities ahead. A more integrated system will support improved access to, and use of, medicines and devices. A strong collective focus on te Tiriti and health equity is also essential to delivering better and fairer health outcomes.

As noted in the Government’s response to the review, the new system arrangements address many of the directional changes sought by the review committee. We are committed to meeting our obligations set out in Pae Ora and will be guided in all our work by the new Act’s health sector principles; by the six priority areas in the recently released interim Government Policy Statement; and by other key strategies and plans.

We already see a strong connection between the Pae Ora health sector principles and what we want to achieve, including our response to the review, and how we will work ahead. By living our organisational values – Tūhono, Whakarongo, Wānanga, Māia and Kaitiakitanga¹ – we can work more effectively with others and maximise our contribution to what Pae Ora seeks to achieve.

We also recognise the expectations outlined in the review for effective governance of Pharmac and a continued focus on performance improvement.

Our process for this response

As we work towards our full implementation plan in October 2022, we are carefully considering all review-related material, including the supplementary reports. We need to ensure our work programme reflects the best options for our improvement and can be effectively resourced.

We also recognise the value of working with others to design improvements. For some key areas, such as a stronger focus on equity, work programmes across several organisations need to be better connected. We want our contribution to support a more integrated approach in the best possible way.

In addition to close work with our staff to develop our response, to benefit from other perspectives, we sought input from Te Whatu Ora, Te Aka Whai Ora and Manatū Hauora Ministry of Health. We also involved our advisory network: Pharmacology and Therapeutics Advisory Committee (PTAC), the Consumer Advisory Committee (CAC) and Te Rōpū Māori, our Māori advisory group. Our advisory network is hugely valuable to us, recognising also the broad cultural, community and health sector connections and knowledge members bring.

¹ <https://pharmac.govt.nz/about/who-are-we/our-values/>

Our approach

Our interim response is structured by four key priority areas, which we feel capture the essence of the improvements we want to make, and which the review and Government response were highlighting. The key priority areas are:

1. Enhanced assessment and decision-making
2. Doing more to achieve health equity
3. Te Tiriti excellence
4. Better involvement of and collaboration with others.

While this response discusses each priority area in turn, all four are closely interconnected. For example, our commitment to te Tiriti underpins all of our work and commitments, and many of the commitments related to enhanced assessment and decision-making will also do more to achieve health equity. A summary table showing all our actions together is set out in Appendix 1.

In discussing each key priority area, we cover:

- What we are aiming for
- Where we're currently at
- Actions and initiatives underway or commencing in 2022/23
- Further work and considerations, including resourcing required, for our full implementation plan in October 2022.

Comment on other key matters highlighted in the Government's response

With a focus on four key priority areas, we recognise that these do not highlight all the important issues raised in the review and Government response. It will become clear ahead, however, that many important issues sit within the priority areas. We would also like to comment briefly on some other key matters.

- *Governance and accountability* – As noted above, we agree on the importance of effective governance (and related matters like performance measurement, reporting and monitoring). In addition to our annual external audit by Audit New Zealand, we operate an external assurance programme and will continue to test important parts of our work. We will also review our performance framework during the next year and involve others in that work.
- *Medical devices* – As recognised in the Government response, we believe management of medical devices is a strong fit with our capability. As at 1 July 2022, Pharmac has secured more than \$500 million in expenditure and over 150,000 devices under national contracts. Since the first national contract was signed in 2014, we estimate the cumulative savings delivered for the health and disability sector is just over \$100 million. Savings, however, were not our primary focus; other benefits have included consistent access and standard supply terms (including nationally consistent pricing), reinvestment of freed-up funds into new technology, as well as sustainability and transparency. Building on current engagement with key stakeholders, we will explore opportunities with Te Whatu Ora to further strengthen our connections and integration across this work.

- *Vaccines* – We believe vaccines management is also a strong fit with the value we offer the health and disability system. We are working with a cross-agency governance group to improve how the immunisation system works together.
- *Cancer medicines* – We agree with the review and Government response that cancer medicines should be considered in the same fundamental way as other medicines. A system focused on equity needs fairness at its heart. We will also continue to work closely with Te Aho o Te Kahu and others to continue high focus on management of cancer treatments.
- *Medicines for rare disorders* – We agree the system needs to do more to improve the lives of people with rare disorders. We are looking forward to supporting Manatū Hauora in its important work to develop a rare disorders strategy. We will also prioritise engagement with our Rare Disorders Specialist Advisory Committee, and review our exceptional circumstances scheme to further test the policy settings we have in place.
- *Responsible use of medicines* – Pharmac has an important contribution to make in this area, and we agree with the Government response that, through our role, we have unique tools to improve medicines access and use and equity of health outcomes. There is also a clear need for stronger coordination, given the important role of others (eg prescribing and dispensing) and broad determinants of whether and how medicines are used.

Our context

The whakataukī – *He rangi tā matawhāiti, he rangi tā matawhānui* – speaks to the importance of a broad outlook. By understanding context, both ours and others', we can understand respective opportunities and challenges, and work together more effectively.

The review and Government response are at the heart of our context, alongside other contextual factors that we feel are important to share.

- **Health reforms** – As already indicated, we are strongly focussed on supporting the reforms' early success, including greater consideration of system priorities (what they mean for our work) and sector readiness for Pharmac-initiated change. Improved integration is a reform imperative and will require additional effort by all involved.
- **Budget uplift** – We were pleased with the funding uplift for the Combined Pharmaceutical Budget approved in Budget 2022, \$191 million over two years. This uplift will result in many new medicines being funded, along with wider access to existing medicines. Delivery will require significant focus and effort from the Pharmac team within our existing resources. It is also important to recognise that, for any budget level, there will always be more medicines we want to fund than is possible.
- **COVID-19 vaccines** – Responsibility for managing COVID-19 vaccines was transferred to Pharmac from 1 July 2022. We are giving this new responsibility significant focus, given its high importance and public interest. As earlier noted, the establishment of a cross-agency collaboration group is underway.
- **COVID-19 treatments** – This continues to be an area of high importance, to ensure New Zealand has a portfolio of treatments as the variants and impacts of COVID-19 evolve. We have made good progress in ensuring a portfolio of COVID-19 treatments for New Zealand is available. Like most organisations, we have also faced significant COVID-19

related pressures in recent years, including direct impact on staff and ensuring continued supply of many medicines and devices that have faced disrupted supply chains.

- **Staff wellbeing** – Any good employer needs to look after its staff. We are proud of the work our staff do, in a high-pressure environment that demands robust work and often attracts criticism. Our staff are our biggest asset; their wellbeing and capacity to deliver improvements must be top of mind. We are grateful for the ongoing commitment of our staff to both shape and deliver our response to the Pharmac review.
- **Resourcing** – We recognise the high demands on health funding and importance of streamlining operations to free-up resources for new initiatives. Pharmac isn't however a large organisation and manages over \$1.8 billion of medicines and devices investment each year. Our full implementation plan in October 2022 will include detail on funding options (both deliverables and resourcing implications) for parts of our improvement programme.
- **Valuing what we have** – As we plan improvements for a new phase, we encourage stakeholders to also see the strengths of the Pharmac model and our work. This includes our extensive network of expert advisors (across multiple domains), and our strategies to get high value for New Zealanders from the public money we spend – all in the pursuit of contributing as best we can to New Zealanders' health and wellbeing.

For additional context, we have also attached (Appendix 2) our current strategy that we're building on, to help show we're working towards the directions recommended by the review. We are looking forward to evolving our strategy as part of our 2023/24 Statement of Intent.

Closing comment

We appreciate the opportunity to provide this interim response and look forward to completing our full implementation plan by the end of October 2022. We hope all stakeholders feel assured by our sincere commitment to make improvements in several important ways. Again, we thank everyone involved in the review and look forward to giving effect to the Government's response.

Nāku noa, nā

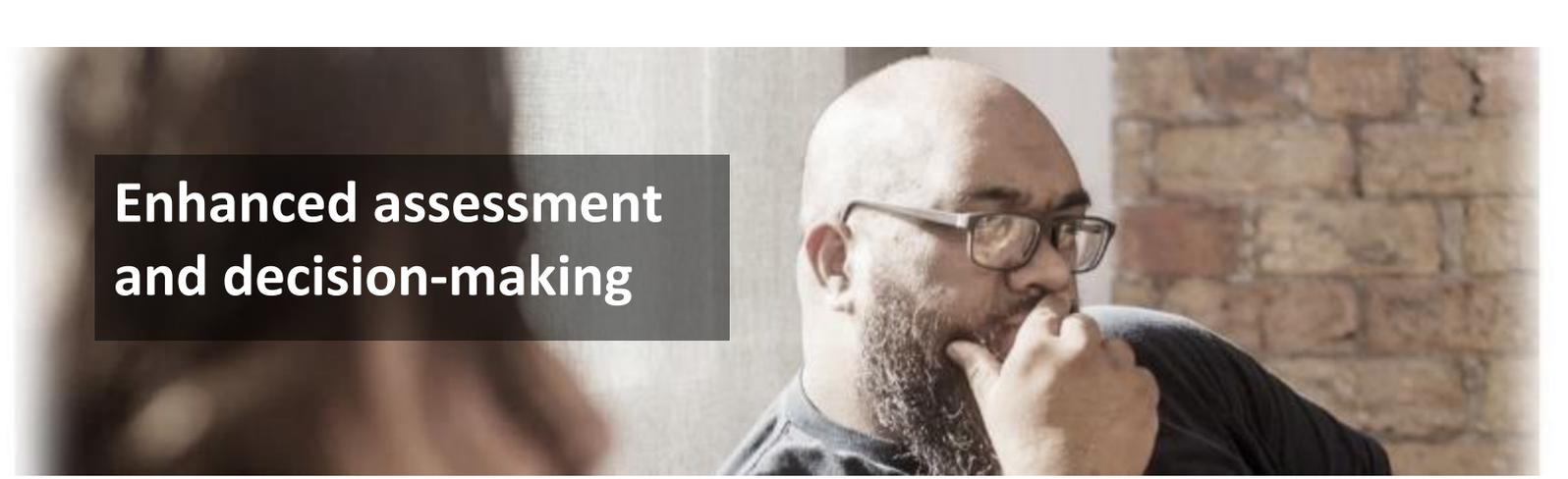
Steve Maharey

Chair

Sarah Fitt

Chief Executive





Enhanced assessment and decision-making

What we are aiming for

We want to ensure that we make high-quality, evidence-based and timely funding decisions that achieve the best possible health outcomes, including improved health equity. We need clear and consistent processes for assessment and decision-making, including clarity of how equity considerations are embedded throughout our work. This will involve enhancing assessment methods, increased transparency, having stronger partnerships with Māori, better collaboration with the health and disability system, enhancing input from a more diverse range of stakeholders, learning from people with lived experience, and sharing more impactful and accessible information about our decisions.

Where we're currently at

We have had a programme of work since 2018 to increase transparency and, while ensuring robustness of our decisions, make our funding assessment and decision-making processes faster, clearer and simpler. Progress has been made, however we are still focussed on continuous improvement.

Key initiatives over the last 12 months to make improvements have included:

- Publication of our prioritisation lists to be more transparent about what medicines we are considering to fund
- Improvements to our funding assessment and decision-making processes
- Strengthening how the needs and interests of Māori are factored into our assessment and prioritisation work
- Developing frameworks for and implementing funding criteria that promote equity of access to medicines (discussed more in the equity-related theme)
- Measuring and publishing the timeliness of our assessment (time-to-rank) and decision-making (time-to-fund)
- Introduction of principal supply status when funding medicines (replacing sole supply) to provide greater flexibility to fund alternative medicines for those who may experience, or are at heightened risk of, adverse clinical outcomes due to a brand change.

Actions and initiatives underway or commencing in 2022/23

To continue our progress during 2022/23 we will:

- Make effective use of the funding uplift provided in Budget 2022 to fund both more treatments and widen access to already funded treatments
- Commence COVID-19 vaccine purchasing and management
- Continue to secure COVID-19 treatments
- 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
- 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
- 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
- Prioritise engagement with our Rare Disorders Specialist Advisory Committee (meeting as soon as practical) and proactively seek new funding applications from suppliers of medicines for rare disorders
- 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
- Continue to improve the usability of our web-based Application Tracker to support improved transparency.

Further work and considerations for our full response in October 2022

What we consider when making decisions – and how we demonstrate that

Pharmac applies its 'Factors for Consideration' when making funding decisions. These are the considerations – within a framework – that New Zealanders have previously told us we should apply when making decisions. The review raised questions, having heard stakeholder concerns, about whether Pharmac is considering the right factors and explaining how they are applied in our decisions. We will consider how best to respond to this challenge.

The Factors for Consideration were last reviewed in 2016. Given significant system changes and the importance of requirements and expectations under Pae Ora, we need to review them. This would be a significant undertaking that requires specific resource, including to ensure effective engagement with all stakeholders. We are also looking to release summarised information about our assessment of funding applications, which would also require resource.



Medicines for rare disorders

We agree with the Review that more can be done to improve the lives of people with rare disorders. We look forward to working with Manatū Hauora as it develops a rare disorders strategy – this is important work to set an overall direction for the system's focus on rare disorders and better connect roles and work. At the right time, to ensure good connection with the strategy work, we will review of our exceptional circumstances policy.

Our assessment methodologies for consideration of funding applications

We heard from the review that we need to do better to develop clear and consistent practices in our work, including our methodologies, processes and documentation. We will continue to explore how we can improve the timeliness and efficiency of our processes and enhance our assessment methodologies, including how we better include equity considerations. Our full response in October will also outline required resourcing for this work.



Doing more to achieve health equity



What we are aiming for

We want to maximise our contribution to health equity and will achieve this through proactive implementation of the Pae Ora health sector principles, and by working closely with others across the health and disability system, particularly Te Whatu Ora and Te Aka Whai Ora.

Māori are our partners under te Tiriti (pātuitanga), and advancing Māori health and wellbeing in line with Māori aspirations (ōritetanga) is a key priority.

We also need to better meet the health needs of other priority groups who face barriers to access and use of medicines and experience inequitable outcomes, particularly Pacific peoples, disabled people, including tangata whaikaha, people living in high socioeconomic deprivation, the rainbow and refugee communities, and people living in rural and isolated areas.

Where we're currently at

Focus on health outcomes across groups of people has always been part of our role, including considering which medicines to fund and how best to support their access and use. The challenge, as for the health and disability system overall, is to significantly lift the effectiveness of what we do.

Across our work, there are both strengths and limitations – given our role – for what we can do. There are things we directly control, like which medicines are funded and with what access criteria, and there are other things beyond our reach like the level of co-payment and initiatives directly targeted to health consumers in local communities. We need to be more effective at what we do and consider how best to connect our work programme with others to improve performance overall.

As we look to make improvements ahead, we are building on several initiatives that occurred during 2021/22. These included:

- Devolving support closer to priority communities by funding Whānau Ora commissioning agencies to support medicine access and use in communities
- Building in pro-equity access criteria for specific medicines to impact positively on the health outcomes of Māori and Pacific peoples (rosuvastatin, COVID-19 treatments, influenza vaccine for 2022 season)
- Supporting health professionals with equity focused tools and information – development of a range of education resources and personalised prescribing dashboards (starting with gout) for primary care health professionals through He Ako Hiringa
- Increasing our awareness and reach into Māori communities through the 'You Are a Priority' campaign promoting newly funded diabetes medicines

- Enhancing the diversity and equity capability of our expert advisory networks, including through implementation of Pharmac's equity capability self-assessment tool with PTAC
- Release of gout data insight reports for Māori and Pacific peoples to inform system choices and influence policy settings (part of our implementation of a new medicine access equity monitoring and outcomes framework)
- Establishing the Malae Te Manaaki Pacific Series – Pharmac's Pacific health leadership and capability programme, recognising that our Pacific Responsiveness Strategy is an important part of our wider equity work
- Partnering with the Health Research Council and University of Otago to support research into barriers to medicines access and use.

Actions and initiatives underway or commencing in 2022/23

Gaining a deep and specific understanding of how equity considerations relate to our work will take time and considerable engagement with other agencies and stakeholders. We are also keen to ensure we benefit from others' views, and together work out how Pharmac's contribution – both through things we directly control and how we influence those we don't – can best be enhanced.

We also note that several of the improvements discussed in the Te Tiriti Excellence priority area will also have significant benefits for our equity-related work. If we are more effective in our work for Māori, we will improve our understanding of the sorts of things we need to do better or differently to support and improve outcomes for other population groups.

In addition to the above direction, to continue our progress during 2022/23 we will:

- Complete our equity policy to make clear how equity considerations relate to our work
- 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)
- 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
- Increase the diversity of our expert advisory network
- 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.
- 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.

As noted in the priority area of enhanced assessment and decision making, we are also working to further improve how equity considerations are embedded into funding assessment work and the decisions we make.



Further work and considerations for our full response in October 2022

Better coordinating work on efforts to make optimal use of medicines

As indicated in the introductory part of our response, we believe there is benefit in considering how best to connect and integrate work focussed on the optimal use of medicines, a topic that has high relevance to improving the equity of health outcomes.

We are keen to explore how best to enhance coordination, building on important early learnings from the cross-agency governance mechanism for the immunisation system. Each year, there is considerable public interest – understandably – in the funding of new medicines. In practice, there are also likely to be significant (and potentially greater) improvements in both the overall level and equity of health outcomes from improving access and use of the medicines we already fund.

Further considering how we judge the value of our funding decisions

As discussed in the theme on enhancing assessment and decision-making, our Factors for Consideration were last reviewed in 2016 following wide consumer engagement. For some people, equity considerations can be seen in those factors – such as the considerations of Māori health priorities, health need, suitability and impacts on whānau – while others feel equity considerations aren't sufficiently visible or addressed.

There are also other matters related to what we consider when making funding decisions. We currently take an all-of-health-system perspective; however some stakeholders also believe we should consider wider social factors as well. We also have a strong focus on funding products – whether medicines or medical devices – whereas a different approach could focus on investment packages that include initiatives (whether Pharmac's or other agencies) that expressly supported outcomes for different groups of people.

As discussed in the theme on enhancing assessment and decision-making, we are also exploring how we better include equity considerations in our assessment and decision-making. There is also important work to be done across the health and disability system on how the effectiveness of health interventions – including those in medicines and medical devices – are monitored and reported, including across different population groups to better understand progress towards health equity.





Te Tiriti excellence

What we are aiming for

Ko tō mātou wawata kia tūhono katoatia nga hunga o Aotearoa i raro iho te mana o te Tiriti o Waitangi. We want to be seen by Māori, as tangata whenua, to act in partnership— premised on the principle that all groups of people in New Zealand will honour and uphold te Tiriti together. This includes ensuring we have Māori in key roles across our work, including at Board, leadership, staff and in our advisory network. As we give effect to te Tiriti we will see diverse benefits for Māori within and from Pharmac's work. Built on a strong whānau-centred and kaupapa Māori approach, and pursuit of mana motuhake, we are resolute as kaitiaki to maximise our contribution to Māori health outcomes across all our work.

Where we're currently at

Along with the wider health system, Te Pātaka Whaioranga Pharmac needs to meet obligations and responsibilities within the new Pae Ora legislative framework. We have already made a strong commitment to give effect to Te Tiriti across our work. Several improvements have been made, with significant improvement still required.

The review underscored – and we agree – that we need stronger Māori voice in our work, including better ways to incorporate mātauranga Māori. We also need stronger partnerships with Māori, including to be clearer on the partnerships that Māori want us to form and we feel we need. Our analysis, assessment and prioritisation also need to evolve to more strongly embody considerations from te ao Māori.

Our key pathway for giving effect to te Tiriti is *Te Rautaki o te Whaioranga*, our Māori Responsiveness Strategy. The review expressed that the strategy lacked detail, and that aspirations were not matched by action. We acknowledge this feedback and will ensure it is reflected in an updated strategy, co-developed with Māori in 2023.

Key initiatives over the last 12 months to make improvements have included:

- Adoption of te Tiriti accountabilities for Board members
- Appointment of the first Māori chair of PTAC, Dr Jane Thomas (*Ngāti Porou, Ngāti Kahungunu*)
- Reappointment of a Māori chair of CAC, Lisa Lawrence (*Ngāti Kahungunu, Ngāti Ruapani*)
- Appointment of two new Māori Board members, Dr Anthony Jordan (*Ngāti Wai*) and Talia Tioro Anderson-Town (*Ngāti Maru (Hauraki), Ngā Wairiki, Ngāti Apa, Ngā Rauru, Ngāti Tuwharetoa, Te Atihaunui-a-Pāpārangī me Ngāti Kahungunu.*), building on the important roles played by previous Māori Board members

- Establishment and early engagement with Te Rōpū Māori, comprised of members nominated by Māori stakeholder groups
- Completion of an initial independent te Tiriti review
- Development of a monitoring framework for medicines access in areas of high importance to Māori
- Adoption of new organisation values based on concepts from te ao Māori
- Adoption of ethnicity criteria in the Special Authority for some medicines (with likely greater use of this mechanism to support access and uptake ahead)
- Adoption of a lower age threshold for Māori and Pacific for access to influenza vaccine for 2022
- Delivery of a campaign, devolved to and designed by a Māori organisation, to raise awareness of diabetes medicines amongst Māori and Pacific communities
- Commencement of staff training in Critical Tiriti Analysis, along with other development initiatives to build capability to operate in te ao Māori
- Commencement of a partnership with Tupu Toa for an annual intake of Māori internships.

Actions and initiatives underway or commencing in 2022/23

To continue our progress, during 2022/23 we will:

- 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.
- Prioritise an effective partnership with Te Aka Whai Ora
- Work with Te Rōpū Māori to co-develop a partnership framework
- Adopt our te Tiriti policy
- Commence a review, with Māori, of Te Whaioranga, noting the desirability of bringing this forward to ensure a strategy fit for purpose under Pae Ora
- Adopt specific Te Tiriti accountabilities for the Senior Leadership Team
- Commence a full review of systemic bias and racism as they relate to Māori across our work (noting also the potential benefits of this work for other population groups)
- Increase the number of Māori employed by Pharmac and appointed across our expert advice network

As noted in the priority area of enhanced assessment and decision making, we are also working to further improve how Māori health considerations are embedded into funding assessment work and the decisions we make.



Further work and considerations for our full response in October 2022

Increasing Māori involvement in our workforce

We are giving consideration to what initiatives may best assist us to grow the number of Māori staff, including (beyond recruitment) what workforce development activities could assist longer term, such as better leveraging our existing scholarships and internship programme.

Deepen the application of the Te Arawhiti Māori Crown Engagement Framework

Current system changes elevate the importance of integration, partnership and engagement. This is also a critical aspect in building and maintaining relationships with Māori health professionals. This will need a specific focus to ensure we are effectively meeting the expectations of Te Arawhiti's framework.

Integrate our work with the wider health system in exploring partnership

As in other parts of government, we are giving consideration to different forms of partnership and look forward to continuing this work.

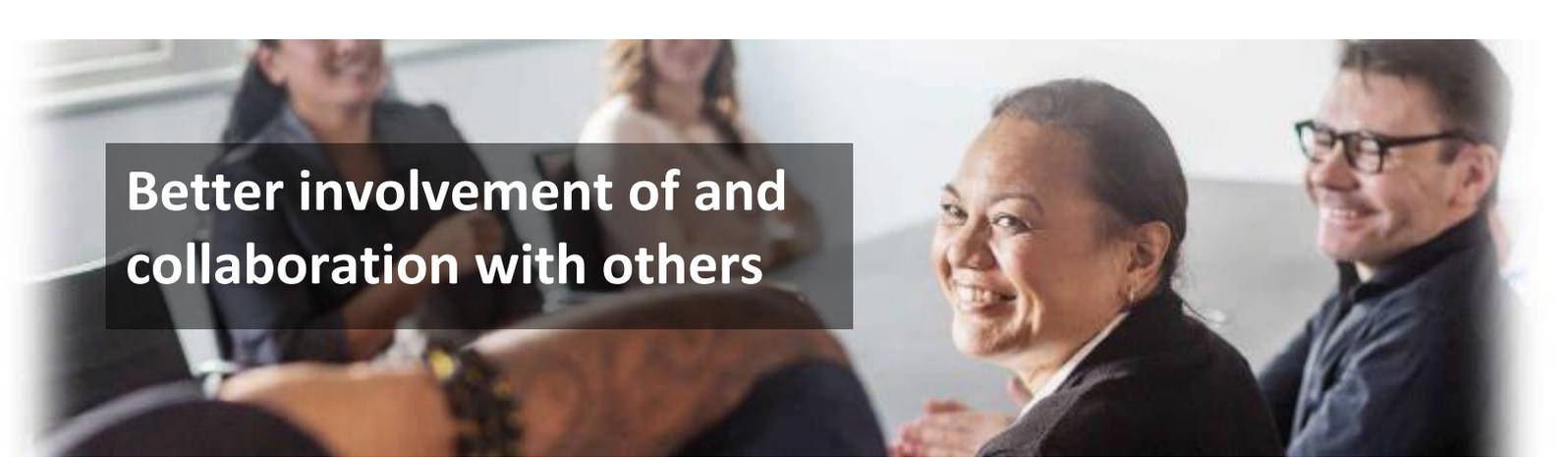
Identify opportunities to work with and for Māori with Disabilities and Rare Disorders

Initial discussions with individuals and external groups about disability and rare disorders have indicated severe inequities for Māori within and across these groups. Further engagement and discussion will be needed to discern how we might best work in collaboration and partnership.

Further extend our strategic alliance with Whānau Ora

Whānau Ora organisations, both commissioning agencies and collectives, have for some time indicated a desire to work more strategically with our organisation rather than in a transactional way. We are keen to explore this shift.





Better involvement of and collaboration with others

What we're aiming for

We want to be a trusted, respected and well-connected partner in the health and disability system, with a strong focus on embracing diversity and being inclusive. We want to be better informed by a wide range of views, and for our decisions to be trusted and understood, along with sharing other information and insights to assist and support others. Our own effectiveness also critically hinges on the roles of others, such as Medsafe and healthcare professionals, and how decisions are communicated to consumers and the public. By better involving and collaborating with others, we can strengthen alignment and coordination across the safety, funding, prescribing, dispensing, and use of medicines and medical devices – leading to more seamless ('one system') services for health and disability consumers.

Where we're currently at

Pharmac has extensive involvement and interaction with a wide range of organisations and stakeholders to carry out its work. Our challenge now is to improve the effectiveness of how we involve and collaborate with others.

Alongside extensive work with others, we obtain significant input via our expert advisory network. Across PTAC, CAC, Te Rōpū Māori, Responsible Use Advisory Group (RUAG) and Strategic Medical Devices Advisory Group (SMDAG) we benefit from the views from a wide range of experts and people from right across New Zealand with diverse experiences, connections and backgrounds. We learn a lot from these important voices across our work. We are grateful for their contribution and want to ensure we keep improving how we support this network, and how they best support us ahead.

The review, including the summary of submissions, gave a comprehensive overview of stakeholders' perspectives of Pharmac and its work, including from industry groups, academics, suppliers, clinicians, patients and consumer groups. We acknowledge their views and thank everyone involved for openly sharing perspectives. We are keen to explore new ideas and ways of working and look forward to engagement ahead.



As we look to make improvements ahead, we are building on several initiatives that occurred during 2021/22. These included:

- Working with a Māori communications provider to increase awareness of newly funded diabetes medicines amongst Māori and Pacific peoples through the 'You are a Priority' campaign
- Continuously improving the Pharmaceutical Schedule, our most used online tool, based on feedback from users
- Updating the terms of reference for PTAC, to provide for consumer involvement, and CAC, to enhance coverage of its work
- Developing a formal complaints process to benefit from feedback and help inform ongoing improvement in our work
- Delivery of internal seminars with external speakers focused on issues of importance for Pacific peoples
- Ensuring high service standards in both timeliness and publication of responses to official information act requests.

Actions and initiatives underway or commencing in 2022/23

With new system arrangements underway, our relationships and partnerships need to evolve. We will be prioritising connections with Te Whatu Ora and Te Aka Whai Ora. We will closely collaborate on key initiatives, such as our work managing vaccines and medical devices, and adjust how we work to help deliver an integrated health system.

More broadly, we want to improve opportunities for people and organisations to be involved in our work. Like any organisation, we need to make careful choices about priorities for engagement. We also, like others, recognise that even high-quality collaboration and engagement may, for some issues, result in divergent views given differences in roles and interests. There is always, though, much to be gained from genuinely understanding different contexts and viewpoints, and ensuring decisions are well-informed and well-explained.

It is important that we build strong connections with other organisations directly involved in the end-to-end processes for management of medicines and medical devices. To ensure our work has integrity, and best serves health consumers, our work must also be effectively integrated with the priorities and workflows of other key system players.

In addition to the above direction, to continue our progress during 2022/23 we will:

- Participate in the cross-agency governance group for the immunisation system, to support better immunisation outcomes from alignment and connection of different roles
- 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
- Make consumer appointments to PTAC and some specialist advisory committees
- 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
- Explore a formal partnership with Te Aho a Te Kahu - Cancer Control Agency
- Support and contribute to the development of a rare disorders strategy by Manatū Hauora.

Further work and considerations for our full response in October

As noted in the assessment priority area, with further resource we would ideally like to publish summaries of our funding assessments and decisions – to be more impactful for stakeholders in communicating our decisions and rationale.

Consumer involvement and lived experience

The Health Quality and Safety Commission (HQSC) has an important leadership role for consumer involvement in the health system. We have supported their code of expectations and need to further consider the implications of the code for our own work. The ‘consumer forum’ also has high potential for obtaining consumer views and understanding lived experience for disease, treatment and support areas. We will progress discussions with HQSC on both the application of its code and how best we can make use of the consumer forum. As noted above, we will also further consider how best to embody the lived experience of health consumers in our work.

Continued collaboration on medical devices work

Our work to build, maintain and manage a national list of hospital medical devices continues. This has always been a collaborative effort requiring wide-ranging input from public hospitals, suppliers and a range of other organisations. The Strategic Medical Devices Advisory Group (SMDAG), originally established under DHB structures and comprising senior DHB leaders, continues to provide advice on our devices work, including about approaches to wider collaboration.

We look forward to collaborating with other national roles and groups under Te Whatu Ora, Te Aka Whai Ora, Whaikaha and HQSC to further develop fit-for-purpose processes and frameworks for devices that are integrated into the new health and disability system. Key areas of collaboration include prioritisation and decision-making processes, clinical equipment, scope, expert advice frameworks, health technology assessment, and contract and supply management.



Appendix 1 | Summary of actions and initiatives underway or commencing in 2022/23

Enhanced assessment and decision making

- Make effective use of the funding uplift provided in Budget 2022 to fund both more treatments and widen access to already funded treatments
- Commence COVID-19 vaccine purchasing and management
- Continue to secure COVID-19 treatments
- 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
- 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
- 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
- Prioritise engagement with our Rare Disorders Specialist Advisory Committee (meeting as soon as practical) and proactively seek new funding applications from suppliers of medicines for rare disorders
- 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
- Continue to improve the usability of our web-based Application Tracker to support improved transparency.

Te Tiriti excellence

- 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.
- Prioritise an effective partnership with Te Aka Whai Ora
- Work with Te Rōpū Māori to co-develop a partnership framework
- Adopt our te Tiriti policy
- Commence a review, with Māori, of Te Whaioranga, noting the desirability of bringing this forward to ensure a strategy fit for purpose under Pae Ora
- Adopt specific Te Tiriti accountabilities for the Senior Leadership Team
- Commence a full review of systemic bias and racism as they relate to Māori across our work (noting also the potential benefits of this work for other population groups)
- Increase the number of Māori employed by Pharmac and appointed across our expert advice network

Doing more to achieve health equity

- Complete our equity policy to make clear how equity considerations relate to our work
- 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)
- 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
- Increase the diversity of our expert advisory network
- 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.
- 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

- Participate in the cross-agency governance group for the immunisation system, to support better immunisation outcomes from alignment and connection of different roles
- 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
- Make consumer appointments to PTAC and some specialist advisory committees
- 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
- Explore a formal partnership with Te Aho a Te Kahu - Cancer Control Agency
- Support and contribute to the development of a rare disorders strategy by Manatū Hauora.



Appendix 2 | Our Strategic Direction

