

## MINUTES OF THE PHARMACEUTICAL MANAGEMENT AGENCY (PHARMAC)

### BOARD MEETING JULY 2020

The meeting was held at Level 9, 40 Mercer Street, Wellington, with one member joining by videoconference starting at 8.30am with the following attendees:

#### Board members

Steve Maharey	Chair
Jan White	Deputy Chair
Ross Lawrenson	Board Member
Claudia Wyss	Board Member
Nicole Anderson	Board Member (via Zoom)
Mark Weatherall	Observer, PTAC Chair
Peter Bramley	Observer, DHB Representative
David Lui	Observer, CAC Chair
Lisa Lawrence	Observer, incoming CAC Chair

#### PHARMAC staff in attendance

Sarah Fitt	Chief Executive
Lisa Williams	Director of Operations
Alison Hill	Director of Engagement & Implementation
Michael Johnson	Director of Strategic Initiatives
Mark Woodard	Director of Corporate Services/CFO
Ken Clark	Acting Medical Director
Lizzy Cohen	Board Secretary

Jannel Fisher, Janet Mackay, Geraldine MacGibbon, Sarah Beri, Ben Campbell-Macdonald, Andrew Davies, Fiona Rutherford, Sean Dougherty, Sandy Bhawan, Scott Metcalfe and Graham Beever (PHARMAC staff) attended for relevant items.

#### 1. Directors' Only Discussion

The Board discussed their 2019/20 Board evaluations and set the CE's KPI's for 2020/21, noting the meeting notes from the CE performance review for 2019/20.

*9.35am Professor Keith Petrie guest speaker on research in relation to brand switches. The Senior Leadership Team, Manager Communications, Manager Implementation and Senior Implementation Lead (PHARMAC staff) joined for the presentation.*

*10.21am PHARMAC staff and Board Observers left the meeting and Directors' Only discussion continued.*

##### 1.1 Proposed outline of 2020 Board Strategy Workshop

**noted** that the proposed outline for the October 2020 Strategy workshop is based on an initial discussion with the Board Chair;

**noted** that PHARMAC staff will prepare any necessary materials in preparation for the workshop.

##### 1.2

*10.46am PHARMAC staff and Board Observers joined for Board papers.*

The Board Chair provided an overview on the Directors Only discussion and thanked the Senior Leadership Team for their feedback on the Board's performance for 2019/20 to feed into the annual Board evaluation.

**1.3 Glossary of Terms**

**1.4 Board Actions**

**1.5 Board Annual Agenda**

**2. Apologies**

None.

**3. Record of Previous Board and Committee Meetings**

**3.1 Minutes of June 2020 Board Meetings**

**resolved** to adopt the minutes of the June 2020 meeting as being a true and correct record.

Ross Lawrenson and Claudia Wyss

**(carried)**

**3.2 Minutes of June 2020 Audit and Forecast Committee Meeting**

**noted** the minutes of the June 2020 Audit and Forecast Committee meeting.

**3.3 Summary of June 2020 Consumer Advisory Committee (CAC) Meeting**

**noted** the following summary of the record of the Consumer Advisory Committee (CAC) meeting held on 12 June 2020;

**noted** the minutes (refer to Appendix One) will be published on the PHARMAC website during August; and

**noted** PHARMAC staff are currently working with the Consumer Advisory Committee, and will be consulting publicly, on a revised Terms of Reference for the Committee.

**4. Interests Register**

**noted** the interests register; and

**noted** any decisions by the Chair to manage actual or potential conflicts of interest, as follows:

[None required]

**5. Matters Arising**

**noted** the matters arising.

**6. Chair's Report**

**6.1 Verbal Report**

**noted** the verbal update from the Board Chair.

## **6.2 Correspondence**

**noted** the correspondence report.

## **7. Chief Executive's Report**

**noted** the Chief Executive's Report; and

**noted** the financials for June 2020.

The Board discussed with staff how New Zealand supply issues compare to other countries. Staff will continue to update the Board and provide copies of the 'no surprises' updates provided to the Minister of Health.

## **8. Key Items**

### **8.1 Risk Report and Register**

**noted** the risk report, which provides a summary of current and ongoing risks of relevance to the Board.

### **8.2 Year in Review approach and monthly Communications Report**

**noted** that improvements will be made to the 2020 Year in Review to create an engaging document and help build confidence in our decision process for key stakeholder groups;

**noted** the intended approach to the content and publication of the 2020 Year in Review;

**noted** that the measures for monitoring public understanding, trust and confidence are captured in the quarterly strategic priority reporting to the Board;

**noted** the additional ethnicity information from the Colmar Brunton Public Sector Reputation Index Report;

**noted** that communications activity has returned to pre COVID-19 levels and we are progressing our strategic communications work;

**noted** that staff are planning to introduce more measures for monitoring content being viewed on our website; and

**noted** that the Year in Review is circulated in December.

### **8.3 Appointment of new members to the Consumer Advisory Committee (CAC)**

The Board were very impressed with the calibre of candidates and were hopeful that they will bring a broad focus on consumer issues, not just related to specific areas.

**noted** that the membership fees are set by the State Services Commission;

**noted** that staff have staggered membership terms to ensure members terms do not expire at the same time and is not a reflection of the calibre of candidates;

**noted** that as part of HR processes, staff plan to conduct police checks and background checks on the new members and the appointment letters will reflect this;

**noted** that the recruitment process was looking to appoint up to seven new members due to there currently being four vacancies on the Committee and there will be a further three vacancies from 31 July 2020 when the terms of three of the current Committee end;

**noted** that, based on the current Terms of Reference of the Consumer Advisory Committee that have been in place since April 2010, the Committee will consist of up to nine members;

**approved** an increase, based on the current Terms of Reference, in the number of members of the Consumer Advisory Committee to be up to ten members from 1 August 2020;

**resolved** to appoint Hazel Heal for a period of three years beginning 1 August 2020;

**resolved** to appoint Robyn Manuel for a period of three years beginning 1 August 2020;

**resolved** to appoint Leslie Robinson for a period of two years beginning 1 August 2020;

**resolved** to appoint Mary Schnackenberg for a period of two years beginning 1 August 2020;

**resolved** to appoint Tui Taurua for a period of three years beginning 1 August 2020;

**resolved** to appoint Sione Vaka for a period of two years beginning 1 August 2020;

**resolved** to appoint Vivien Verheijen for a period of three years beginning 1 August 2020;

**resolved** to appoint Janfrie Wakim for a period of two years beginning 1 August 2020; and

**noted** PHARMAC staff are currently working with the Consumer Advisory Committee, and will be consulting publicly, on a revised Terms of Reference of the Committee.

Jan White and Ross Lawrenson **(carried)**

#### **8.4 Combined Pharmaceutical Budget Management Update**

**noted** the Combined Pharmaceutical Management report;

**noted** that the Combined Pharmaceutical Budget (CPB) for 2020/21 is \$1,119 million, which includes \$74 million provided to cover COVID-19-related costs; and

**resolved** to set the CPB expenditure target for the year ending 30 June 2021.

Ross Lawrenson and Claudia Wyss **(carried)**

## **9. Schedule and Funding**

### **9.1 Pharmaceutical Transactions Report**

**noted** the update from PHARMAC staff on the large and/or significant medicines transactions that are currently planned or in progress.

The Board were pleased to note savings transactions are still progressing despite the impacts of COVID-19 on the CPB.

### **9.2 Prioritisation Report**

**noted** the prioritisation activity undertaken by PHARMAC staff since March 2020 and the progress of selected items from PHARMAC's prioritisation list.

*12.36pm PHARMAC's Kaumatua joined to lead a farewell to David Lui, CAC Chair on the Board's behalf followed by lunch. Lisa Lawrence is the incoming CAC Chair.*

### **9.3 Medical Devices Transaction and Investment Report**

**noted** the update on progress with medical devices national contracting activity.

## **10. Strategic Planning and Policy**

### **10.1 Strategies and Expectations Update - Quarter 4 2019/20**

**noted** PHARMAC's Quarter 4 progress against our 2019/20 strategy action plan; and

**noted** that this is the last Strategy and Expectations Report and will be replaced by quarterly reporting against our new strategy and performance framework following Quarter 1 of 2020/21.

The Board were very pleased with the revised quarterly reporting format to the Board to align with our new strategy, performance framework and Ministerial expectations.

Staff confirmed that the findings of the recent Waitangi tribunal; Wai 2575 Health Services and Outcomes Kaupapa Inquiry, have been taken into consideration in the formation of the Te Whaioranga strategy.

### **10.2 Medical Devices Programme Update**

**noted** PHARMAC's progress with its programme to deliver on its medical devices strategic priority;

**noted** that staff are developing a communication and engagement strategy to support engagement more broadly with stakeholders and the sector. Staff noted that the next stage of engagement is operational engagement with stakeholders such as the DHB Chief Operating Officer's and professional colleges; and

**noted** that staff plan to engage with the CAC for consumer input at a strategic level and are considering equity issues for devices, as we are for all of PHARMAC's work.

### 10.3 Changes to PHARMAC's approach to competitive procurement

**noted** that the new 2020-2024 Strategic Plan is intended to result in a number of enhancements to how PHARMAC manages its competitive procurement activity;

**noted** that PHARMAC staff have begun to engage with pharmaceutical suppliers on a potential shift to principal supply arrangements within the annual Invitation to Tender;

**noted** that staff have engaged with suppliers and the consultation will be issued on Tuesday next week for four weeks. The Board would like to see an update on consultation feedback at their next meeting.

The Board discussed the impact of this change including any financial implications, of which staff expect would be low impact.

**noted** that this is a good comprehensive commercial strategy. The Board noted that staff will develop clear guidelines for decisions coming to Board, to identify the mechanisms and recommendations for brand switches.

### 10.4 Access Equity Work Programme Update

**noted** the update provided on PHARMAC's Access Equity programme of work, covering:

- partnership with the Health Quality and Safety Commission's (HQSC) Whakakotahi Primary Care Quality Improvement Programme;
- partnership with Arthritis New Zealand for the evaluation of two equity focused gout management programmes – Owing My Gout in Counties Manukau DHB and Stop Gout in Northland DHB;
- progress with our Pacific Responsiveness Strategy; and
- progress with the Medicines Access Equity Monitoring and Outcomes Framework.

**noted** that partnerships are crucial for making real influence to address inequities in access to medicines and commended staff on their work to partner with Arthritis New Zealand and Counties Manukau DHB and Northland DHB for the two equity focused gout management programmes. The Board noted that this is a good example of treaty in practice and a practical example of delivering on our equity strategic priority;

**noted** the potential benefits in utilising datasets with, for example, HQSC and the Ministry of Health; and

**noted** that staff plan to present to the Board in October on our work in the Enhancing Key Functions strategic priority on how we ensure the responsible use of pharmaceuticals.

### 10.5 Update on the research activities within PHARMAC

**noted** the following update regarding research activities at PHARMAC;

**noted** that PHARMAC and Health Research Council (HRC) conduct 2-3 joint research projects a year with this year's focus on access equity.

**noted** that the HRC scoring criteria includes Māori health advancement which provides a line of sight of health system impacts and drives researchers to look at these;

**noted** that staff have also allocated money for internal staff research projects; and

**noted** that our research activity is aligned with our strategy and will be reported through our Statement of Performance Expectations and an update on research activity presented to the Board once a year.

## **11. Regular Reports and Noting Papers**

### **11.1 Confidential and Legally Privileged Legal Report**

**noted** the legal report which provides an update on current legal issues of relevance to the Board; and

**noted** that staff will provide an update on progress to review our policies and procedures in consideration of the new Privacy Act which was recently passed by Parliament and will come into force on 1 December 2020.

*1.58pm Peter Bramley left meeting*

### **11.2 Summary of Decisions Made Under Delegated Authority – June 2020**

**noted** the summary of decisions made in June 2020 under Delegated Authority by the Chief Executive, Director of Operations, Manager Pharmaceutical Funding, Senior Advisor/Team Leader and Senior Therapeutic Group Managers/Team Leaders.

## **12. Interest Articles**

## **13. General Business**

**noted** the recent published report by Bryce Wilkinson.

The Board Chair advised that he will contact members individually to discuss their performance as part of the board evaluation 2019/20.

## **Date of Next Meeting**

The date for the next Board meeting is set for Friday 2 October 2020 in Wellington, commencing with the Directors Only from 8.30am, and attendees and relevant staff from 9.30am.

The meeting closed at 2.02pm.

Chair:

Date: