

**Quarter Three Performance Report  
January to March 2024**

## **Purpose of this report**

This report provides a progress overview of initiatives and performance measures for Quarter Three 2023/24.

## **Highlights for the Q3 period**

- On Wednesday 28 February, Associate Minister of Health (Pharmac) Hon David Seymour and Todd Stephenson visited the Pharmac office to meet with staff and the Senior Leadership Team. The Minister also plans a return visit on 28 May to meet with the Medical Devices team.
- Commenced assessment of all funding applications in parallel with Medsafe regulatory approval processes. This means that medicines will be able to be considered for funding sooner.
- Continued to engage consumers on our committees, by recruiting a PTAC consumer member and exploring the potential for a consumer member on Cancer Treatments Advisory Committee (CTAC).
- Completed staff training on engagement capability (International Association of Public Participation - IAP2) in March 2024, which will help with our engagement work with both consumers and other sector stakeholders.

### *Operational and/or funding highlights in the quarter*

- Funded a total of 11 new medicines, 16 access widenings in 2023/24, two new listings and one access widening to be implemented in 2024/25.
- For Medical Devices, seven agreements approved in February and March covering annual hospital expenditure of \$11.5 million.
- Announced funding of two new cancer treatments (ribociclib and midostaurin) for advanced breast cancer and blood cancer, which will improve health outcomes for hundreds of New Zealanders (available from 1 July 2024).
- Reached (provisional) agreements with preferred suppliers to provide funded CGMs, insulin pumps, and insulin pump consumables for people with type 1 diabetes and issued public consultation on a funding proposal.
- Secured the XBB vaccine to combat the newer strains of COVID-19 to be available to New Zealanders from 7 March 2024.
- Announced influenza vaccine will be available from 2 April 2024, with around one million people eligible for a funded vaccine.
- Removed restriction from some vaccines to allow community pharmacies to offer childhood immunisations, which will increase opportunities for whānau to access free immunisations in their communities.
- Announced decision to keep Rule 8.1b of the Pharmaceutical Schedule, which allows medicines for treating children with cancer to continue to be automatically funded without Pharmac assessment.

### *Capability building highlights*

- Joined The International Network of Agencies for Health Technology Assessment (INAHTA). INAHTA connects 55 HTA agencies from 35 countries, collectively influencing health system decisions for over a billion people globally.
- Provided feedback on the draft Government Policy Statement on Health.
- Developing a work programme to support the recently developed Equity policy.

- Board considered advice concerning emerging therapies which include advanced therapy medicinal products (ATMPs), pan-tumour treatments, and high-cost, high-volume medicines. We plan to thoroughly investigate international models and approaches to provide Pharmac with a broader perspective on these funding strategies.

This will foster the opportunity to adapt and refine these approaches to suit the specific needs, regulatory frameworks, and healthcare priorities of New Zealand, paving the way for a more informed and tailored approach to funding emerging therapies within the Pharmac model.

- The work to further improve and implement tangible differences to the culture and way we work is progressing with external speakers presenting to staff on their experiences. The co-design group remains in place and are identifying tools and resources to support staff.
- The Te Rōpū Partnership Paper was approved by the Board. The first meeting between the Board and Te Rōpū co-chairs will take place once the new Board Chair is in place.
- Two new members of Te Rōpū were appointed and attended the kanohi ki te kanohi hui in March 2024.

## Strategic Priorities

In our [Statement of Intent](#) 2023/24 - 2026/27, we outlined three key areas that will shape improvements in the way we manage and invest in medicines and medical devices. These are:

1. Strategic Management of Combined Pharmaceutical Budget (CPB)
2. Enhanced assessment and decision making
3. Strategic management of medical devices.

Each priority is underpinned by activities and initiatives to support te Tiriti o Waitangi, health equity, improved collaboration and engagement, and organisational excellence.

### 1. Strategic Management of Combined Pharmaceutical Budget (CPB)

To achieve the best health outcomes for medicines, vaccines, medical devices and related products, we need to better optimise funding available and take a longer-term view of how and where we direct funding to achieve improved health outcomes and health equity.

#### *Budget 2024 and CPB Investment Pathway*

We have been engaging with the Ministry of Health and Treasury on information to support Budget 2024. This includes information pertaining to the baselining of funding for the Combined Pharmaceutical Budget; COVID-19 vaccines and treatments; increasing access to medicines; and the removal of the \$5 prescription co-payment.

#### *Medicine funding*

- The Board has approved an agreement with GSK for the funding of three new treatments:
  - niraparib (branded as Zejula) for the maintenance treatment of advanced, high-grade, platinum sensitive ovarian, fallopian tube or primary peritoneal cancer.
  - fluticasone furoate with umeclidinium and vilanterol (branded as Trelegy Ellipta), a single inhaler triple-therapy for the treatment of chronic obstructive pulmonary disease (COPD).
  - dolutegravir with lamivudine combination tablets (branded as Dovato) for the treatment of human immunodeficiency virus (HIV).

And widening of access to two currently funded treatments:

- mepolizumab (branded as Nucala) for treatment of a form of vasculitis called eosinophilic granulomatosis with polyangiitis (EGPA) from 1 May 2024.
- recombinant varicella zoster virus vaccine (branded as Shingrix) for prevention of shingles in highly immunocompromised people from 1 July 2024.

## **2. Enhanced assessment and decision making**

We continue to make improvements to how we assess and make funding decisions.

### ***Increased Consumer Focus (includes patient voice)***

We are working to be more responsive and engaged with consumers and patients as part of assessment and decision making. Activities being progressed include:

- exploring which assessment documentation is best suited to public release to improve transparency, and thereby increase public access to the Pharmac assessment process
- reviewing the methods used by other health technology assessment bodies internationally to engage consumers and using this and local input to define New Zealand best practice
- considering expanded roles for advisory committees including the Consumer Advisory Committee in our assessment and decision-making processes. This includes drafting procedure to enhance consumer members' participation in expert advisory committees and consulting on the draft
- reviewing fees for the Consumer Advisory Committee members annually
- reviewing the benefit of and the resource required to continue to enable consumer applications
- developing an annual agenda with the Consumer Advisory Committee which includes both operational and strategic work
- reviewing and updating the Terms of Reference for the Consumer Advisory Committee, including how the committee connects with other committees and with the wider consumer voice work across Pharmac and the health sector
- reviewing Consumer Advisory Committee membership to ensure there is diversity, community connections, and lived experience represented.

### ***Productivity / Efficiency of our Assessment and Decision-Making***

We are working to increase the efficiency of our advice and assessment process. While Pharmac receives an increasing volume of applications, we are working to continuously reduce the number of proposals and applications awaiting advice and assessment.

### ***Inactive funding applications***

We are regularly reviewing all funding applications/proposals that are currently 'inactive' to determine whether they could be progressed to a decline decision or closed. An 'inactive' proposal is one that Pharmac is not currently intending to progress. We consulted on declining 94 inactive funding applications. Consultation closed in February 2024, and we are reviewing feedback. Applications will either be declined or remain under active consideration.

### ***Reducing the backlog of applications and proposals***

The current combined backlog (both applications and proposals) sits at 290 – a slight increase compared with the previous quarter. While we remain focused on reducing the backlog, our efforts

have been hampered through an increasing volume (and increasing complexity) of applications and proposals received.

### Proposal and Application Backlog Timeline



### Timeliness of funding assessment<sup>1</sup>

Timeliness of funding assessment is a measure of the time from date of receipt of an application to the date it is placed onto one of our priority lists – Options for Investment, Cost Neutral/Cost Saving or Recommended for Decline. It is an important measure for those aspects of assessment and decision-making process that we have more control over.

The blue line records the average time to rank of proposals received in the last five years and more closely reflects current performance. The grey bar in the chart represents the number of proposals ranked during the quarter.

### Proposals Average Months to Rank by First Ranking Date

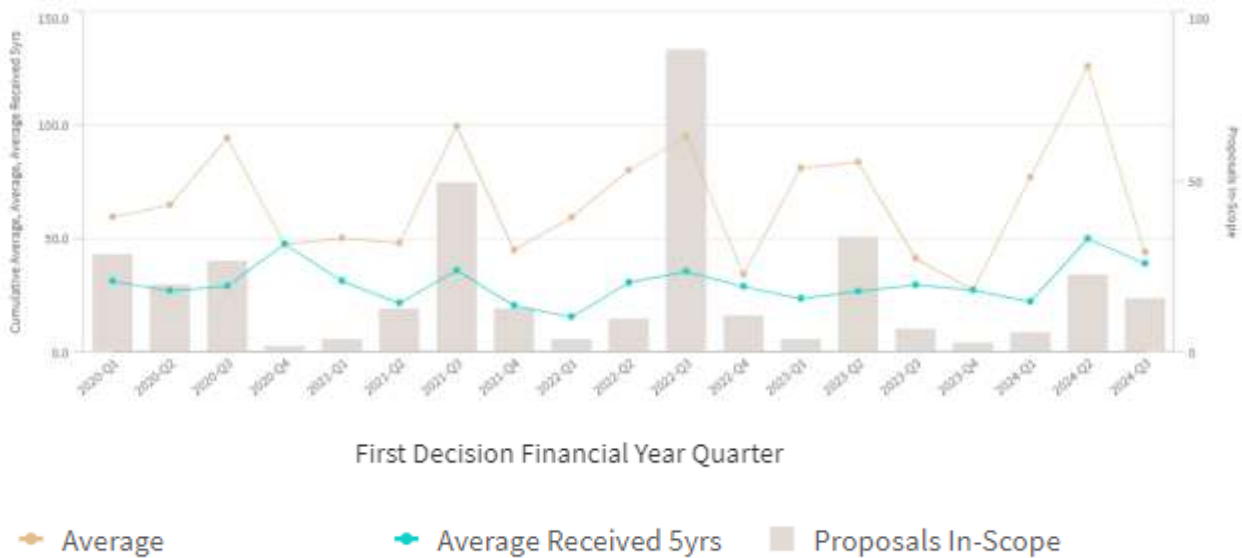


<sup>1</sup> Previously referred to as Time to Rank.

## Time to Decision

In this quarter, decisions (to approve or decline funding) were made for seven in scope proposals, taking an average of 51.1 months overall. This includes decisions for two proposals (average of 39.6 months) with applications received since 2019/20 and decisions for 5 proposals (average of 55.6 months to decision) with applications received prior to 2019/20 (>5 years).

## Proposal Average Months to Decision by First Decision Date



### Note

- Average = average time to decision for funding proposals decided on during the quarter, regardless of when the application was received.
- Average received 5 years = average time to decision for funding proposals decided on during the quarter, only for applications received in the previous 5 years.
- In-scope proposals are those for individual items where a decision has been made, recorded, and available for publishing at time of reporting.

## 3. Strategic management of medical devices

Pharmac, Health New Zealand, and suppliers continue to work towards a new way of managing medical devices used or supplied in hospitals. As the contracts are finalised, Health New Zealand will be able to determine the mix of products that offers the best value, the priority populations who are best served, and where changes to usage may be required to achieve this.

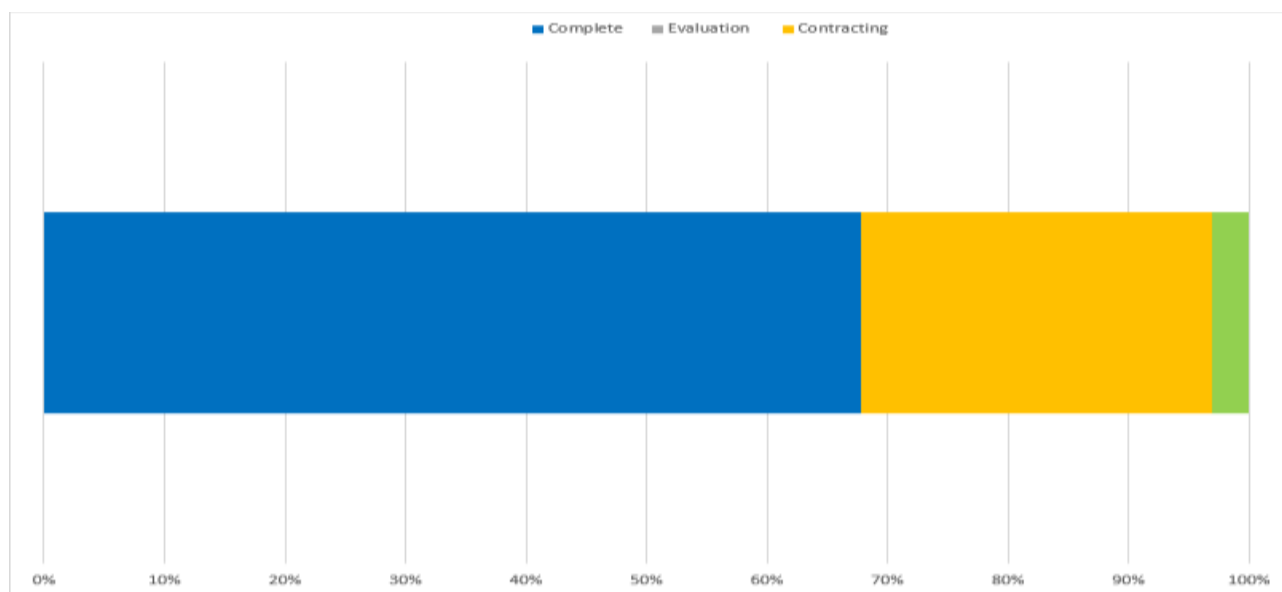
### Funding update

As of 1 March 2024, the Pharmaceutical Schedule includes approximately 166,000 contracted line items from over 140 suppliers. These contracts cover approximately \$584 million of annual Health NZ hospital expenditure on medical devices.

Seven agreements approved in February and March covering annual hospital expenditure of \$11.5 million.

## Medical devices spend under agreement

Below is a chart presenting the amount of expenditure that is covered by the Schedule as a proportion of the estimated total on devices. We estimate that the total spend is around \$850 million, which would mean we have 70% of devices spend contracted.



Pharmac and Health New Zealand met this quarter and agreed eight optimisation activities. Remaining questions in each area were identified, and links created between the teams to further develop this work.

The Medical Devices technical stream RFP is now under evaluation. This digital solution will improve our ability to deliver our role in managing the Procurement and Supply Chain for Medical Devices. We intend to take the RFP decision to the Board for approval in May.

## Reporting on staffing

As at 31 March 2024, Pharmac had 169 employees (150 permanent and 19 fixed term). The total FTE was 165.2, including one on parental leave and two on long term leave. In addition, there were five contractors, (two have since finished, two finish in next few weeks and one at end of June). Eleven positions were vacant.

## Responsible Use of Medicines

This quarter, the implementation team has completed a range of actions related to the termination of our current responsible use contract with Matui on 30 June 2024. This has included advice to stakeholders, attending to the various legal requirements around termination and the intellectual property, and discussions around the transitioning of resources from Matui to our website.

We are developing a plan for next steps on our proposed approach to responsible use.

## Other Actions to Support the Responsible Use of Medicines

In 2022, Pharmac formally partnered with Healthify He Puna Waiora to create resources for patients to support transactional decisions.

- a) Consultation feedback in response to the 2022/23 Annual Tender indicated further support for initiation of allopurinol would be helpful to support equitable access and use of allopurinol for gout.

This quarter the implementation team has worked with Healthify to update their gout resources and to create a consumer resource to support people with titration of dose and timing of blood tests when they start taking allopurinol.

- b) We have also partnered with Healthify to support our priority populations with resources around the use of opioid medicines. Healthify have recently created a factsheet on opioids for short-term pain.

To help with equitable access to this resource, we have been working together to create a short, animated video of the factsheet content. This factsheet has been favourably received by pharmacists and is being used around the country and given to patients on discharge from hospital.

## Carbon emissions

We are required by the Carbon Neutral Government Programme (CNGP) to measure and report on our greenhouse gas (GHG) emissions. This supports the goals of the Nationally Determined Contribution to reduce net GHG emissions to 50 per cent below gross 2005 levels by 2030.<sup>2</sup>

As an organisation, we must reduce our carbon emissions by 21 percent by 2024/25 and 42 percent by 2029/30. Pharmac falls into Tranche 2 for the CNGP. This means 2022/23 is our first mandatory reporting year. Pharmac is generally on track, however there will be some pressure to meet our targets at year end.

## Summary of performance measures

No.	Performance measure	2022/23 Result	2023/24 Result to date
1	Number of New Zealanders receiving funded medicines (A) <sup>3</sup>	3.97 million	Result available August 2024.
2	Number of new medicines funded (A)	20	11 new listings, as at 31 March excluding COVID related medicines.
3	Access is widened to an increased number of medicines that are already funded (A)	22	16 access widenings, as at 31 March excluding COVID related medicines.
4	Number of New Zealanders benefiting from new medicines funded or widened (A)	364,954	8,514 estimated new patients as at 31 March, excluding COVID related medicines.
5	Access of medicines compared to subsidy	From 2013, the number of medicines (volume) and the range of medicines (mix) have increased over time	Result available August 2024.
6	Number of COVID-19 treatments funded (A)	145,664	As of 4 March 2024, a total of 229,445 courses of oral

<sup>2</sup> This is New Zealand's commitment to the Paris Agreement which describes the effort to limit the temperature increase to 1.5°C above pre-industrial levels.

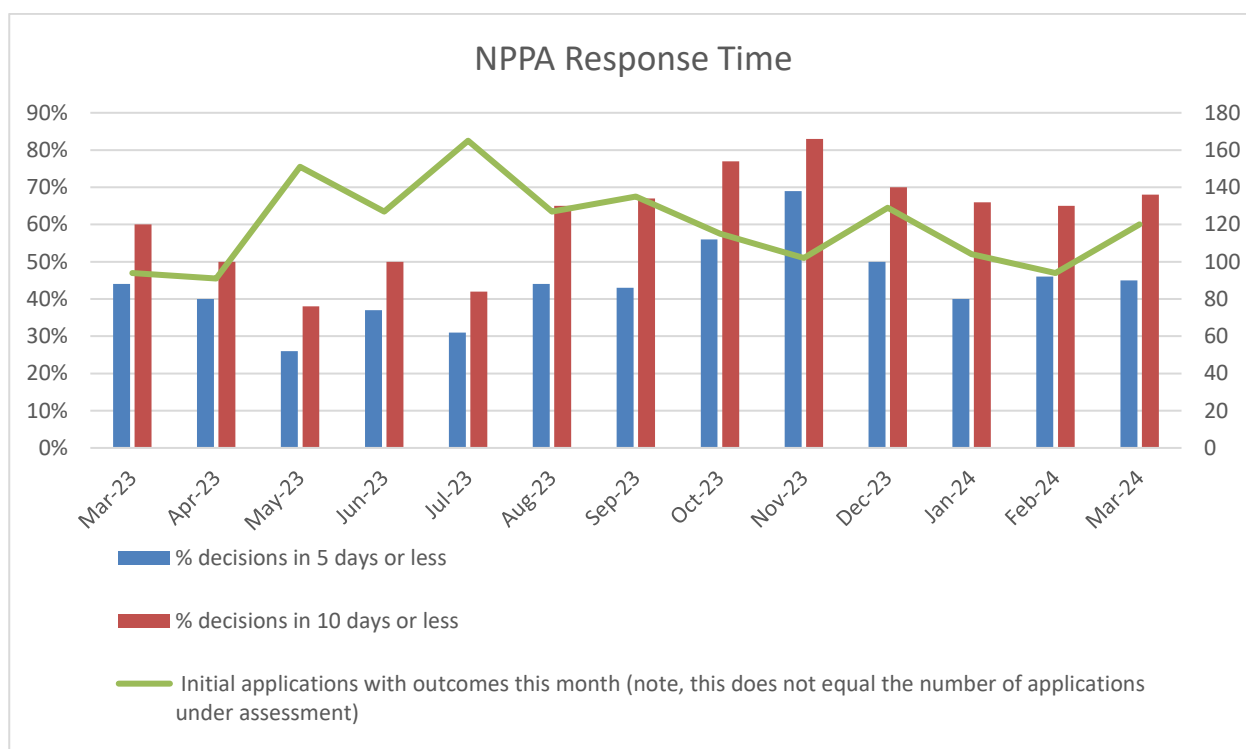
<sup>3</sup> (A) = Vote Health appropriation measure.



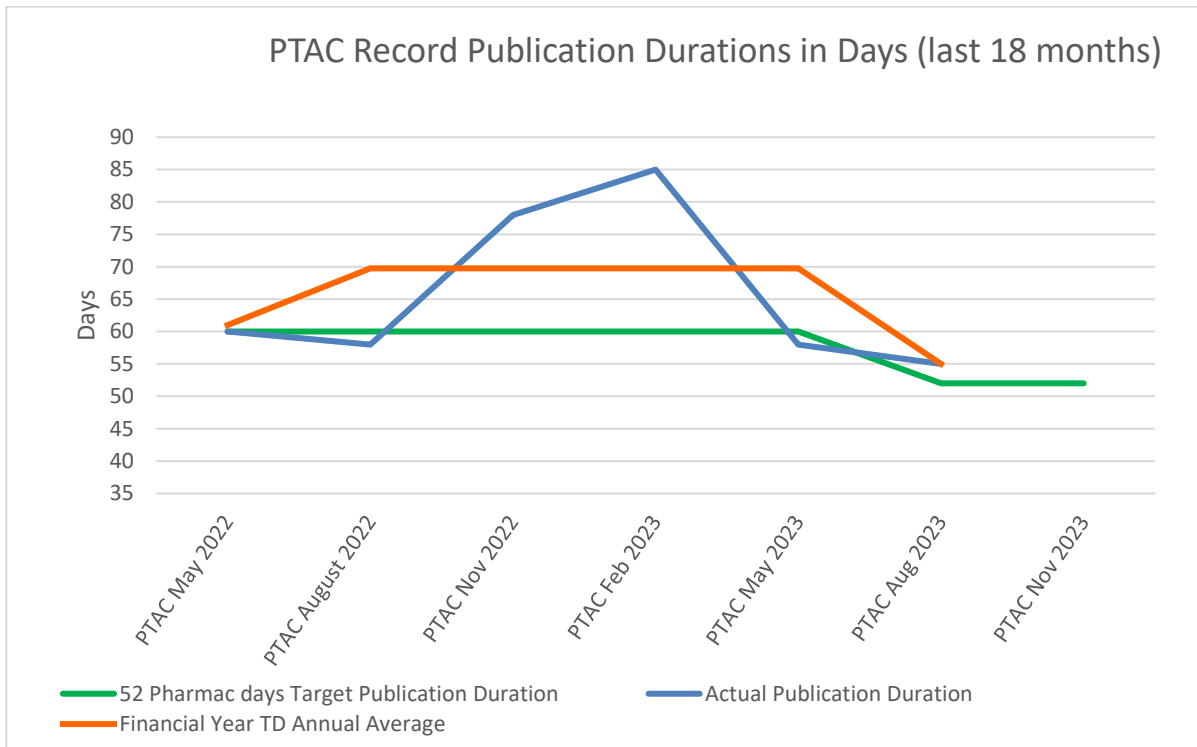
No.	Performance measure	2022/23 Result	2023/24 Result to date
			antiviral treatments have been dispensed.
7	Number of patients receiving COVID-19 treatments (A)	n/a	As of 4 March 2024, a total of 229,445 courses of oral antiviral treatments have been dispensed.
8	Access to medicines for priority populations	n/a	Result available August 2024.
9	Time to funding decision (A)	26.4 months	Quarterly progress reported above. Annual averages will be calculated at year end.
10	Time to rank applications (A)	21.5 months	Quarterly progress reported above. Annual averages will be calculated at year end.
11	Timeliness of Exceptional Circumstances decisions (NPPA)	46% decisions were made within 10 working days	See graph below.
12	Timeliness of PTAC and other specialist advisory committee records being published (A)	PTAC = 108 working days SAC = 108 working days	See graphs below.
13	Increase in the number of hospital medical devices on the schedule/list for Te Whatu Ora hospitals to access/purchase	63%	Q3 = As of March 2024, the Pharmaceutical Schedule includes approximately 166,000 contracted line items from over 140 suppliers which we estimate as being 70% now under contract.
14	Develop a methodology to show value to New Zealanders/Health system from hospital medical devices by 30 June 2024	n/a	We are on track for developing a methodology to show value to New Zealanders/Health system from hospital medical devices by 30 June 2024.
15	Increased public trust in Pharmac (external survey)	93	Result available August 2024.
16	Māori trust and confidence in Pharmac (external survey)	Achieved. While the result has levelled in the last 12 months, we have seen a rise over a four year period. Advocates 21% Critics 31%	Result available August 2024.
17	Consumer engagement (Stakeholder experience)	n/a	Result available August 2024.

No.	Performance measure	2022/23 Result	2023/24 Result to date
18	Assessment of bias and racism	n/a	The completion date is 30 <sup>th</sup> of April 2024 Completion of champion plans are ongoing
19	Proportion of Māori and other under-represented groups in Pharmac's workforce, and advisory groups compared with the proportion of the total population	Pharmac Board = 33% PTAC and Specialist Advisory Committees 3% Consumer Advisory Committee = 33% Responsible Use Advisory Group = 12.5%	Q1 = No change. Q2 = No change. Q3 = No change.
20	Reduce Pharmac carbon emissions	Total greenhouse gas (GHG) emissions 302 tCO <sub>2</sub> -e	See graph below.

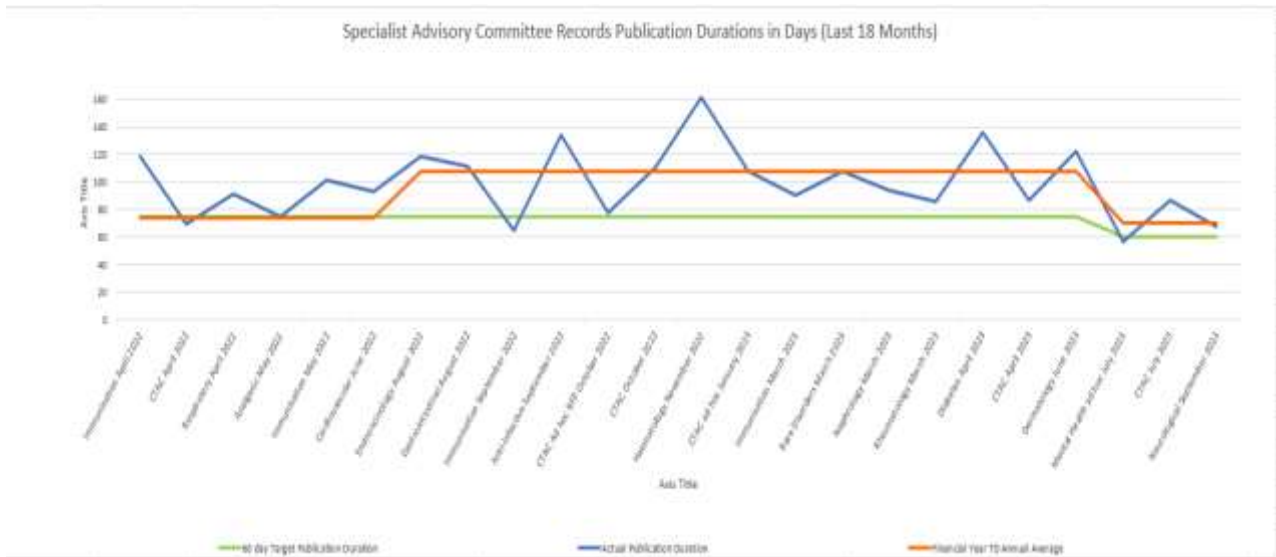
### Measure 11 - Timeliness of Exceptional Circumstances decisions



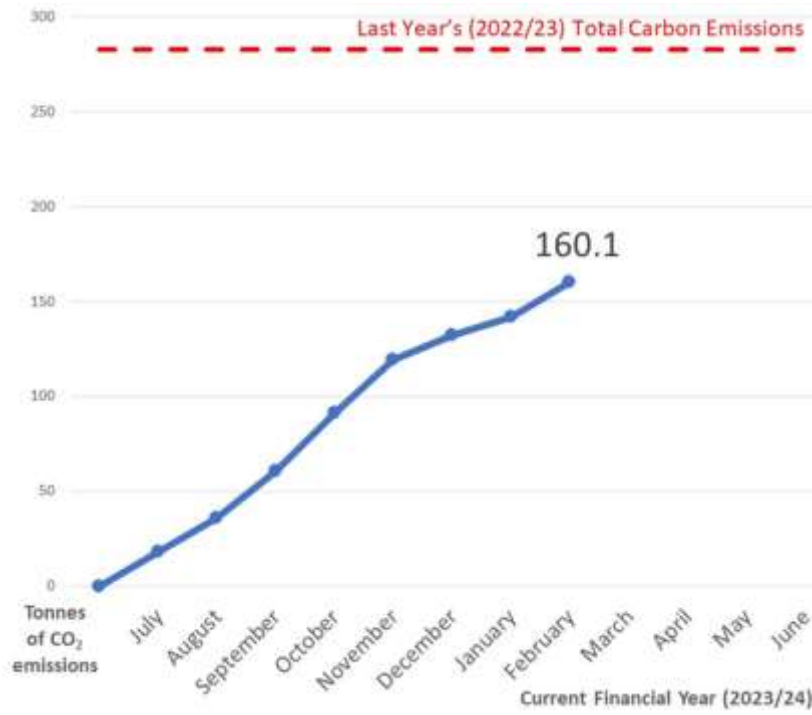
**Measure 12 - Timeliness of PTAC committee records being published (A)**



**Measure 13 – Timeliness specialist advisory committee records being published (A)**



**Measure 20 - Reduce Pharmac carbon emissions**



## Summary of SPE initiatives

### Strategic management of the CPB

SPE Initiative	Progress	Comment
Scope strategic CPB investment pathway for Budget 2024, moving to a multi-year funding pathway so that we can manage our CPB investment more strategically.	On track	Budget 2024 bids submitted.
Progress number of medicines investments focused on health needs of Māori and improving health equity.	On track	This is now reported as a part of our medicines highlights and activities (above).
Update/adapt commercial activities to accommodate the expansion in Pharmac's scope.	On track	Initial scoping has been done. Building of tools to support and better inform this work already underway as part of wider insights work. Principal Advisor, Commercial aiming to progress this work in 2024/25.
Work more collaboratively with the health sector and other stakeholders on service and workforce implications of our investments.	On track	Collaboration is ongoing, across both organisations at multiple different levels.
Explore with Health NZ - Te Whatu Ora how we can improve hospital medicines management.	On track	Collaboration with Te Aho o Te Kahu, Health NZ - Te Whatu Ora and clinical line functions will inform future workforce planning.
Work with Health NZ - Te Whatu Ora on improvements to Pharmaceutical Schedule as part of Health Sector Agreements and Payments programme.	On track	Work underway with Health NZ - Te Whatu Ora as part of Health Sector Agreements and Payments programme.

### Enhanced assessment and decision making

SPE Initiative	Progress	Comment
Bring more diverse voices into all stages of our assessment and decision making (RR) <sup>4</sup> .	On track	Consumer related work and engagement activities are helping to increase diversity.

<sup>4</sup> RR = review response. We included these initiatives in the Statement of Performance Expectations to show how we were responding to the recommendations of the Independent Review into Pharmac which reported in 2022.

<b>SPE Initiative</b>	<b>Progress</b>	<b>Comment</b>
Continue to make consumer appointments to our expert advisory network (RR).	On track	Consumer members have been included on committees, on tender panels. Ongoing engagement with sector partners in assessments of applications with service impacts.
Continue to make our assessment and decision-making timelier and more efficient (RR).	On track	Work programme in place. Initiatives have been undertaken for example: parallel assessment, addressing backlog and close-outs, right sizing of assessment of funding applications.
Continue to make our assessment and decision-making process more transparent (RR).	On track	Multiple strands of work support this deliverable, including the Close Out project, publishing NPPA data on our website, ensuring the application tracker is up to date, enhancing our communication of stock issues, refreshing relevant web pages (e.g., the tender web page), and involvement of clinicians and consumers in our procurement processes.
Develop a plan for the review of Pharmac's decision-making framework (Factors for consideration) (RR).	On hold	A policy development programme will be considered as part of 2024/25 planning.
Increased focus on collaborating and working in partnership with the health sector to support implementation of our decisions (RR).	On track	Further collaboration opportunities to be developed pending resourcing decisions.
Develop our approach, with health sector partners, on assessing whether our decisions achieve the outcomes expected (RR).	On track	We will engage with the Ministry of Health next quarter to assess an outcomes framework – and identify future performance metrics.

## Strategic management of medical devices

<b>SPE Initiative</b>	<b>Progress</b>	<b>Comment</b>
Finalise the Medical Devices List	On track	Planning underway. Seeking clarity on potential to use Health Sector Catalogue and Spend Data Repository information held by Health NZ Timeframe for finalisation to be confirmed. Working with Health NZ to encourage remaining suppliers to complete work. Including HSC provisions in agreements.
Manage the Medical Devices List	On track	Planning underway

SPE Initiative	Progress	Comment
		Seeking clarity on potential to use Health System Catalogue/Spend Data Repository information. Timeframe for finalisation to be confirmed but possibly in time for 2025.
Medical Devices investment management planning & transition	Off track	Recruitment underway to increase Pharmac capability and capacity for assessment and decision-making.  Programme will deliver elements of Investment Management and determine date once information available, recruitment to support this is progressing well.
Incorporate equity and taking a population-based view in line with Pae Ora into the medical devices work	Off track	Equity policy is now in implementation phase but capacity within Pharmac to deliver this work, is delaying progress.
Identify actions to implement Te Tiriti Policy in medical devices work	On track	Actions underway include: <ul style="list-style-type: none"> <li>• SLT and Board agreement to initial Te Tiriti accountabilities which reflect this policy</li> <li>• review of Te Whaioranga underway</li> <li>• strong relationships in place with Health NZ - Te Whatu Ora to ensure cross system alignment with the broader health system goals for Māori.</li> </ul>
Work collaboratively with health sector partners to continue to develop the approach for and transition to Investment Management	On track	Implementation of Action Plan with Health NZ - Te Whatu Ora Procurement and supply chain progressing.

## Organisational capability

SPE Initiative	Progress	Comment
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 (RR).	On track	Reported throughout this quarterly report.
Ensure the Board are meeting their te Tiriti accountabilities through a thorough and focused programme of work.	On track	Board accountabilities assigned. Review needed given environmental changes (new members, health sector reforms, te Tiriti policy).

<b>SPE Initiative</b>	<b>Progress</b>	<b>Comment</b>
		Plan to revisit Board accountabilities as part of delivery of Kaituruki Māori individual Te Tiriti accountabilities.
Ensure the Senior Leadership Team are meeting and committing to their organisational and individual directorate te Tiriti accountabilities (RR).	On track	Discussions held with SLT and some collective accountabilities agreed.  All SLT individual accountabilities are in place.  4 collective accountabilities adopted by SLT. Last tranche of 4 collective accountabilities developed and planned for adoption in 2024. Implementation plan to be developed in collaboration with SLT.
Complete a review of systemic bias/ racism as they relate to Māori across our work (RR)	On track	The completion date for the research project is 30 April 2024.  Completion of champion plans are ongoing.
Commence a full review and renewal of Te Whaioranga with Māori, noting the desirability of bringing this forward to ensure a strategy fit for purpose under the Pae Ora Act and the expiry of the current strategy in 2023 (RR)	On track	Plan to do comprehensive refresh of strategy in 2025 to align with refresh of Pae Tū: Hauora Māori Strategy.

## Equity

<b>SPE Initiative</b>	<b>Progress</b>	<b>Comment</b>
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 (RR)	On hold	Established relationship with Whaikaha through work on COVID-19 antivirals and widened access.  Challenges of data availability discussed at sector level and improvements required.
We will make internal improvements to ensure our Pacific Responsiveness Strategy reaches all aspects of our work	On hold	Currently assessing future state of this strategy.

## Engagement

<b>SPE Initiative</b>	<b>Progress</b>	<b>Comment</b>
Develop an engagement strategy that provides a clear high-level	On track	Engagement strategy approved by Board in December.



<p>understanding of Pharmac's engagement approach that supports our strategic direction and Pae Ora</p>		<p>An engagement strategy implementation plan has been developed outlining the engagement activity that is underway or planned to be completed within the next 18 months with existing resources and budget.</p>
<p>Develop principles that guide our engagement and hold us accountable to good engagement practice</p>	<p>Completed</p>	<p>As part of the engagement strategy development, engagement principles have been drafted that align with the Pharmac values. These will be reviewed further within Pharmac and external stakeholders such as CAC.</p>