

## BRIEFING TO THE INCOMING MINISTER OF HEALTH

**Date**                **9 November 2020**

**To**                    **Hon Andrew Little, Minister of Health**

### Copies to

Director General of Health  
PHARMAC Board  
Lead DHB Chief Executive, Pharmaceuticals  
Principal Advisor, Crown Entity Monitoring and Appointments, Ministry of Health

### Recommendations

It is recommended you:

- **note** the contents of this report

### Contents

Key messages .....	2
Part One: Introducing PHARMAC .....	3
Part Two: What makes PHARMAC different?.....	6
Part Three: How we work with you.....	7
Part Four: Current Hot Topics .....	8
COVID-19 response and medicines management .....	8
Making new investments .....	9
Brand changes .....	10
Supply issues.....	11
Closing comment.....	11

### Contact(s)

Sarah Fitt, Chief Executive  
Alison Hill, Director of Engagement and Implementation

# KEY MESSAGES

## **The PHARMAC model continues to serve New Zealanders well...**

Globally, New Zealand is a small player, representing approximately 0.1% of the medicines market. Yet PHARMAC pays some of the lowest prices in the world for medicines. This is because we negotiate with, and encourage competition between, pharmaceutical companies to reduce their prices.

PHARMAC consistently manages District Health Boards' (DHB) spending on medicines (and some related products) within budget, and year on year broadens the range of medicines available to New Zealanders. We are becoming more involved in determining what hospital medical devices the government funds and are making savings for DHBs as we progress towards taking full responsibility for managing hospital medical devices.

## **...but we need to continue to evolve to respond to the changing national and international environment.**

COVID-19 is just one of many external factors that continues to impact on PHARMAC and has tested the flexibility of our model. We are facing rising costs of medicines, decreased savings opportunities and an increase in demand and expectation for new medicines. We are seeing more personalised (and expensive) medicines being developed by the pharmaceutical industry for niche patient populations, which puts further strain on the PHARMAC model, as we seek to gain the best health outcomes for the New Zealand population within our fixed budget.

To meet these external pressures, we believe we have the flexibility and new opportunities to continue to evolve the way we operate. We are already well underway with work to enhance our key functions through our new strategy and strategic priorities.

## **PHARMAC's success is reliant on a cohesive health sector that works closely together...**

PHARMAC is committed to continuing to work collaboratively and supporting health sector wide initiatives. As our responsibilities have grown markedly over recent years, we will continue to play a greater role as a system partner and leader. Given PHARMAC's specific mandate we are cognisant of our need to partner with others in the sector to influence change. PHARMAC's focus on addressing inequities in access to medicines has been a prime example of how we are building relationships and working alongside those who are already addressing access equity at the frontline with communities, family and whānau.

## **...and there are a number of challenges and opportunities that we will be engaging you on in the coming months.**

We acknowledge the role of PHARMAC in the health and disability system continues to receive significant public interest. The challenges and opportunities that we expect will be particularly pressing for you in the immediate future connected with PHARMAC include:

- issues related to COVID-19;
- new funding opportunities, with particular public interest in cancer medicines and medicines for rare disorders
- medicines brand changes; and
- supply chain issues.

## PART ONE: INTRODUCING PHARMAC

PHARMAC (Te Pātaka Whaioranga), New Zealand’s pharmaceutical management agency, is a Crown agent governed by a Board. PHARMAC was established in 1993 and became a Crown entity under the NZ Public Health and Disability Act 2000. PHARMAC’s role, as defined in the Act, is:

*“...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.**”*

Te Pātaka Whaioranga, ‘the storehouse of wellbeing’, sums up the part we play in managing and safeguarding something that is valuable to all New Zealanders – the pursuit of wellbeing.



A pātaka has many literal and metaphorical associations in te reo Māori. It refers, literally, to the raised platform for food storage and protection of taonga and is also a symbol of safeguarding things that are precious to the community.

In the PHARMAC context, the concept of the pātaka symbolises a solid and reliable structure safeguarding the continuous flow of supplies, such as medicines and medical devices, and it’s our role to keep the flow constant and maintain availability for the benefit of all New Zealanders.

### Investing in the health of New Zealanders

PHARMAC helps people to live better, healthier lives by deciding which medicines, medical devices and related products are available to New Zealanders in a way that is affordable and accessible. Our purpose is to deliver the best health outcomes from the Government’s investment in medicines and medical devices.

One of the underlying principles of PHARMAC’s work is nationally consistent access to medicines and medical devices. Primarily, this is achieved through PHARMAC’s management of the Pharmaceutical Schedule: a list of medicines, medical devices and related products that are funded by the Government. DHBs are required to comply with the Pharmaceutical Schedule and this generally occurs consistently across New Zealand.

PHARMAC manages a fixed budget held by DHBs, known as the Combined Pharmaceutical Budget (CPB). The budget provides subsidies for community medicines, vaccines, haemophilia treatments and related products, and spending on all medicines given in public hospitals. PHARMAC’s role is to ensure that spending on medicines and related products does not exceed this budget and that any new medicines that are funded are those that would provide the best health gains for New Zealanders.

Each year PHARMAC and DHBs present a joint recommendation about the level of the CPB for the next financial year, and indicative out-years’ funding, to the Minister of Health. You can expect to receive a joint budget bid in early December.

The CPB for 2020/21 is \$1,119 million and the current and indicative outyear funding position is outlined below:

\$ millions	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Combined Pharmaceutical Budget</b>	1,119	1,121	1,045	1,045	1,045

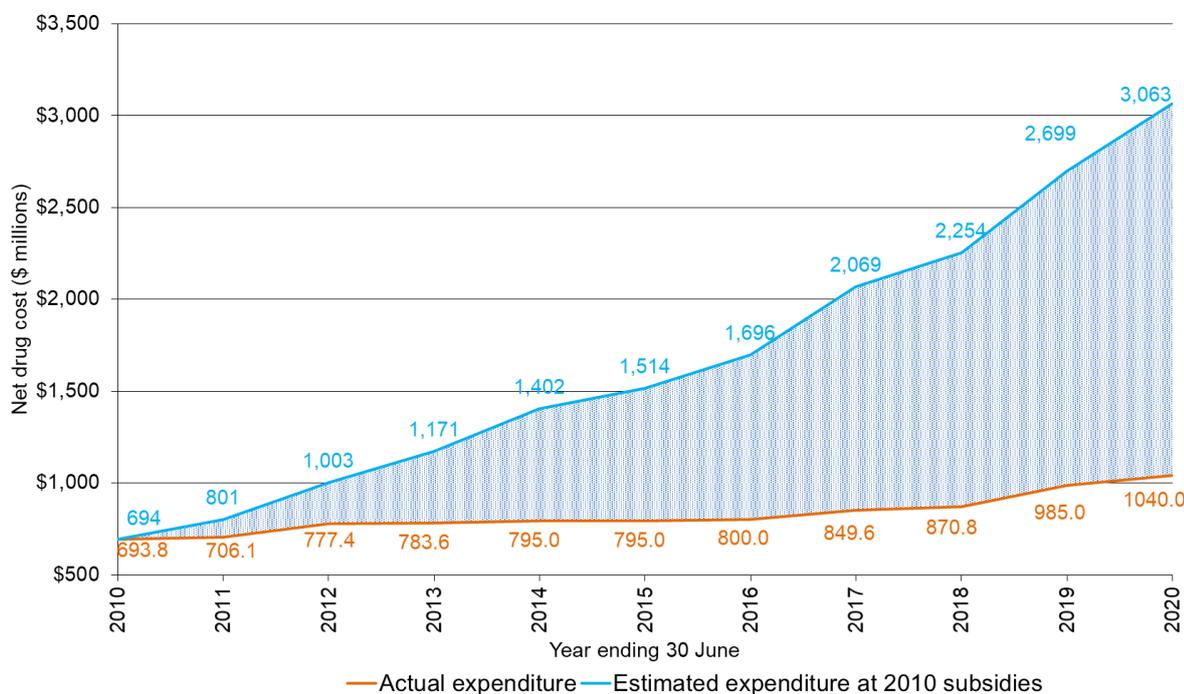
2020/21 and 2021/22 include funding uplifts of \$74 million and \$76 million respectively to meet anticipated additional costs due to the COVID-19 pandemic.

In 2019/20 spending on medicines and related products within the CPB was at an all-time high of \$1,040 million. PHARMAC made decisions to fund 14 new medicines and widen access to a further 32 medicines. This is on top of continuing to purchase the medicines that are already funded and allowing for increasing patient volumes. In 2019/20 the number of prescriptions for funded medicines increased by 1.2 percent on the previous year. This means that the total amount of funded medicines being used in New Zealand is growing in absolute terms.

### PHARMAC’s impact on predicted CPB medicines expenditure over time (actual 2010-2020)

**New Zealand is making large medicines savings over time. The graph below shows estimated savings on medicines spending, using 2010 subsidies as a baseline.**

Over the last 10 years, PHARMAC has saved an estimated \$9.3 billion in net medicines costs, based on estimated expenditure at 2010 prices. In the last year alone we have saved New Zealand over \$300 million which has been reinvested in the health sector



## Māori health

As a Crown Entity, PHARMAC is committed to giving effect to Te Tiriti o Waitangi. Evidence tells us that Māori receive medicines at lower rates than non-Māori. We consider inequitable outcomes for Māori unfair, unjust and avoidable, and we are actively working to eliminate them. [Te Whaioranga](#) is PHARMAC’s Māori Responsiveness Strategy and provides direction for eliminating inequity of access of medicines for Māori, and for examining and eliminating the bias in our systems that contributes to inequitable outcomes.

## Working with others

To deliver on our purpose, we depend significantly on the work of others across the health and disability system. There are many people and organisations involved in ensuring medicines and medical devices are available and used in New Zealand and we do our best to work with, and seek the views of, all these groups. They include:

- companies that manufacture, supply and distribute medicines and medical devices to make sure there is a consistent supply of effective products;

- the health professionals who prescribe or use these products so that they have the right information about the types of funded medicines and medical devices available;
- pharmacists who are medicine experts and who manage stockholding of medicines and provide advice to people when they are given a medicine;
- a range of other healthcare professionals involved in the administration of medicines and medical devices and supporting their use;
- DHBs, to make sure our national contracts for hospital medical devices are suitable, and that we understand and plan for the impacts of our medicine funding decisions on the health sector; and
- the Ministry of Health and our other sector partners.

We also work with a range of community providers including Whānau Ora collectives and consumer advocacy groups who have a greater understanding of the particular issues their members experience around access and use of medicines.

PHARMAC has an access equity work programme largely focused on influencing change at the system, organisation and community level to improve access to medicines that are already funded. We can't achieve access equity alone and must work with others across the health system. The foundation for PHARMAC's work programme was our publication of a discussion paper [Achieving Medicine Access Equity in Aotearoa New Zealand: towards a theory of change](#).

Appendix One provides a summary of PHARMAC's engagement across the health and disability system.

## The evolution of PHARMAC's role

Initially, PHARMAC managed government expenditure on medicines used in the community – those dispensed in community pharmacies. As PHARMAC established a successful track record it has been progressively tasked with more responsibilities. PHARMAC now manages the funding of all medicines used in the community or public hospitals (including all cancer medicines), vaccines and haemophilia treatments.

### Hospital medical devices

The Government decided in 2012 that PHARMAC will apply its management approach to DHB hospital medical devices<sup>1</sup>, based on our track record in managing medicines. The anticipated benefits include more consistent access to medical devices, helping DHBs to manage spending on hospital medical devices in a sustainable way, freeing up funding for new technology or other health initiatives and increased transparency. To give effect to the Government's decision, PHARMAC will manage a national hospital medical device list that DHBs will make choices within. PHARMAC is currently negotiating national contracts for hospital medical devices that DHBs already buy for terms like price and supply continuity to ensure consistency across DHBs.

As of 1 November 2020, the Pharmaceutical Schedule now includes over 126,000 contracted hospital medical devices from over 90 suppliers. These contracts cover approximately \$323 million (50%) of DHB annual expenditure on hospital medical devices, with a further 27% in progress.

PHARMAC continues to support implementation of the DHBs' National Health Finance, Procurement and Information Management System (FPIM) programme – with senior PHARMAC staff and PHARMAC's Board Chair participating in FPIM governance arrangements. In addition to this PHARMAC is engaged in the ongoing development of the Health Sector Catalogue to ensure that PHARMAC's requirements for managing DHB hospital medical devices can be delivered.

---

<sup>1</sup> A medical device covers diverse products and equipment that are generally used on, in or by a person for a diagnostic or therapeutic purpose. This includes consumable and durable products, implantable and complex equipment - everything from a cotton swab to an orthopaedic implant or home dialysis machine.

## New policy settings

PHARMAC has shifted some of its operational policy settings to address some of the challenges faced by people with specific health conditions, specifically cancer medicines and medicines for rare disorders. In response to sector and public feedback PHARMAC has implemented changes to our processes to address barriers to PHARMAC assessing applications for medicines for these conditions. We will provide you with further briefings on cancer and rare disorders medicines in the coming months.

## Strategic direction

PHARMAC contributes to the Government's priority of improving the wellbeing of New Zealanders and their families, through achieving our purpose to deliver the best health outcomes from New Zealand's investment in medicines and medical devices.

To be successful in achieving this purpose and to respond to existing and emerging challenges and trends, we have developed a new strategic direction. Our [Statement of Intent 2020/21 – 2023/24](#) identifies our enduring impact areas, our strategic priority areas, our new performance framework and how we plan to build and strengthen our excellence as an organisation. This is reflected in the diagram in Appendix Two.

Our new performance framework has a particular focus on equity, timeliness, and transparency indicators. We have also included, for the first time, a set of measures to ensure we are holding ourselves accountable under Te Tiriti o Waitangi.

PHARMAC has been responsive to feedback from consumers and the sector and is actively working to make our decision-making faster, clearer and simpler. This is a theme that has carried across a number of our work programmes and is embedded across our Statement of Intent. We will provide you with a more detailed briefing on our strategic priorities and future direction for PHARMAC in the coming months.

## PART TWO: WHAT MAKES PHARMAC DIFFERENT?

Most developed countries have a medicines technology assessment agency, separate from the medicines' safety and quality regulator and often separate from medicines' funders. In New Zealand, the regulator is Medsafe, part of the Ministry of Health, and the combined technology assessment and funding agency is PHARMAC.

PHARMAC is unique amongst other medicines technology assessment agencies or medicines funding agencies, in that it combines clinical, economic, and commercial aspects, and decision-making all within a fixed budget which we must manage.

Other features of PHARMAC that makes our model unique includes:

- **Holistic decision making:** The [Factors for Consideration](#) is the assessment and decision making framework PHARMAC uses to assess funding applications and make its decisions. The Factors for Consideration means that PHARMAC does not just look at cost-effectiveness, we also take into account evidence in relation to health need, health benefits, costs and savings, and suitability. For each of these we consider impacts on the person with the disease or illness; the person's family, whānau and wider society; and on the broader health system. Included within this framework is consideration of health equity and current government health priorities.
- **Evidence-informed expert advice:** All PHARMAC's decisions are underpinned by evidence. Objective expert advice on the clinical evidence is provided by the Pharmacology and Therapeutics Advisory Committee (PTAC), and its 20 subcommittees in speciality areas such as cancer, diabetes and mental health. Altogether about 140 highly skilled senior New Zealand health professionals provide expert advice to PHARMAC through these committees. In addition to the expert advice provided through our clinical committees, our Consumer Advisory Committee (CAC) is a statutory Committee providing expert advice to PHARMAC from a consumer or patient point of view.

- **Commercial know-how:** PHARMAC's approach goes well beyond procurement, seeking to actively manage markets for medicines and related products so we can find opportunities for savings. We employ a wide range of commercial strategies to promote competition amongst suppliers, leading to long-term and sustainable reductions in the cost of treatments. An example is the annual tender process, which promotes competition for medicines that are currently funded and no longer under patent. This process can create savings of \$30-50 million every year.
- **Consultation and engagement:** Under the New Zealand Public Health and Disability Act, PHARMAC is required to consult on matters relating to pharmaceutical funding when it considers it appropriate to do so. PHARMAC formally consults on specific proposals or transactions before we make a final decision on them. Furthermore, PHARMAC interacts with a wide range of stakeholders in our work. Engagement may be to support an enduring relationship with a long-term stakeholder or sector partner, to support PHARMAC's understanding of the impact of potential investments or transactions, or to support the implementation of a funding decision.

## PART THREE: HOW WE WORK WITH YOU

PHARMAC is a Crown agent and must give effect to Government policy when directed by you as the Minister of Health. Under the New Zealand Public Health and Disability Act, the Minister of Health is unable to direct PHARMAC to purchase a particular pharmaceutical from a particular source, or at a particular price, or to benefit a named individual.

Your participation in the process of setting and monitoring PHARMAC's strategic direction and targets is formally done by Letters of Expectation, Statements of Intent and Performance Expectations, Output Agreements and Annual Reports.

PHARMAC's decision-making framework, the Factors for Consideration, requires us to take account of 'Government health priorities'. This framework informs all our pharmaceutical funding decisions, and so through this, the Government and Minister's health priorities (generally communicated through the Letter of Expectations) are embedded into all our funding decisions.

### PHARMAC Board

As a Crown entity we are governed by a [Board of Directors](#) (the Board) whom you appoint as Minister of Health. The PHARMAC Board consists of up to six members – the Chair and up to five directors – with a mix of skills and experience. The current Chair of the Board is Hon Steve Maharey. He was appointed for a three-year term effective from 1 August 2018.

The Board, through its governance arrangements with management, ensures compliance with the law and is the ultimate point for accountability to you for all aspects of the organisation's performance. In addition to enacting its legal responsibility, the Board ensures compliance with internal policies and governance documents, modelling and reinforcing the behaviours that it expects the Chief Executive and staff to demonstrate in both in-house and public settings.

### Accountability and monitoring

The Ministry of Health monitors PHARMAC's performance on your behalf. The Ministry of Health ensures your priorities and expectations are reflected in PHARMAC's governance and accountability documents and ensures each expectation as set out in your Letter of Expectations for PHARMAC is appropriately progressed.

PHARMAC provides monthly reports to your office and reports quarterly on progress toward actions as set out in our Statement of Performance Expectations. The PHARMAC Board Chair, Steve Maharey and Chief Executive, Sarah Fitt will meet with you on a regular basis, as you see fit.

## PART FOUR: CURRENT HOT TOPICS

The PHARMAC “model” has worked extremely well over a long period of time, making medicines, vaccines and related products available for New Zealanders to support their wellbeing, all while efficiently managing a fixed budget.

However, like other agencies internationally that make choices about health care funding, our work is subject to a range of existing and emerging challenges and trends. We need to be ready to respond to these short and medium-term challenges and opportunities as our environment evolves, including our growing role in hospital medical devices.

Summarised below are some of the hot topics that you will likely need to be aware of in the immediate and short-term.

### COVID-19 response and medicines management

COVID-19 has presented significant supply chain disruption of medicines and other related products, but we have worked (and continue to work) very closely with suppliers and other government agencies to ensure New Zealanders have continued to have access to their funded medicines.

PHARMAC’s two key priorities during the COVID-19 pandemic response have been to support the health sector to respond to the pandemic and to ensure uninterrupted supply of medicines and medical devices.

Going forward, PHARMAC is involved in the All of Government COVID-19 Vaccines Strategy taskforce and its working group as well as with the Ministry of Health’s COVID-19 immunisation implementation programme planning. We maintain a keen watch on evidence development regarding new therapeutic treatments for COVID-19 and will seek advice from our clinical experts in order to support decision-making about whether new medicines need to be secured for New Zealand or access funding changes need to be made to existing medicines.

#### Supporting the health sector

At the beginning of the COVID-19 pandemic, PHARMAC made changes to the funding criteria for several medicines, to support the health sector and ensure that people could continue to have access to currently funded medicines. The changes broadly made it easier for primary care clinicians to initiate (or continue) funded treatment and for healthcare to be provided away from hospitals. These changes remain in place but will be reviewed again at the beginning of December 2020.

#### Supply chain management

COVID-19 has had global impacts on manufacturing and supply chains. This has affected supply of some medicines and devices in New Zealand and required significantly higher active management from PHARMAC than is the norm. It is anticipated that supply will be unpredictable and more prone to interruption well into 2021. Some suppliers have proposed significant price increases or asked for assistance with freight or exchange rate costs. PHARMAC has negotiated, and continues to negotiate, cost relief proposals with several medicine and device suppliers.

The Government provided a \$150 million uplift to the Combined Pharmaceutical Budget from the COVID-19 Relief Fund across the 2020/21 and 2021/22 financial years which has helped to mitigate the risks of supply shortage. To date PHARMAC has avoided any scenarios where patients have been unable to access their medicine or a suitable alternative.

#### Vaccine Strategy Taskforce and Working Group

On 18 May 2020, Cabinet agreed that the Government should put in place a COVID-19 Vaccine Strategy to promote access to a sufficient quantity of a safe and effective vaccine in order to implement the Government’s preferred immunisation strategy at the earliest possible time.

The Strategy is being led by the Ministry of Business Innovation and Employment (MBIE) and is a cross governmental response with a Taskforce and Working Group made up of officials from multiple agencies

including PHARMAC. PHARMAC's role on the Working Group is focussed on advising on procurement (one pillar of the Strategy). The current focus of the procurement pillar is to secure several Advance Purchase Agreements (APA) with different suppliers to ensure an appropriately hedged portfolio of options.

As any COVID-19 vaccine would not be funded from the Combined Pharmaceutical Budget, PHARMAC is not leading this work. However, PHARMAC staff have been providing support to the vaccine assessment committee advising on information to seek from vaccine suppliers, and cost-utility analysis.

## Making new investments

While the PHARMAC model has worked well over a long period, the ability to invest in more medicines is coming under increasing pressure. The main challenges and constraints are:

- **increasing medicines costs** e.g. premium pricing sought by suppliers for new medicines in areas of previously unmet need and for wider use of existing medicines under patent;
- **decreased savings opportunities** and diminishing returns on savings transactions which means less baseline funding available to reinvest in new medicines;
- **increasing demand for medicines** e.g. a growing and an ageing population with corresponding increase in number of people with serious health conditions. Also, an increasing focus on addressing medicines access equity gaps, for Māori, Pacific people and other patient groups;
- **increasing expectations** e.g. high consumer expectations about access to high quality health care, including new medicines; and
- **increasing forecast volatility and risk** e.g. supply chain disruptions, uncertainty about uptake of new medicine investments.

These challenges are ongoing and will continue to constrain PHARMAC's ability to invest in more medicines for more New Zealanders.

### Consumer expectations

New Zealand consumers hold high expectations about access to quality health care, including medicines and medical devices, with consumers and advocacy groups often comparing New Zealand unfavourably with other countries.

However, unlike other countries, PHARMAC works within a fixed budget and the opportunities for investment in new medicines will always exceed the budget PHARMAC has available. PHARMAC often needs to make difficult choices about which new medicines to fund within available funding. Comparative ranking is an intrinsic part of PHARMAC's work. Every medicine that is recommended for funding by our advisors is compared and ranked against all other medicine funding options, and no one group of medicines is given priority over the others.

Patient groups continue to advocate for specific medicines, including through the Health Select Committee. An example is the significant public interest in funding new treatments for severe Crohn's disease and ulcerative colitis, which are debilitating inflammatory diseases of the bowel. Two of the medicines being sought have been assessed and ranked by PHARMAC on a list of other medicines we would like to fund from our available budget. While we recognise the challenges faced by patients and their whānau, and their understandable desire to try new treatments, our job is to look at all the evidence and make medicine investment decisions that are in the interests of all New Zealanders.

### Cancer medicines

New cancer medicines are constantly being developed, and New Zealand consumers and patient advocacy groups have high expectations about having timely access to new medicines for cancer conditions. New cancer medicines often come with a significant cost and limited evidence of effectiveness, which can make it challenging for PHARMAC to make robust, evidence-based decisions.

Additional funding for the Combined Pharmaceutical Budget in the 2019/20 year, along with savings achieved on already funded medicines, enabled PHARMAC to fund several new medicines over recent months, for a range of health conditions. This included six new cancer medicines and widened access to other existing cancer medicines.

PHARMAC introduced a parallel assessment process for cancer medicines that came into effect from 1 January 2020. This process enables PHARMAC's assessment to be undertaken at the same time as Medsafe is doing its regulatory assessment, and is intended to reduce the overall time between a medicine being approved for sale in New Zealand and us reaching a decision about whether or not the medicine will be publicly funded. This initiative was part of the [New Zealand Cancer Action Plan](#) announced in September 2019.

### **Medicines for Rare Disorders**

PHARMAC understands that people living with rare disorders in New Zealand face challenges accessing suitable health care, including access to effective medicines. Over the past two years PHARMAC has implemented a number of changes to our policies and processes to help address some of the challenges relating to access to effective medicines.

These changes have included establishing a Rare Disorders Subcommittee of the Pharmacological and Therapeutics Advisory Committee (PTAC) in 2018 to provide expert advice on proposed treatments for rare disorders and revising policy settings for any medicines for rare disorders. The most notable feature of the adjusted policy settings is that suppliers are not required to have gained Medsafe approval for the medicine before PHARMAC can consider it for funding.

Several treatments for rare disorders are listed on the Pharmaceutical Schedule, and many others are funded for individual patients under PHARMAC's Exceptional Circumstances framework<sup>2</sup>. To encourage suppliers to enter the New Zealand market, PHARMAC has made specific calls for applications for rare disorders medicines (in 2014 and again in 2018). New medicines have been funded through this process.

PHARMAC continues to meet regularly with Rare Disorders New Zealand and other patient groups. Our focus on medicines for rare disorders over the recent years has helped in developing good relationships with rare disorders advocacy groups and pharmaceutical suppliers of medicines for rare disorders.

## **Brand changes**

PHARMAC has a fixed budget, which we aim to spend in the most effective way possible. We aim to fund as many new good value medicines as we can from that budget. Occasionally, we take steps to reduce the costs of some already funded medicines, so we can use that money to buy more medicines for more New Zealanders. This might mean we make brand changes for medicines we already fund.

Before we make these kinds of decisions, we seek clinical advice to make sure it's the right thing to do and we get advice on what support may be needed by patients and prescribers to make the change. For significant brand changes, we publicly consult before making a decision so we can understand what impacts the change might have on people.

### **Lamotrigine brand change**

#### *Independent review*

Following intense public scrutiny over our decision to move to one funded brand of lamotrigine in 2019, PHARMAC commissioned Dr Jonathan Coates at Claro Law to undertake an independent review of the lamotrigine brand change. The review considered whether the decision-making and implementation processes followed by PHARMAC in relation to the lamotrigine brand change were appropriate. It also identified areas in which PHARMAC could improve its processes for future brand changes.

The reviewer [found](#) PHARMAC's process was robust and confirmed that the PHARMAC Board had sufficient evidence to make the decision to move to one funded brand of lamotrigine. The review noted that it would have been preferable if PHARMAC had sought further input from PTAC and involved its

---

<sup>2</sup> PHARMAC's role includes considering whether to fund pharmaceutical treatments for people in exceptional circumstances when those treatments are not currently available for them on the Pharmaceutical Schedule.

Consumer Advisory Committee in the decision-making and implementation processes. PHARMAC already has work underway to understand how we could better incorporate consumer input into our decision making and to review the role of the Consumer Advisory Committee. The review's findings will influence future work planned in this area.

#### *Coronial inquest*

The Chief Coroner is investigating the sudden deaths of six patients with epilepsy, following PHARMAC's lamotrigine brand change. PHARMAC attended an interlocutory hearing with the Chief Coroner in September, along with other interested parties to discuss the process for the public inquest hearing. Interested parties include the families of the people who died, the prescribing doctors, the dispensing pharmacists and Medsafe. The Chief Coroner has signalled her intent that at least one hearing for the inquest be held before the end of the year (with further hearings likely to occur in early 2021).

## Supply issues

Many people depend on regular supply of medicines to maintain their health, so continued availability of funded medicines is of concern to PHARMAC. New Zealand experiences comparatively fewer supply issues than most other countries due to PHARMAC's approach to managing supply. While supply contracts are not common internationally, when a pharmaceutical supplier signs a contract with PHARMAC they accept responsibility to maintain ongoing supply.

COVID-19 has had a global impact on supply and manufacturing of medicines as noted but has also amplified some supply issues that were already problematic prior to the pandemic.

## CLOSING COMMENT

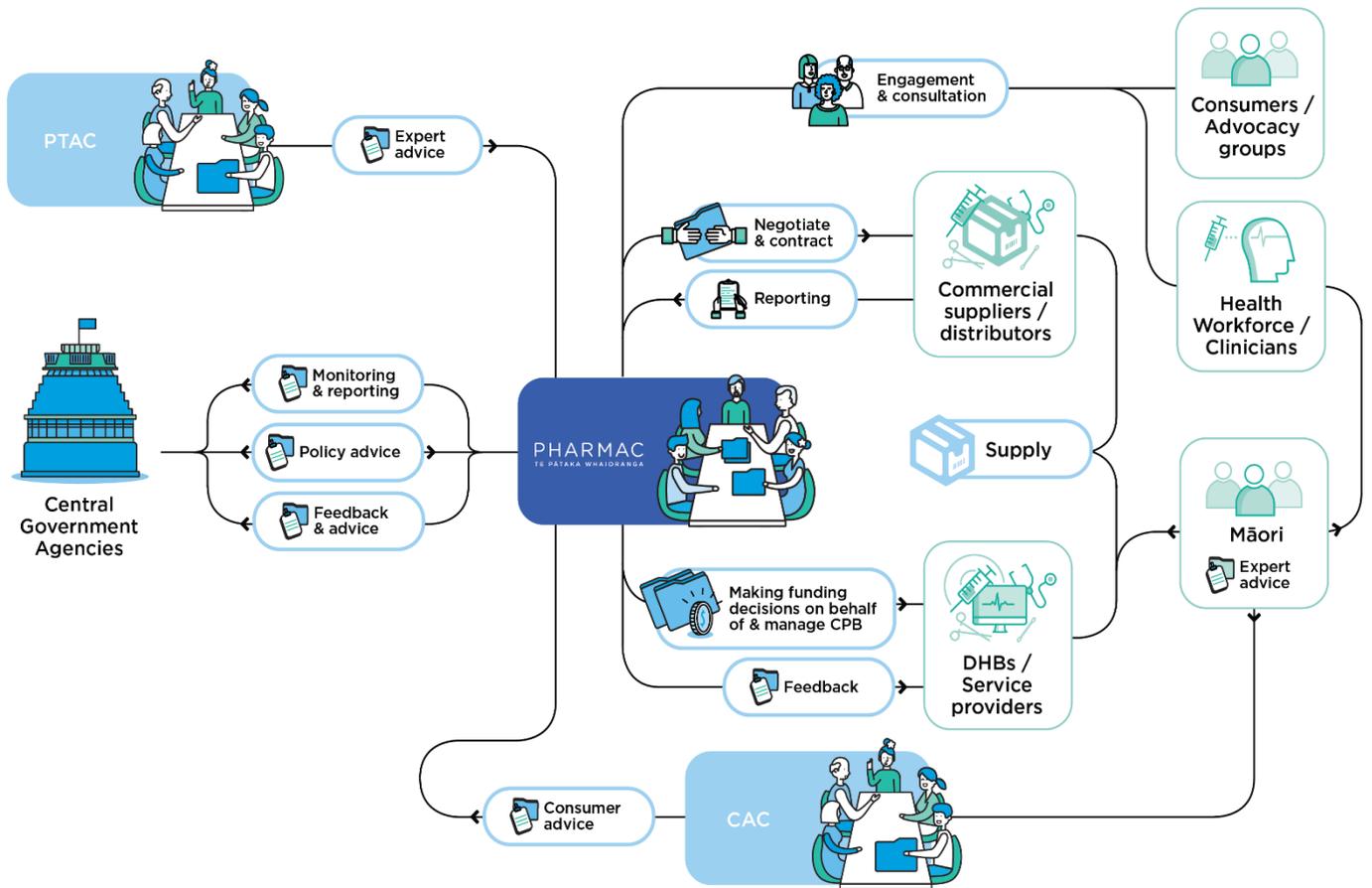
As noted throughout this briefing we will be providing you with more detailed briefings on key areas of PHARMAC's work in the coming months, including on PHARMAC's strategic direction, our role in hospital medical devices and equity in access to medicines. We would be pleased to provide more detailed information on any other specific area or issue that you identify.

We are looking forward to meeting soon.



**Sarah Fitt**  
Chief Executive

# Appendix 1: PHARMAC engagement across the health and disability system



# Our Strategic Direction

