

Minutes of the Pharmaceutical Management Agency (Pharmac)

Board Meeting September 2021

The meeting was held at Pharmac offices, Level 9, 40 Mercer Street, Wellington and by videoconference starting at 9.25am with the following attendees:

Board members

Steve Maharey	Chair
Jan White	Deputy Chair
Ross Lawrenson	Board Member
Nicole Anderson	Board Member
Claudia Wyss	Board Member
Elizabeth Zhu	Institute of Directors, Future Director
Mark Weatherall	Observer, PTAC Chair
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
Trevor Simpson	Chief Advisor Māori
Lizzy Cohen	Board Secretary

The meeting was conducted under level 2 restrictions. Janet Mackay, Caroline De Luca, Sarah Beri, Jayne Watkins, Brent McPherson, Grace van Dyk, Craig Butler, Rachel Read, Alyssa Currie and Jannel Fisher (Pharmac staff) attended for relevant items. Some attendees joined via videoconference to present papers.

1. Directors' Only Discussion

1.1 Glossary of Terms

1.2 Board Actions

The Board noted the Board Actions.

1.3 Board Annual Agenda 2021

The Board noted the Board Annual Agenda 2021.

1.4 Draft Board Annual Agenda 2022

The Board noted the draft Board Annual Agenda for 2022. The Board Chair suggested that the Board consider two offsite meetings next year, possibly Auckland and another regional DHB, as travel restrictions allow.

1.5 Consumer Advisory Committee Fees Review

This paper sought Board agreement to the proposed rate of fee increase for Consumer Advisory Committee (CAC) members, noting this would require consultation with the Public Service Commission and the Ministry of Health (as Pharmac's performance monitoring agency) before consultation with the Minister of

VERSION FOR PUBLIC RELEASE, SOME INFORMATION MAY HAVE BEEN EXCLUDED
DUE TO CONFIDENTIALITY

Public Service and referral to the Cabinet Appointment and Honours (APH) Committee for Ministerial consideration. The Board:

noted the fees paid to Pharmac's Consumer Advisory Committee members have been reviewed following the update to the Consumer Advisory Committee Terms of Reference

agreed that Pharmac staff progress with the required consultation and referral process for the recommended fee increase for CAC members

noted that staff intend to build in a process to regularly review Committee fees.

noted that if this proposal is not supported by Cabinet, staff will consider other options to bring back to the Board next year.

Nicole Anderson and Jan White

(carried)

The Board Chair exited the meeting briefly handing the meeting over to the Deputy Chair.

2. Apologies

Peter Bramley, Observer, DHB Representative.

3. Record of Previous Board and Committee Meetings

3.1 Minutes of July 2021 Board Meeting

resolved to adopt the minutes of the July 2021 meeting as being a true and correct record.

The Board discussed the value in offsite meetings and agreed that while they found it worthwhile, it requires additional work for staff and there are technical and logistical difficulties plus additional travel for Board members, particularly in Auckland where transport can be challenging. It was agreed that the Board considers this when next arranging offsite meetings and when choosing the timing for offsite meetings.

Nicole Anderson and Claudia Wyss

(carried)

3.2 Minutes of July 2021 Board Health and Safety Committee

noted the minutes from the July 2021 Board Health and Safety Committee.

noted that the Committee is yet to receive a copy of the external H&S audit report which will likely come to the October Committee meeting.

The Board Chair returned to the meeting.

3.3 Audit and Risk Committee September 2021 Recommendations

A verbal update was provided by the Committee Chair. The Board noted:

noted that the Committee received the six-monthly legislative compliance report.

noted that the comprehensive risk review on brand changes, the first the Committee has formally undertaken, was a useful discussion and the review identified a few updates to the risk register which will be reflected in the updated risk register to come to the Board for noting at the October Board meeting

noted that the Committee discussed adding an external independent advisor to the Committee membership and staff will be developing some options for the Committee to progress this. The Board Chair noted that David Nalder, an expert in risk management, may provide a useful insight into good practice for Audit and Risk Committees. David was scheduled to engage with the Board in September and staff are rescheduling this to a later date.

3.4 Summary of May 2021 PTAC advice and recommendations

This paper informed the Board of recommendations made and advice given by PTAC at its May 2021 meeting held on 20 and 21 May 2021 via videoconference. The Board:

noted the summary of the record of the Pharmacology and Therapeutics Advisory Committee (PTAC) meeting held on 20 and 21 May 2021 via videoconference and a verbal overview of the recommendations by the PTAC Chair

noted the May 2021 PTAC record was signed off by the Chair on 15 July 2021 and is published on the Pharmac website

noted the PTAC's recommendation that the community funding of food thickeners be delisted. There is a complaint to the Health and Disability Commissioner in relation to the funding of food thickeners. The Board questioned if any speech language therapists have provided input into the advice provided to the PTAC. Staff agreed to report back to the Board on this

discussed Pharmac's role in funding special foods as an example of decisions that fall within the boundary of Pharmac's decision-making but perhaps within a 'grey area'. It was suggested that staff could pull together a list of examples, such as special foods, and highlight some for CAC discussion on boundaries of our decision-making and report back to Board.

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 and actions progressed.

6. Chair's Report

6.1 Verbal Report

A verbal update was provided by the Board Chair. The Board:

noted that staff are scheduling items from the postponed Board strategy meeting, some of which are papers at this Board meeting

noted that the Board Chair attended a Crown Entities Board Chairs meeting

noted that the FPIM governance group is now receiving a rolling six-month plan

noted that we are awaiting a decision from the Minister of Health regarding the appointment terms of Ross Lawrenson and Nicole Anderson whose terms have lapsed.

6.2 Correspondence

noted the correspondence report

noted the letter from the Minister of Health approving Pharmac's 2021/22 Statement of Performance Expectations to be presented to the House of Representatives.

7. Chief Executive's Report

noted the Chief Executive's Report

noted the operational budget financials for August 2021

noted that Pharmac are yet to receive a copy of the Interim External Review Report and staff have not yet received confirmation of timing for the Review Committee to meet with the Board, tentatively before the October Board meeting

noted that the newly established Māori Advisory Rōpū will offer a wide scope of experience and expertise. The Board noted that the Rōpū membership has good iwi representation. Staff are looking at options for Board members to meet with the Rōpū members

The Board acknowledged the great mahi (achievements) made by staff both in establishing the Rōpū and input into advice to Ministers on the appropriation of pharmaceuticals.

8. Key Items

8.1 Multi-year Funding Approach for the Health and Disability System

The purpose of this paper was to outline for the Board the high-level proposals for the multi-year funding framework for health that the Government has agreed to progress and the implications of the proposed multi-year funding pathway for the Combined Pharmaceutical Budget (CPB).

8.2 Combined Pharmaceutical Budget funding pathway

This paper provided the Board with early thinking about the interaction and impact of several related changes required for the Combined Pharmaceutical Budget (CPB). The Board:

noted the incremental funding required to enable investment in good value new pharmaceuticals

noted the future cost pressures likely to arise from pharmaceuticals in the pipeline

noted that there will be further opportunities to engage the Ministry of Health and Treasury as the Budget 2022 process progresses over coming months

noted the ongoing costs related to COVID-19 and increased costs of therapeutics, particularly cancer and immunotherapy, which we will need to factor into future funding decisions. However, the Board noted that this is part of a broader health system issue, and our decisions will need to align with the NZ health plan.

8.3 Extension to the appointment of Professor Marius Rademaker as Deputy Chair of PTAC

The purpose of this paper was to seek a recommendation from the Board to the Director-General of Health relating to PTAC membership. The Board:

resolved to recommend to the Director-General of Health an extension of one year to the appointment of Associate Professor Marius Rademaker as a member of the Pharmacology and Therapeutics Advisory Committee (PTAC) and as Deputy Chair of PTAC ending 31 November 2022

noted that the proposed extension to the appointment would also permit Professor Rademaker to remain as Chair of the Cancer Treatments Subcommittee of PTAC (CaTSoP)

resolved to recommend to the Director-General of Health an extension of one month to the appointment of Dr Sean Hanna as a member of the Pharmacology and Therapeutics Advisory Committee (PTAC) ending 30 November 2021

resolved to recommend to the Director-General of Health the re-appointments of Dr Giles Newton-Howes and Associate Professor Alan Fraser as members of the Pharmacology and Therapeutics Advisory Committee (PTAC) ending 30 November 2024

noted that the Board has previously recommended (July 2021) to the Director-General of Health that the appointments of the current PTAC Chair, Professor Mark Weatherall, and Deputy Chair, Associate Professor Marius Rademaker, which are both due to expire at the end of October 2021 be continued until 3 December 2021

noted that the Board has previously recommended (July 2021) to the Director-General of Health the appointment of Dr Jane Thomas as Pharmacology and Therapeutics Advisory Committee Chair for a period of three years beginning 6 December 2021

VERSION FOR PUBLIC RELEASE, SOME INFORMATION MAY HAVE BEEN EXCLUDED
DUE TO CONFIDENTIALITY

The PTAC Chair emphasised the importance of having a senior PTAC member on CaTSoP. He also noted the impact of COVID-19 on clinicians workload and the potential engagement issue for CaTSoP as the workload is large. Pharmac staff are working through the challenges this brings to recruitment of members and will investigate opportunities to provide recognition to clinicians work on Pharmac Committees.

Jan White and Claudia Wyss **(carried)**

8.4 Draft Annual Report 2020/21

This paper presented Pharmac's draft 2020/21 Annual Report for the Board's consideration and feedback. The Board:

noted the draft 2020/21 Annual Report

noted the draft 2020/21 Annual Report provides for the first time results on performance measures from the new performance framework

noted the draft 2020/21 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 November 2021 Board meeting

noted that the Audit and Risk Committee, at its November 2021 meeting, will consider the final 2020/21 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.

The Board provided some feedback and considerations for staff to work through for the final report.

9. Strategy Planning and Policy

9.1 Pharmac Strategy – Update on Progress

This paper provided the Board with a progress report against our strategic direction and priorities. The paper provided an update of the current operating context and challenges facing Pharmac; describes the progress that is being made against our strategic priorities; and includes a status report for each strategic priority. The Board:

noted the progress made since July 2020 on the delivery of Pharmac's new strategy

noted the external operating environment has changed significantly since July 2020, with the impact of COVID-19, the health reforms and the external review of Pharmac

discussed and provided reflections from the Board's perspective on progress. The Board supported the status reporting format which staff will consider using for future reporting on our strategic priorities, noting the need to reframe some of the measures more clearly.

9.2 Two-Year Strategy Work Programme

The purpose of this paper was to outline for the Board a two-year work programme that leads to Pharmac's next Statement of Intent (due to be revised in June 2023). The pathway is intended to promote discussion and development around Pharmac's vision, strategy, articulation of the value and outcomes we deliver for New Zealanders and subsequent alignment of our planning and performance frameworks. The Board:

noted that a two-year strategy-based work programme has been developed, leading up to the next iteration of the Statement of Intent (due by 30 June 2023)

noted that the work programme is intended to dovetail with the outcomes of the independent external review, health reforms, work on implementing our values, and the Blue Skies workstream of the end-to-end analysis project. The work programme also aligns with the existing annual planning cycle

noted the desire to consider not only the health outcomes we want to achieve and deliver for New Zealanders but also the societal outcomes

noted the timing and content of the strategy-based work programme

noted that the intended first step is to progress work on Pharmac's vision.

9.3 Data and Analytics strategic priority update

This paper provided the Board with an update on the Data and Analytics work programme, focusing on the exploratory phase of the Health Outcomes workstream. The Board:

noted that this paper provides an update on the Data and Analytics work programme, focusing on the health outcomes workstream

noted the findings from the first pilot of an outcomes review for Maviret, a treatment for hepatitis C, the lessons learnt, and the development pathway for the outcomes assessment work going forward

noted the desire to actively promote integrated data solutions. Currently there is no cross-sector data group. We are hopeful that this enables Crown Entities to feed into policy work lead by the Ministry of Health to make data useful and joined up.

9.4 Enhance Key Functions - Sustainability Project Update

This paper provided the Board with an update on the progress that has been made in the sustainability project since the last update provided to the Board in September 2020. The Board:

noted Pharmac's Flexible Framework (a high-level structure to support improvements in sustainability) which has been updated and reviewed by the Consumer Advisory Committee (CAC)

noted the need for Pharmac to be clear on where we sit within the framework, noting that we are mostly at the 'foundational' stage

noted that the Sustainability Project will be reported through the Enhance Key Functions Strategic Priority programme

noted the action plan and associated activities for this Project

noted that staff are currently work through how sustainability is more specifically factored into advice to the PTAC

noted the desire for future Board papers to highlight key challenges and risks associated with considering sustainability in funding decisions, with options analysis. Pharmac staff noted that this will be covered under the risk implications section of board papers

noted Pharmac staff intend to actively socialise on our website when we made sustainable procurement decisions.

9.5 Risk in the Supply Chain Update

This paper is a six-monthly update to the Board on Pharmac's supply chain risk mitigation and management work and includes brief updates on the workstreams and a description of the work programmes that are intended to continue to improve supply chain risk mitigation. The Board:

noted that since 2017 changes and improvements have been made to Pharmac's management of risk in the supply chain

noted that staff are conducting a process improvement project on our supply issue management approach which is approximately 85% complete

noted staff's progress on emergency response planning

noted the work with other government agencies Pharmac is engaged in following the COVID-19 pandemic in relation to supply chain management

noted staff's progress to obtain external clinical input to supply interruption processes and risk management

noted that Pharmac staff are building resilience in our procurement system so we are better prepared for events, such as supply disruptions due to COVID-19

noted that the Ministry of Foreign Affairs and Trade (MFAT) provides us with advice on geo-political risks which we take into account

noted that Pharmac staff are working with suppliers on social sustainability, taking the approach of being an influencer rather than dis-investing with suppliers.

9.6 Pharmaceutical pipeline scan 2021 update

This paper provided the Board with an update on the global development pipeline for pharmaceuticals, and an opportunity to provide feedback on the report. The Board:

noted the attached report from Sapere Research Group on the global development pipeline for pharmaceuticals

noted that Pharmac staff will consider the implications of the report findings in its future business planning activities

noted that the report is useful as it confirms and quantifies the increased costs of medicines and the pressure of funding more expensive medicines on the Pharmac model

noted that the Public Preferences survey is expected to provide some useful insights into how much New Zealanders want to pay for pharmaceuticals, to feed into a joined-up approach with the health sector

noted that staff are considering how we manage cost pressures highlighted in the report on the Pharmac model. Staff will incorporate the findings from the Sapere report with our category planning and will aim to provide the Board with an update in the middle of 2022.

10. Schedule and Funding

10.1 Pharmaceutical Expenditure and Transactions Report

This paper provided an update on the current Combined Pharmaceutical Budget (CPB) expenditure position and our approach to managing the CPB. It also aims to give the Board an advance overview of the contentious, large or significant pharmaceutical transactions and investments that staff are currently progressing. The Board:

noted the current CPB expenditure position and significant medicines transactions

noted that the budget for the CPB in 2021/22 is \$1,085 million

noted that the Government has separately made available funding of \$76 million to cover COVID-19-related costs in 2021/22

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

noted the update from Pharmac staff on possible COVID-19 treatments

noted that Pharmac staff plan to present the CPB Management report to the Board at the November Board meeting (moved from October) to allow for inclusion of COVID-19 data into the forecast

Nicole Anderson and Claudia Wyss

(carried)

10.2 Medical Devices Transaction and Investment Report

This paper provided a monthly update to the Board on progress with medical devices national contracting activity. The Board:

noted the update on progress with medical devices national contracting activity and that Pharmac staff are making good progress

noted that the three-year high-level timeline to prepare for and move to the investment management level, included in the Pharmac strategy – update on progress paper, was very useful.

10.3 Summary of Decisions Made Under Delegated Authority - July and August 2021

This report contained a summary of all decisions made by Pharmac staff under delegated authority since the last Board meeting, i.e., decisions made during July and August 2021. The Board:

noted the summary of decisions made under Delegated Authority during July and August 2021 by the Chief Executive, Director of Operations, Manager Pharmaceutical Funding, Senior Advisor/Team Leader and Senior Therapeutic Group Managers/Team Leaders.

11. Regular Reports and Noting Papers

11.1 Risk Report - Exceptions

The register lists risks that exceed the Board's identified risk tolerance. This exceptions report updated the Board on the items on the risk register that have materially changed. The Board:

noted the summary risk report, which provides an update on items on the Board risk register that have materially changed since the quarter 4 risk register was reviewed by the Board in July 2021

noted that the Audit and Risk Committee will review the updated risk register as at 13 September 2021

noted the Board will receive the quarter one risk register for noting in the October 2021 meeting before being included in the quarter one report to the Minister of Health

The Board requested that the Board Governance Manual is updated to reflect a focus on cyber security. Pharmac staff advised that the Governance Manual is currently been updated (in part to reflect te Tiriti o Waitangi obligations and Board accountabilities) and aim to present an updated version at the November Board meeting.

11.2 Monthly Communications Report

This paper summarised communications activity for August 2021. The Board:

noted staff's proactive media approach on issues aims to highlight our commitment to being a more transparent organisation

noted written enquiries are increasing as staff are intentionally directing people to send emails as they are easier to manage than phone calls

noted Pharmac staff have set a two year goal for the Colmar Brunton Public Sector Reputation Index to achieve a reputation score of at least 95 and a five year goal to achieve and maintain a reputation score of 100 points

discussed the two year goal set by staff and if it is aspirational enough

noted the advice from Pharmac staff that this goal is looking to exceed benchmark agencies and agreed that once Pharmac achieves the goal staff will look at what is happening in the environment and reset the goal

noted we will present our plan to increase our reputation score at the November Board meeting following the completion of the awareness campaign for the two new diabetes medicines.

11.3 Implementation Update

This paper provided a six-monthly update to the Board on some of the engagement that has already occurred, and further engagement that is planned, for major pharmaceutical funding transactions. The Board:

noted the update on engagement activities that Pharmac staff are undertaking to support our transactional work.

12. Interest Articles

noted the interest articles.

13. General Business

The Board Chair requested an addition to the end of Board meeting agenda's, to allow time for the Board to reflect on the meeting, starting in 2022.

Date of Next Meeting

The date for the next Board meeting is set for Friday 29 October 2021.

The meeting closed at 2.17pm.

Chair:

Date: