

Pharmaceutical Management Agency
Te Pātaka Whaioranga

STATEMENT OF INTENT

2024/25 – 2027/28



PHARMAC
TE PĀTAKA WHAIORANGA

Te Kāwanatanga o Aotearoa
New Zealand Government



Hon Paula Bennett
Chair
November 2024



Dr Peter Bramley
Deputy Chair
November 2024

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Foreword from the Board Chair

This Statement of Intent describes Pharmac's focus for the next four years and what we want to achieve to help New Zealanders live good, healthy lives with their families and communities.

Since taking up the role of Board Chair in May 2024, I have seen first-hand the positive impact Pharmac has on the health and wellbeing of New Zealanders, and the critical part we play within the health and disability system.

Looking ahead, an important focus for us is to strengthen the way we work with consumers, consumer groups, clinicians, and suppliers to ensure people have access to the medicines and medical devices they need at the point they will make the most difference. Pharmac already does a lot of good work in this area to incorporate clinical expertise and lived experience of health conditions in its work, but we know – and have heard very clearly – that there is room for improvement.

Our work here at Pharmac touches many lives and people need to understand how we make decisions and have confidence their voices are being heard. One of the challenges we face over the next four years involves adapting and responding to the rapid development of new medicines and medical technologies. The pace of change is phenomenal, and all eyes will be on Pharmac to give the best advice and make the best decisions about stretching every dollar Pharmac has for the benefit of New Zealanders.

Work is well underway to apply the Pharmac model to hospital medical devices. Having a single list of products will not only create savings and efficiencies for our public hospitals, but it will also create consistency for patients no matter where they live in New Zealand and which hospital they visit.

The next step is to implement these changes with our health and disability system partners. We are getting a clear sense of the magnitude of this change and are working to understand the implementation activity required to put this in place.

In June 2024 the Government provided us with an additional \$604 million over four years to fund new medicines and widen access to medicines already funded. Pharmac is working at speed to make decisions about medicines so that we can get these to local pharmacies and hospitals as soon as possible. We will continue to build on this work and work with other health agencies to support implementation of the new medicines.

Overall, our Statement of Intent sets our direction for the next four years and we look forward to meeting the opportunities and challenges ahead. With the support of partners across the health and disability system, our network of expert advisors, engagement with consumers and consumer advocacy bodies, strong commercial relationships with suppliers, and the dedicated team at Pharmac, we are well placed to help build a healthy future for New Zealanders.

Hon Paula Bennett
Chair, Pharmac Board

Our role and purpose

Our mandate

Therapeutic products are the most common intervention in health care. Ensuring that New Zealanders have timely and equitable access to a wide range of effective medicines, vaccines, medical devices and related products, and are able to use these well, is the main way Pharmac contributes to improved wellbeing and quality of life.

Pharmac's legislative objective is set out in section 68 of the Pae Ora (Healthy Futures) Act 2022:

“to secure for eligible people in need of pharmaceuticals, the best health outcomes that are reasonably achievable from pharmaceutical treatment and from within the amount of funding provided.”

We are a Crown entity under the Crown Entities Act 2004 and are accountable to the Associate Minister of Health. The Associate Minister of Health appoints Pharmac's Board, which has the powers necessary for the governance and management of Pharmac.

We manage the Pharmaceutical Budget and Schedule

We help protect, promote and improve the health of all New Zealanders by deciding which medicines, vaccines, medical devices and related products are funded for New Zealanders in a way that is affordable and easy to access. We manage contracts with suppliers and work with them to ensure there are sufficient supplies available nationwide.

We manage New Zealand's fixed budget for pharmaceuticals, including securing savings for reinvestment in medicines, and manage the Pharmaceutical Schedule (the Schedule). The Schedule lists all government-funded medicines and related products in New Zealand and includes:

- all nationally funded medicines and related products and some medical devices used in the community
- all nationally funded medicines that can be used in public hospitals
- most government-funded vaccines
- all public hospital medical devices with national contracts
- the rules for dispensing or giving medicines
- the price and subsidy (the amount that it is funded for) each medicine
- any rules or limits on access to funding for specific medicines or groups of medicines to ensure that the medicines are targeted to the right people.

We manage vaccines in New Zealand

Vaccination is one of the areas where Pharmac plays a major role in wellbeing by preventing illness from starting or spreading in our communities. We manage the funding, purchasing and distribution of most government-funded vaccines in New Zealand. This includes vaccines on the Aotearoa Immunisation Register and COVID-19 vaccines.

Health New Zealand | Te Whatu Ora is responsible for delivering the vaccination programme. We work with the Immunisation Outcomes Collective and other cross-agency groups to coordinate immunisation activities and services in New Zealand.

We fund treatments for people with exceptional clinical circumstances

We may approve funding of a medicine, vaccine, or related product for an individual with exceptional clinical circumstances. For example, a prescriber may want to prescribe a treatment for someone with exceptional clinical circumstances, that is not funded, or that is funded but not for the particular health condition they want to treat.

In these situations, we make decisions through a process called a Named Patient Pharmaceutical Assessment (NPPA), where a person's prescriber applies for them to access funding for these treatments.

We promote treatments being used in the right way

We promote the responsible use of medicines, vaccines and related products in New Zealand. We do this by providing information and educational material to health professionals and the public.

We participate in research

We collaborate with other agencies and organisations to contribute to research projects that are mutually beneficial, including providing funding and sharing data and information. We acknowledge the importance of data sovereignty and will only use data for the purpose for which it was collected.

We are working on hospital medical devices

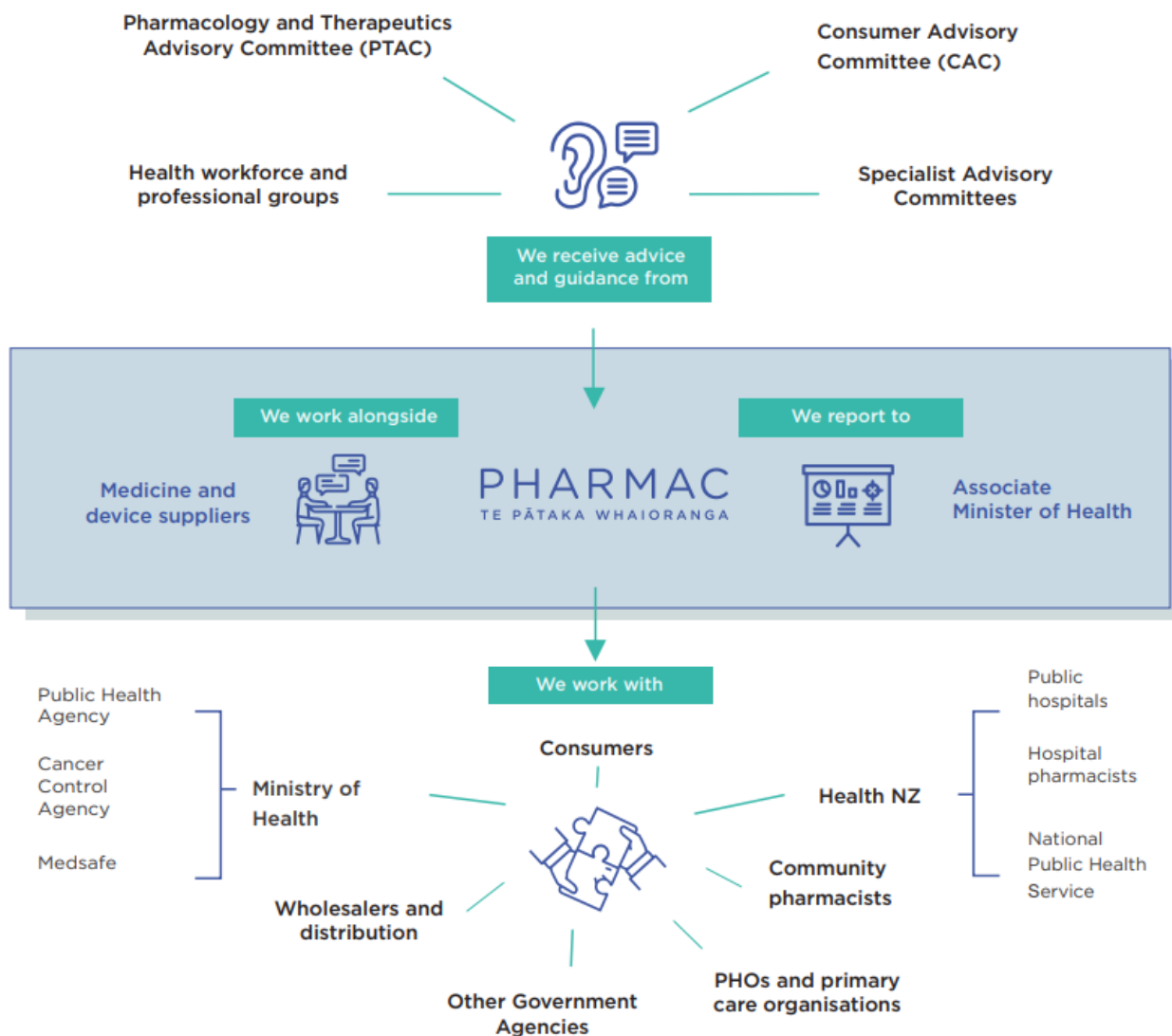
We are applying our expertise and processes to maximise health benefits to New Zealanders from hospital medical devices.

We are building a list of devices that are used in public hospitals by negotiating national contracts to build a solid foundation for strategic management of hospital medical devices. We are working with Health New Zealand and other sector partners to implement an integrated approach to the management of hospital medical devices which drives better value and more consistent and equitable access.

Who we work with

Ō mātou hoamahi

We work with many different partners and stakeholders to support us to manage medicines, vaccines, medical devices and related products.



We work to ensure effective relationships and partnerships with all health agencies so that we can use their expertise to inform our assessment and decision-making.

We also depend significantly on the work of others across the health and disability system. There are many people and organisations involved in ensuring medicines, vaccines, medical devices, and related products are available and used in New Zealand - and we connect with and get the views of all these groups in the work that we do.

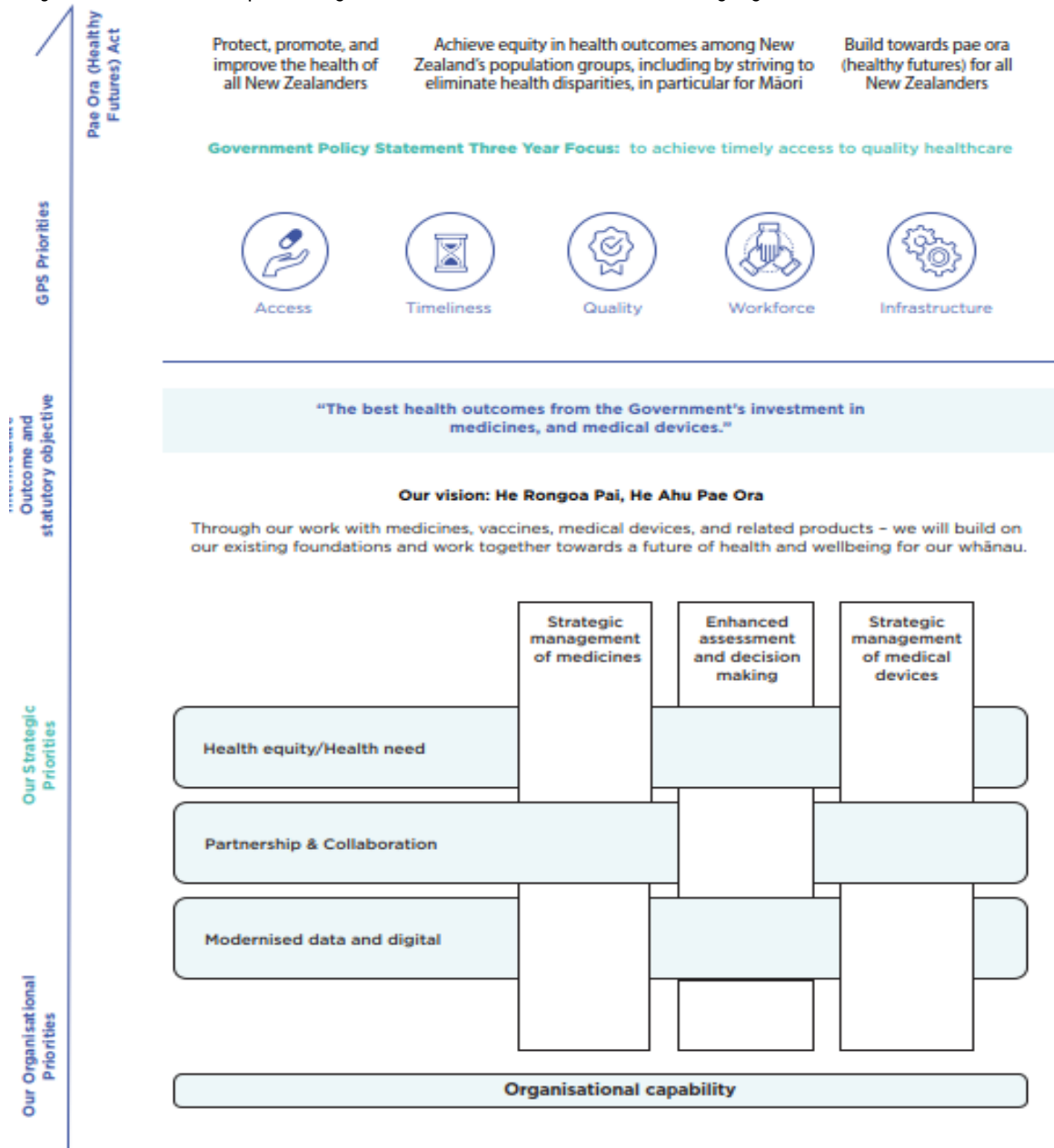
This includes:

- consumer advocacy groups which understand the particular issues and concerns that their members have around access to and use of their medicines, vaccines, medical devices, and related products
- companies which manufacture and supply medicines and medical devices to make sure we have good supply of effective products
- the people who prescribe these products so that they know about the types of funded medicines, vaccines, medical devices, and related products available
- pharmacists who are medicine experts and manage stockholding of medicines, as well as providing advice to people when they are given a medicine
- a range of other health care professionals involved in the administration and use of medicines, vaccines, medical devices, and related products.

We also work closely with other government agencies not in the health and disability system such as ACC, Te Puni Kokiri, Ministry for Ethnic Communities, Ministry for Pacific Peoples and the Ministry of Foreign Affairs and Trade.

Our Strategic Framework

Our strategic framework sets out our strategic priorities and our vision and values – and shows how our work contributes to the Government’s priorities and objectives for the publicly funded health and disability system.



Contributing to Government priorities

Ngā tāpaetanga ki ngā whakaarotau

Pae Ora (Healthy Futures) Act 2022

The Pae Ora Act came into effect on 1 July 2022. It provides for the public funding and provision of services in order to:

- protect, promote, and improve the health of all New Zealanders
- achieve equity in health outcomes among New Zealand's population groups, including by striving to eliminate health disparities, in particular for Māori
- build towards pae ora (healthy futures) for all New Zealanders.

Government Policy Statement on Health

The Government Policy Statement on Health¹ (GPS) sets out the Government's priorities and objectives for the publicly funded health sector for three years from July 2024 to June 2027. It is a public statement of what the Government expects the health system to deliver and achieve, what support the Government will provide, and how progress will be measured, monitored, and reported on. Pharmac must give effect to the GPS.

The Government is focused on achieving timely access to quality health care. This includes both mental and physical health. The Government's vision for health in New Zealand includes:

- five health targets to ensure a focus on action
- a focus on responding to the five non-communicable diseases of cancer, diabetes, respiratory disease, heart disease and poor mental health
- addressing the five modifiable factors of smoking, alcohol consumption, poor nutrition, lack of exercise, and adverse social and environmental factors
- five priority areas to guide the health and disability system and how services are delivered – Access; Timeliness; Quality; Workforce and Infrastructure.

Pharmac will give effect to relevant actions in the GPS and support, where relevant, delivery of targets and actions across priority areas. We will also be guided by our annual Letter of Expectations from our responsible Minister.

¹ <https://www.health.govt.nz/publications/government-policy-statement-on-health-2024-2027>.

Our vision

Tō mātou whakakitenga

The Pae Ora Act affirms our role, responsibilities, and obligations as kaitiaki for the hauora of our mokopuna - now and into the future. In demonstrating and leading on this commitment to action, we have set out a new vision for Pharmac:

He Rongoā Pai, He Ahu Pae Ora.

Pae Ora speaks to the narrative of exploration, discovery, and the courage to traverse great distances across the ocean. The goal is to achieve something remarkable, to reach our destination somewhere on the distant horizon, te pae.

As we set forth, we firstly ensure our waka is seaworthy, provisioned, and safe. That our hearts and minds are prepared for the many challenges. That we are collective in our resolve to be successful in the journey. That we are focused and determined.

Rongoā are our precious cargo.

Ahu are our instruments, our directional tools.

Pae Ora is our purpose.

Our values

Ngā uaratanga

Our values guide us to make decisions that create better health outcomes for New Zealanders. They ground our behaviour and influence our thinking, how we work, and who we work with.

Our five values are:

- **Whakarongo | Listen**

Āta whakarongo kia puaki te ngākau aroha. We listen with intent and empathy to understand.

- **Tūhono | Connect**

Kōtuitui kia piri, tūhono kia whakatatū te ara tika. We connect with people, communities, the health system, and each other.

- **Wānanga | Learn together**

Ma te māhirahira ka whāwhāki te māramatanga. We draw on evidence and people's experiences to improve.

- **Māia | Be courageous**

Tū te ihiihi, tū te wanawana, tū te wehiwehi. We challenge ourselves.

- **Kaitiakitanga | Preserve, protect, and shelter our future**

Hāpaitia te mana tangata hei whāriki mō ngā uri whakatipu. We safeguard wellbeing for New Zealanders, now and for the future.

Our strategic priorities

Ā mātou whāinga tōmua

Our strategy is built around improving the way we manage and invest in medicines and medical devices. These improvements focus on three key areas:

- **Strategic management of medicines:** Planning and managing our budget over the medium-term to achieve the best health outcomes and deliver value for the public.
- **Enhanced assessment and decision making:** Improving our assessment and decision-making processes by increasing consumer input and participation; improving timeliness and transparency; increasing efficiency; and updating our approach to include wider fiscal impacts to the whole of Government – and consider societal impacts.
- **Strategic management of medical devices:** Developing and implementing an integrated approach to hospital medical devices to drive better value and more consistent and equitable access.

Our strategy will be underpinned by three organisational priorities:

- **Health Equity/Health need:** Improve health outcomes for populations with the highest health needs and support achievement of equitable health outcomes.
- **Partnership and collaboration:** Build stronger relationships and pursue opportunities to work collaboratively and in partnership with stakeholders
- **Modernised data and digital:** Ensuring that we have a modern data and digital infrastructure to meet both internal and external stakeholder needs now and in the future.

Our strategic framework shows the connection (depicted via a 'weave') between and across our strategic and organisational priorities.

All the work that we do is underpinned by organisational capability.

For all of our strategic priorities we will assess and report progress on performance measures annually. More detail on how we will assess our performance, and the measures and targets used will be provided in our annual Statement of Performance Expectations.

Strategic priority one: Strategic management of medicines budget

Our core role is to secure the best health outcomes from medicines, medical devices, vaccines, and related products for New Zealanders while staying within the fixed budget for medicines set by Government.

Our medicines budget has increased over time to enable us to fund new treatments, widen access to treatments already funded, and meet other costs such as those related to population growth and demographic changes.

New multi-year funding arrangements for the health and disability system came into effect from July 2024, bringing significant opportunities for Pharmac to better plan and manage the medicines budget in the medium term.

Our outcomes

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 improve health outcomes for populations with the highest health needs.

This means:

- ensuring more medicines are publicly funded and available for more New Zealanders
- using multi-year funding arrangements to take a longer-term view of spending decisions and the impact on the health and disability system. We want to ensure that we have funding available for both new investments and unplanned expenditure when we need it, and that we make the right mix of spending decisions across our business
- updating and adapting our commercial approaches to accommodate changes in the (New Zealand and global) pharmaceutical market, and broader government procurement objectives
- enhancing how pharmaceuticals are reimbursed in different settings² to make it easier for New Zealanders to collect their medicines, improve our understanding of how and where pharmaceuticals are used, and to ensure an efficient and effective use of available funding.

² By different settings we mean to the range of different types of places where reimbursement occurs eg community pharmacy, hospital pharmacy, general practice, etc.

How we will measure our success

We will continue to improve the ways we measure our performance, working with our partners across the system. This will include measuring:

- the increase in the number of funded medicines - and New Zealanders who benefit
- our collaboration with Health NZ and other agencies that support the implementation of our funding decisions
- how we use the Pharmaceutical Schedule to meet the needs of consumers.

Strategic priority two: Enhanced assessment and decision-making

Pharmac undertakes a rigorous evidence-based assessment process for all medicines, vaccines, medical devices, or related products that we are considering funding. We do this using our decision-making framework, the Factors for Consideration. As part of this process we seek expert advice, investigate the costs and benefits of each product, negotiate with suppliers, and consult with the public.

We want to continually improve how we assess and make funding decisions, building on work we have undertaken over recent years. This will involve a focus on increasing consumer input and participation throughout our assessment processes, improving timeliness and transparency, and updating our approach to include wider fiscal impacts to the whole of government, and consideration of societal impacts.

Our outcomes

The outcomes we seek are:

- consumer engagement so that those with lived experience can participate and provide input across our assessment and decision-making processes
- diversity of expert and consumer perspectives in assessment and decision-making is increased
- improvement in the timeliness of our assessment and decision-making processes
- improved transparency across our assessment and decision-making processes
- improvements in how decisions are implemented, we monitor decisions after they are implemented, and we identify and remove barriers to the optimal use of new treatments
- we consider a broader range of impacts to the health sector, and wider societal impacts when making decisions.

How we will measure our success

Continuous improvement of our assessment and decision-making processes requires reconsideration of our processes, and improved engagement with stakeholders.

We will measure:

- consumer input and experience
- the diversity of our expert advisory groups
- the increase in access to medicines while achieving value for money
- the timeliness of our assessment and decision-making
- how the medicines we fund address health needs for particular population groups
- progress of initiatives to improve our methods and processes (including new approaches to consider fiscal impacts to whole of Government and societal impacts).

Strategic priority three: Strategic management of hospital medical devices

We aim for more consistent and transparent decision making about medical device expenditure, with a clear goal of improving health outcomes. Our work in hospital medical devices is based on our successful track record in managing medicines.

Working in collaboration with our health system partners, we will implement an integrated approach to the strategic management of medical devices, driving better value, more consistent access, and better health outcomes for those with highest health needs.

We will continue to engage widely so that we include the voices of those with the highest health needs in strategy development, as well as ensuring alignment with the planning and goals of our health system partners.

Strengthening this focus will be reflected in our engagement and operational practices in line with our engagement strategy, equity and te Tiriti policies.

Our outcomes

We will deliver changes and benefits to national contracting, investment management including fairer access, and budget management as capacity and capability is built over time.

The outcomes we seek are:

- improved value for money and health benefits from medical devices
- increased national consistency and equity of access to medical devices
- increased transparency of funding decisions about medical devices purchased by Health NZ hospitals
- managed growth of medical device expenditure to an agreed pathway.

How we will measure our success

We will report on progress including:

- the increase in the number of hospital medical devices on the schedule/list for Health NZ hospitals to access/purchase
- the development of a methodology demonstrating the value of our medical devices work.

Our organisational priorities

Our strategic priorities are supported by three organisational priorities – health equity/health need, partnership and collaboration, modernised data and digital.

Health Equity / Health Need

All New Zealanders should have access to the health care they need, when they need it. We will contribute to improved health outcomes for people with the highest health need. Our initiatives will support achievement of equitable health outcomes for all New Zealanders.

The outcomes we seek are:

- improved access to medicines and treatments for and for those with highest needs through our funding decisions
- supporting the health sector to be equitable, and take collaborative approaches to address those with the highest health needs
- promoting the transparent use of data, analytics, insights, and evidence for decision making (including evidence of health need)

- improving the health and wellbeing of Māori through our contribution to health system strategies and work programmes including a refresh led by the Ministry of Health of the Hauora Māori Strategy.

This focus will be supported by the following organisational strategies and policies:

- *Te Whaioranga* provides a framework for Pharmac to strengthen our engagement, collaboration, and work programmes with Māori, to improve outcomes for Māori
- *Pharmac's Te Tiriti policy* sets out the expectations and requirements for Pharmac to uphold te Tiriti through the pursuit of equitable health outcomes for Māori
- *Pharmac's Equity policy* sets out our commitments to achieve equitable health outcomes for population groups with the highest needs and organisational equity.

Partnership and collaboration

We will strengthen our partnerships and build effective relationships. We will pursue opportunities to work collectively with a wide range of stakeholders. We will build New Zealanders' trust in our work and increase public confidence in Pharmac.

We will:

- ensure our engagement is strategic, efficient and coordinated
- understand and respond to the diverse needs of our audiences to improve the effectiveness of our public-facing initiatives
- put achieving equitable health outcomes for those in need at the forefront of our approach to working with external Māori partners and stakeholders.

Our *Engagement Strategy* outlines our approach for engaging with partners in the health system and stakeholders and the actions required to strengthen the way we engage.

Modernised data and digital

We will use our data and digital infrastructure to meet both internal and external stakeholder needs.

A data and digital work programme to upgrade our technology infrastructure will make a significant contribution to deliver our strategic priorities and the outcomes that we seek to achieve.

Evidence is an essential part of our decision making and so we will continue to improve the range of data we have, and ensure it is managed as an asset, and shared across the health and disability system. We will ensure our data and

information products are timely, high quality and accurate. We access data from across the health system, and many other sources.

Organisational capability

Our staff are committed to helping people live better and healthier lives and are our most valuable asset. We have specialist expertise across clinical, pharmaceutical assessment, health economics, commercial, procurement and contract management portfolios, and have an effective corporate services function to support our core business.

Our People and Capability strategy identifies priorities for:

1. Leadership and Culture:
 - we want to build the capability of our leaders to support a high-performance culture, and aligned to our values and the wider public sector leadership expectations
 - our people leaders to positively contribute to an organisational culture that enables teams to achieve Pharmac's strategic priorities.
2. Workforce:
 - identifying core workforce capabilities needed to deliver on our strategic priorities
 - a workforce plan to address immediate and longer-term resource and capability requirements, particularly in areas identified as potential critical skills gaps
 - ensuring our workforce is diverse and inclusive, and represents the communities we serve
 - that our terms and conditions, work environment, and organisational culture attract and retain the workforce we need.
3. Employee Experience:
 - our staff to have clear performance expectations and receive regular coaching and feedback to support high performance
 - our staff have performance development plans to grow the competencies and capabilities we need
 - Pharmac to have clearly defined career pathways.

We are an equal opportunities employer and recruit the best person for the role. Our people strategy aims to attract and retain a high-performing, diverse and inclusive workforce and provide a supportive workplace culture for all.

We are a member of the *Carbon Neutral Government Programme* to reduce net carbon emissions. Our Carbon Emissions Reduction Plan provides the basis for setting our emissions reporting, and reduction targets – and we will report annually against these targets.

How we will measure our organisational success

Our success will rely on building our internal capability to better support the work that we do. This comprises a range of measures that will include:

- public trust in Pharmac (including Māori trust and confidence)
- improving our consumer engagement
- increasing diversity in our workforce and advisory committees
- reducing carbon emissions.

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TE PĀTAKA WHAIORANGA

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