



# Pharmac Equity Policy

May 2024

PHARMAC  
TE PĀTAKA WHAIORANGA

Te Kāwanatanga o Aotearoa  
New Zealand Government

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## 1. Context

Background evidence, research, data, and policy advice were presented to the Board in September and December 2023 reflecting our obligations under relevant Pharmac policies<sup>1</sup>, the Act and its strategic and policy framework.<sup>2</sup> People should consult those papers for any further clarification required. Pharmac's values ground our behaviours and guide our thinking. They help us make decisions that create better health outcomes for New Zealanders.

This policy acknowledges that Pharmac has few levers for achieving health equity and can only do this by collaborating strongly with core health and relevant public sector agencies.

This policy also acknowledges that two populations with the worst health inequities/greatest health needs - Māori and Pacific peoples, have their own framings and definitions for health equity. The vision for Māori is tino rangatiratanga and mana motuhake.

## 2. Purpose

Pharmac must prioritise achieving equitable health and hauora outcomes for Māori, as tangata whenua, and all New Zealanders. This policy sets out our commitments to achieve equitable health outcomes and organisational equity. It covers our:

- commitments to meet the Pae Ora (Healthy Futures) Act 2022 (the Act's) requirements, including the Act's strategic and policy framework, for achieving health equity, and
- commitments in response to the 2022 independent review of Pharmac to secure equitable health outcomes for priority populations.

## 3. Scope

This policy applies to all Pharmac's permanent and fixed-term employees, contractors, and consultants, advisory groups, and the Board. It covers all aspects of Pharmac's business including how we engage with Māori as tangata whenua, all population groups, and stakeholders.

## 4. Definition of health equity

Pharmac adopts the Manatū Hauora definition of health equity - *'In Aotearoa New Zealand, people have differences in health that are not only avoidable but unfair and unjust. Equity recognises different people with different levels of advantage require different approaches and resources to get equitable health outcomes.'*

## 5. Policy statement

The major drivers for health inequities in New Zealand are colonisation, how ethnicity and race are treated or perceived in the health system, low socioeconomic status and living in deprivation. Pharmac considers long standing health inequities to be unfair, unjust, avoidable, and discriminatory, adversely affecting all New Zealanders and our country's future. Achieving equity in health outcomes requires Pharmac to proactively address the needs of the population groups furthest behind.

<p><b>The principles for identifying population groups and sub-groups of people within a population group to focus on are in order of priority:</b></p> <ul style="list-style-type: none"><li>• Identifying populations with the greatest health needs or the worst health inequities including population groups with the most severe conditions. If that is not possible, identify populations that experience racism in the health system and/or populations that have low incomes or live in high deprivation areas.</li><li>• Where practicable, identifying people that experience multiple forms of disadvantage which adversely impacts their health outcomes resulting in health inequities, eg: tangata whaikaha Māori.</li></ul>
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## 6. Principles / Policy position

Pharmac will achieve health equity in the work we do and our organisation by:

### At the strategic level

- Giving effect to the Act's health sector principles including:
  - *Engaging with Māori, and other population groups, to develop and deliver services and programmes that reflect their needs and aspirations.*
  - *Taking a proactive population health approach that prevents, reduces, or delays the onset of health needs.* For Pharmac this involves considering the health needs of populations, and sub population groups, with the highest health inequities and purchasing pharmaceuticals and/or medical devices to reduce the severity of their conditions and/or enhance their life expectancy. In doing this Pharmac will need to take into consideration the main causes of avoidable death, illness and conditions faced by populations with the highest health inequities and bring those factors to the forefront of decision-making for funding pharmaceuticals.
- Prioritising the needs of populations furthest behind or who have been most poorly served by the health system.
- Adopting a dual te Tiriti o Waitangi and human-rights centred approach to help us meet our equity requirements. This acknowledges te mana o te Tiriti o Waitangi and the on-going partnership it instils between the Crown and Māori.
- Continuing to uphold and give effect to our te Tiriti o Waitangi Policy.

<sup>1</sup> Pharmac's Māori Responsiveness Strategy, Pacific Responsiveness Strategy, Diversity, Equity and Inclusion Policy and Kia Toipoto: People and Pay Equity Plan.

<sup>2</sup> Interim Government's Position Statement of Health, New Zealand Health Charter, the six Pae Ora Health Strategies, Health Action Plans; the Health Quality Safety and Commission's Te Ao Māori Framework, Code of expectations for health entities for engagement with consumers and whānau, and Consumer engagement quality and safety marker.

- Continuing to implement all related equity policies or strategies across the organisation.
- Continuing to collaborate across the health and public sectors to progress health equity and support implementation of this policy.

### At the operational level

- Ensuring our processes, policies and resources are directed towards equitable access to and responsible use of pharmaceuticals/medical devices.
- Ensuring greater alignment of Pharmac’s workstreams and strategies with an equity focus through the policy’s implementation.
- Ensuring we prioritise the voices of consumers with lived experience, and of population groups and communities (qualitative evidence), with quantitative evidence at the centre of our decision-making.
- Supporting the transparent use of data (including ethnicity data) analytics, insights and evidence for advice and decision making. This will be achieved through a range of mechanisms including utilising building kaimahi capabilities and targeted equity recruitment based on need.
- Developing capability through the performance management system to give effect to this policy.
- Continuing to develop our ‘removing bias’ work programme.
- Strengthening our engagement and relationships with a focus on the highest need population groups, as outlined in the Te Pātaka Whaioranga Engagement Strategy.

### Key requirements and commitments

The table below outlines this policy’s focus areas and potential commitments we could take/progress. The table reflects the ‘gold standard’ from the literature and is intended to be aspirational. Implementation plans will cover deliverables or activities for giving effect to focus area commitments:

Focus area	Commitments
<b>External – health system, communities, and public facing</b>	
<i>Strategy</i>	<ul style="list-style-type: none"> <li>• We will continue to implement the Government, public sector, Māori, other population groups, and the public’s expectations of Te Pātaka Whaioranga in relation to equity policies and strategies.</li> <li>• We will develop implementation plans to give effect to this policy.</li> <li>• Our commitment to this policy will systematically be incorporated into all Pharmac’s policies, strategies, principles, procedures, protocols, guidelines, and standards.</li> </ul>
<i>Governance</i>	<ul style="list-style-type: none"> <li>• We will ensure our decision-making and strategy setting processes are supported by advice on equitable impacts.</li> <li>• We will clarify the role of Te Rōpū and advisory groups for contributing to monitoring and implementation of this policy.</li> <li>• We will support the health sector to be equitable which includes ensuring Māori and other population groups: <ul style="list-style-type: none"> <li>○ <i>have access to services in proportion to their needs</i></li> <li>○ <i>receive equitable levels of service, and</i></li> <li>○ <i>achieve equitable health outcomes.</i><sup>3</sup></li> </ul> </li> </ul>
<i>Leadership</i>	<ul style="list-style-type: none"> <li>• The Chief Executive will clarify the roles and responsibilities for giving effect to this policy.</li> <li>• We will facilitate equitable representation for populations with the highest health inequities on our advisory groups.</li> <li>• All staff will have specific accountabilities for giving effect to this policy in their job description and performance agreement.</li> <li>• We will identify and develop specific requirements for all people leaders.</li> </ul>
<i>Partnership</i>	<ul style="list-style-type: none"> <li>• We will strengthen our partnerships with whānau, hapū, iwi and other Māori collectives.</li> </ul>
<i>Relationships engagement and advocacy</i>	<ul style="list-style-type: none"> <li>• We will strengthen our engagements with government agencies, suppliers, and advisory groups, whānau, hapū and iwi.</li> <li>• We will build relationships and engage with populations with the highest health needs and other groups underserved by the health system, through our advisory groups and networks. To do this we will draw upon our Engagement Strategy.</li> <li>• We will continue to work collaboratively with the health sector to close health inequities and support access to and uptake of pharmaceuticals.</li> <li>• We will work with the health sector to increase the access to and responsible use of pharmaceuticals we already fund, by populations with the highest health inequities.</li> </ul>

<sup>3</sup> The Pae Ora (Healthy Futures) Act 2022 Section 7 (1) (a) (i-iii)

Focus area	Commitments
<b>External – health system, communities, and public facing</b>	
<i>Communications</i>	<ul style="list-style-type: none"> <li>We will strengthen our communication channels and content to better reach diverse population groups and communities, suppliers, medical practitioners and other health professionals, and individuals. We will publicly communicate results and performance against this policy and key deliverables as appropriate</li> </ul>
<i>Operational</i>	<ul style="list-style-type: none"> <li>We will adopt a pro-equity population health approach to our investment decisions. This includes: <ul style="list-style-type: none"> <li>Requiring evidence of population health needs from a holistic perspective (such as comorbidity, multimorbidity and shorter life expectancy of populations with the highest health inequities and sub population groups); and</li> <li>Proactively exploring pharmaceuticals that could effectively treat or prevent the early onset of a disease prevalent amongst population groups with the worst health outcomes.</li> </ul> </li> <li>We will prioritise the health needs of population groups with the highest health inequities, and sub population groups, in our funding decisions. This includes reviewing our current prioritisation and investment decision-making process to ensure they are aligned with this policy.</li> <li>We will draw upon lived experience, the voices of population groups through our advisory groups and networks (qualitative evidence), and quantitative evidence to prioritise our investment.</li> </ul>
<i>Resourcing</i>	<ul style="list-style-type: none"> <li>We will manage our investments to give effect to this policy prudently and transparently.</li> <li>We will ensure there is sufficient capacity and capability to deliver on this equity policy.</li> </ul>
<i>Measurement Monitoring and reporting</i>	<ul style="list-style-type: none"> <li>We commit to working in partnership with key health and disability sector agencies on developing an outcome, impact and performance measurement framework for this policy and its implementation plan drawing upon the Medicines Access Equity Monitoring Outcomes Framework.</li> <li>We commit to measuring, monitoring, and reporting on outcomes and impacts and our performance against this policy and its implementation plan.</li> <li>We will publish a three-year equity implementation plan.</li> <li>We commit to reporting on this policy in accountability documents and other public facing commitments.</li> </ul>
<i>Evaluation</i>	<ul style="list-style-type: none"> <li>We will, in partnership with key health and disability sector agencies, develop an outcome and impact measurement framework for this policy and review performance against it every 2-3 years.</li> <li>We will undertake organisational equity audits and use the results to improve our performance.</li> </ul>
<b>Internally focused</b>	
<i>Data management</i>	<ul style="list-style-type: none"> <li>We will manage data on population groups and our staff appropriately, in accordance with government legal requirements and policy and best practice.</li> </ul>
<i>Representation</i>	<ul style="list-style-type: none"> <li>We will continue to build a workforce that is broadly representative of the diversity and changing demographics of New Zealand.</li> </ul>
<i>Pay and professional development</i>	<ul style="list-style-type: none"> <li>We will continue to monitor, and address pay inequities through Kia Toipoto People and Pay Equity Plan.</li> <li>We aim to incorporate equity professional development and accountabilities in all Conversations About Performance</li> </ul>
<i>Capability</i>	<ul style="list-style-type: none"> <li>We will build understanding of the common drivers of health inequities in New Zealand and how to resolve them.</li> <li>We will build critical analysis<sup>4</sup> for challenging health inequities and racial discrimination.</li> <li>We commit to developing equity capability self-assessments and equity Conversations About Performance domains, to assist with professional development and performance management.</li> <li>We will monitor and report on staff capacity and capability to give effect to this policy.</li> </ul>
<i>Training</i>	<ul style="list-style-type: none"> <li>We will provide training on equity, cultural safety, health inequities, anti-racism, Te Tiriti, and human rights.</li> <li>We will provide regular updates and intelligence on health conditions and inequities for Māori and other population groups with the worst health outcomes such as Pacific peoples.</li> </ul>
<i>HR systems and policies</i>	<ul style="list-style-type: none"> <li>We will monitor and report on capability and capacity to deliver on this policy.</li> <li>We will review and update our HR systems and policies to align with this policy.</li> </ul>

## 7. Definitions

Equity recognises different people with different levels of advantage require different approaches and resources to get equitable health outcomes. This reflects the Manatū Hauora definition of health equity adopted by this policy. In the context of organisational equity, Te Kawa Mataaho / Public Service Commission defines equity as a fairer workplace with equitable pay and people practices.

<sup>4</sup> Critical analysis includes analysis of power dynamics in the workplace.

**Organisational equity** is defined as the relative distribution of power and resources among key internal organisational stakeholders, including directors, executives, managers, and employees. With frequent, careful audits, organisations can strategically begin making the interventions necessary for true equity.<sup>5</sup>

Pharmaceuticals is defined in the Pae Ora (Healthy Futures) Act 2022. A pharmaceutical means a medicine, therapeutic medical device, or related product or related thing. It includes vaccines, generics and biosimilars or medical devices.

Population health refers to understanding health outcomes between and within populations, including health inequity. It involves addressing the underlying causes of illness and strengthening the enablers of positive health outcomes to reduce inequity and achieve overall health gain, or pae ora.

Pro-Equity - Pharmac is actively working to become a more pro-equity organisation. A pro-equity organisation is one that takes equity commitments seriously and demonstrates those commitments in day-to-day operations. This includes understanding health inequities in New Zealand and its causes, having organisation-wide goals, structures, systems, and processes designed to achieve equity, working in partnership with Māori and other populations with the worst health inequities.

## Review and publication

<b>Owner(s)</b>	Manager Equity & Engagement	<b>Approved by</b>	Chief Executive (following Board approval)
<b>Policy reviewed</b>	April 2024	<b>Next Review</b>	April 2025

<sup>5</sup> <https://kenaninstitute.unc.edu/kenan-insight/organizational-equity-your-missing-metric-for-success/>

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