

MINUTES OF THE PHARMACEUTICAL MANAGEMENT AGENCY (PHARMAC)

BOARD MEETING SEPTEMBER 2020

The meeting was held at Level 9, 40 Mercer Street, Wellington 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
Elizabeth Zhu	Institute of Directors, Future Director
Mark Weatherall	Observer, PTAC Chair
Peter Bramley	Observer, DHB Representative
Lisa Lawrence	Observer, 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

Rachel Read, Craig Butler, Adam McRae, Sarah Beri, Alyssa Currie, Andrew Oliver, Brian Roulston, Sarah Beri, Kathryn McInteer, Sandy Bhawan, Angie Enoka, Grace van Dyk, Chloe Dimock, Rebecca Elliott, Graham Beever, Jannel Fisher and Janet Mackay (PHARMAC staff) attended for relevant items.

1. Directors' Only Discussion

Welcomed the recently appointed Institute of Directors, Future Director Elizabeth Zhu. Elizabeth attended the Board Strategy meeting yesterday and has been appointed for 12months.

1.1 Glossary of Terms

1.2 Board Actions

1.3 Board Annual Agenda 2020 and draft annual agenda 2021

2. Apologies

None.

3. Record of Previous Board and Committee Meetings

3.1 Minutes of July 2020 Board Meetings

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

Ross Lawrenson and Nicole Anderson **(carried)**

3.2 Summary of May and June 2020 PTAC advice and recommendations

This paper provided the Board with a summary of the records of the recent Pharmacology and Therapeutics Advisory Committee (PTAC) meetings. The Board:

noted the summary of the record of the Pharmacology and Therapeutics Advisory Committee (PTAC) meetings held via videoconference on 22 May 2020;

noted the May 2020 PTAC record was signed off by the Chair on 02 July 2020 and is published on the PHARMAC website;

noted the summary of the record of the Pharmacology and Therapeutics Advisory Committee (PTAC) meetings held via videoconference on 18 June 2020; and

noted the June 2020 PTAC record was signed off by the Chair on 31 July 2020 and is published on the PHARMAC website.

4. Interests Register

noted the interests register; and

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

Declared interest by the newly appointed Institute of Directors, Future Director Elizabeth Zhu. Elizabeth is a Medical Officer at Southern Cross Health Society.

5. Matters Arising

noted the matters arising; and

noted that Elizabeth Zhu, Future Director expressed an interest in attending CAC and PTAC meetings as part of her induction to the Board.

8.50am – DiversityWorks facilitated a Diversity and Inclusion presentation with Board members.

10.15am – SLT and Board observers joined the meeting.

6. Chair's Report

A verbal update was provided by the Board Chair.

The Board Chair welcomed Lisa Lawrence, CAC Chair acknowledging this is the first Board meeting in the Chair role after transitioning into the role in July 2020.

noted the presentation to Board members prior to the Board meeting facilitated by DiversityWorks on Diversity and Inclusion. This presentation was given to all PHARMAC staff in August. The Board invited staff to consider involving the Board in the future Diversity and Inclusion discussions; and

noted the continued good progress being made on FPIM and the DHB representative noted that partnering across the health sector is important to see progress.

6.1 Verbal Report

noted the Chair's verbal report.

6.2 Correspondence

noted the correspondence report.

7. Chief Executive's Report

noted the Chief Executive's Report;

noted the financials for August 2020;

noted the recruitment of a Chief Advisor Māori who is expected to start towards the end of October;

noted that the staff will be issuing the notification next week on the principal supply status in advance of the release of the annual tender in early November;

noted the research report from Professor Norris on equity is a good example of research aligning with our strategic priorities;

noted that there is a programme of work to review and document our internal processes to identify process improvements; and

noted the new Public Service Act and that Hannah Cameron, Public Service Commission is scheduled to speak to the Board at the October meeting to provide an overview of the new Act and what it means for PHARMAC as a Crown Entity.

8. Key Items

8.1 Operational Budget Matters 2020/21

noted the report on operational budget matters 2020/21.

8.2 2021/22 Combined Pharmaceutical Budget bid process

The Board discussed the approach that PHARMAC will take in confirming next year's Combined Pharmaceutical Budget (CPB) level and the indicative out-year funding pathway with District Health Boards (DHBs) and the Minister of Health. The Board:

noted that PHARMAC staff have undertaken early engagement with District Health Boards on the Combined Pharmaceutical Budget position for 2021/22 and outyears and agreed the early engagement was useful;

noted the approach for confirming with District Health Boards the 2021/22 Combined Pharmaceutical Budget level and indicative out-year funding pathway; and

noted the Board will consider the draft preliminary joint budget bid at its October 2020 meeting.

8.3 PHARMAC's Draft Annual Report 2019/20

The PHARMAC draft 2019/20 Annual Report was presented for the Board's consideration and feedback. The Board:

noted the draft 2019/20 Annual Report;

noted the draft Annual Report has been sent to Audit New Zealand, Bell Gully and the Ministry of Health for review and comment;

noted we expect to receive feedback from Audit New Zealand, Bell Gully and the Ministry of Health, and will address those comments along with Board feedback and present the final version for consideration at the 30 October 2020 Board meeting;

noted that some performance measures were not achieved or partially achieved as a result of impact of COVID-19; and

noted that the Audit, Risk and Forecast Committee, at its 30 October 2020 meeting, will consider the final 2019/20 Annual Report, meet with Audit New Zealand staff, receive the formal Audit New Zealand opinion on the Annual Report, and determine whether to recommend the Board's approval of the report.

8.4 Summary Risk Report

noted the summary risk report which provides an update on items on the Board risk register that have a 'high' rating on either impact or probability;

noted that the quarterly risk register will be presented in October, and includes risks rated as having medium impact and medium probability or higher; and

noted that staff plan to provide an update on the risk review work to the Audit and Forecast Committee at the October 2020 meeting.

8.5 Risk in the Supply Chain Update

The Board discussed PHARMAC's supply chain risk mitigation and management work, including staff's work to date and future plans. The Board:

noted that the Board will receive an overview paper on the Enhancing Key Functions strategic priority at its October meeting and subsequent updates via quarterly reporting on progress of Strategic Priorities (the first such report will also be considered by the Board at the October 2020 meeting). This paper will update the Board on key aspects of supply chain risk management.

9. Schedule and Funding

9.1 Pharmaceutical Transactions Report

The Board discussed staff's update on the current Combined Pharmaceutical Budget (CPB) expenditure position and the approach to managing the CPB, noting the advanced overview of the contentious, large or significant pharmaceutical transactions and investments that staff are currently progressing. The Board:

noted the current Combined Pharmaceutical Budget (CPB) expenditure position and significant medicines transactions;

noted that the budget for the CPB in 2020/21 is \$1,119 million, which includes an uplift of \$74 million for COVID-19 related expenditure;

resolved to delegate decision-making for the proposal to fund emicizumab for patients with haemophilia A and high-titre inhibitors to the Chief Executive;

noted that a proposal to fund two diabetes medicines is planned to come to the Board for decision at the October 2020 meeting; and

noted that staff will provide an update on the strategic priority Equitable Access and Use in January which will provide a list of identified priority conditions.

The Board noted feedback from the DHB representative on how DHB's invest in equity for Māori and Pacific people.

Claudia Wyss and Nicole Anderson

(carried)

9.2 Medical Devices Transaction and Investment Report

noted the update on progress with medical devices national contracting activity, one of PHARMAC's six strategic priorities;

noted that some progress on contracting activity has been delayed due to the impacts of COVID-19 on DHBs.

9.3 Vaccines Update

The Board noted the paper from staff providing an overview of a range of matters relating to PHARMAC's management of vaccines funding. The Board:

noted that a new campaign is being launched by the Ministry of Health to improve measles immunity in New Zealand, aimed at 15-30 year olds;

noted that PHARMAC has supported the Ministry of Health and DHBs to implement the measles campaign;

noted that the Ministry of Health have recently published two independent review reports on the 2019 measles outbreaks and the 2020 influenza immunisation programme;

noted that PHARMAC staff are actively contributing to the All of Government COVID-19 Strategy; and

noted that there continues to be some lack of clarity in roles and responsibilities, highlighted in one of the recommendations that came through the independent review report on the 2019 measles outbreaks - an action that sits with the Ministry of Health team tasked to implement the recommendations from the review. Staff informed the Board that they have been actively engaging with the Ministry of Health on this.

10. Strategic Planning and Policy

10.1 Data and Analytics Update

Data and Analytics is one of the six strategic priorities for PHARMAC. The Board noted this paper providing an update on activity within this priorities work programme. The Board:

noted that the Board adopted the Data and Information Strategy in June 2019, and much of that activity has been incorporated into PHARMAC's new strategic direction;

noted that the Data and Information Strategy identified key implementation milestones, and the milestones for 2019/20 have largely been achieved;

noted that the Data and Analytics work programme contains an emphasis on measuring health outcomes, and this paper includes a description of our initial thinking in this regard; and

noted that the Board will receive a paper on our Equitable Access and Use strategic priority of which 'big data' will be important aspect of measuring health outcomes for Māori.

The Board expressed their interest in a demonstration of the Qlik tool.

The Board noted the desire to access and use data to help progress the work programmes for our strategic priorities.

10.2 Pacific Responsiveness Strategy Stage One Assessment and Stage Two Direction

This paper provided the Board with our assessment of Stage One (*planting the seed*) of PHARMAC's Pacific Responsiveness Strategy and the outline of the priority areas for action for Stage Two (*supporting growth*) of the strategy. The Board:

noted the findings of our assessment of Stage One of PHARMAC's Pacific Responsiveness Strategy;

noted the proposed priorities and outcomes for Stage Two actions;

noted the proposed actions and approaches underway for the 2020/21 year as part of Stage 2 of our Pacific Responsiveness;

noted staff's work to strengthen our Pacific relationships, partnering with Pacific health groups, Pacific media and Pacific community; and

noted the previous discussion regarding measurable outcomes and data insights on equity and outcomes as being essential.

10.3 Sustainable Procurement Update

Environmental sustainability is a Government priority. This paper provided the Board with an update on PHARMAC's work to improve environmental sustainability. The Board:

noted the Ministerial expectation that PHARMAC continues to contribute to the Government's priority outcome of environmental sustainability;

noted the range of activities that PHARMAC staff are undertaking to support the health sector response to environmental sustainability, both through our procurement activity and through our office policies and practices;

noted that PHARMAC staff intend to embed sustainable procurement and move it into business as usual by:

- incorporating sustainability further into PHARMAC's procurement policy; and
- developing and embedding an established framework to support PHARMAC's continuous improvement in sustainable procurement over time.

noted that embedding environmental sustainability into our work is included in the 2020/21 Statement of Performance Expectations (SPE) and the Board will receive progress updates via quarterly performance reports.

The Board commended staff on their work and suggested staff consider increasing visibility of this work with key stakeholders.

10.4 Expert Advice at PHARMAC

The Board were provided an overview of PHARMAC's proposed changes in our approach to expert advice. The Board:

noted PHARMAC's proposed revisions to the Consumer Advisory Committee (CAC) Terms of Reference;

noted PHARMAC's plan for external consultation on expert advice, including the proposed expert advice policy and revised Pharmaceutical and Therapeutics Advisory Committee (PTAC) and CAC Terms of Reference;

noted that PHARMAC staff will report to the Board on the feedback to consultation in early 2021; and

noted the feedback from the PTAC Chair and the CAC Chair, both of which supported the proposed approach.

11. Regular Reports and Noting Papers

11.1 Confidential and Legally Privileged Legal Report

noted further updates from staff since the paper was distributed to the Board;

approved access to the Legal Risk Fund for the purpose of covering legal costs and expenses incurred by PHARMAC, relating to PHARMAC's participation in the Chief Coroner's inquiry into six sudden deaths in patients with epilepsy; and

noted the legal report which provides an update on current legal issues of relevance to the Board.

Jan White and Claudia Wyss

(carried)

11.2 Legislative Compliance Report for Period from 1 February 2020 to 31 July 2020

noted that the legislative compliance report.

11.3 Communications Report

noted that the new PHARMAC website is scheduled to go live on 20 October;

noted that staff will continue work on including in frequently ask questions into the content on the website to assist consumers with fact checking information presented to the public by external groups; and

noted that staff intend to work through the content on the website to standardise the language to clearly tell our story and make it easier for the public to engage with.

11.4 Implementation Update

noted the update on engagement activities that PHARMAC staff are undertaking to support the transactional work of PHARMAC.

11.5 Summary of Decisions Made Under Delegated Authority – July and August 2020

noted the monthly summary of decisions made 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

Date of Next Meeting

The date for the next Board meeting is set for Friday 30 October 2020 in Wellington.

The meeting closed at 2.15pm.

Chair:

Date: