

PHARMAC Forum 2007

# Responses and Actions

July 2008



# Background

The inaugural PHARMAC Forum was held on 3 December 2007. The Forum was attended by 120 delegates from a range of groups including patient and consumer groups, pharmacists and clinicians, the pharmaceutical industry, District Health Boards, and the Ministry of Health and other Government agencies.

The Forum was an opportunity for a range of our stakeholders to share their views on PHARMAC's operations. The Forum programme consisted of three sessions with brief presentations by PHARMAC staff members followed by small group 'workshops' on the theme of each discussion, and open feedback of people's suggestions. The three discussion topics were:

- **How do we improve our relationships with stakeholders?**
- **How can the medicine funding process be improved?**
- **Optimal Use of Medicines.**

We kept a record of the discussion that occurred during the day and provided this 'raw' feedback to participants shortly after the Forum. This summary document condenses that raw feedback into themes, and includes our responses. We are committed to taking action in response to what our stakeholders told us at the 2007 Forum, and will be reporting back to delegates on these actions at future Forums.

Not surprisingly, some of the feedback we received in the Forum echoed themes and messages we heard during our 2007 Stakeholder Survey, and which were communicated throughout the Ministry of Health's consultation on the development of Medicines New Zealand. Some of the activities outlined here as responses to stakeholder's comments are detailed in Actioning Medicines New Zealand, the strategy's action plan.

With a wide range of stakeholders attending, there was a correspondingly wide range of views expressed. We have been careful to analyse the feedback in detail to reflect those views. As the analysis in this summary document focuses on the prevailing themes that emerged from the Forum, however, not every individual's views will be reflected.

Some of the views expressed were very critical, questioning the integrity of PHARMAC's decision making, while others proposed ways in which we could improve our processes and the way we engaged with individuals and groups. At times in the Forum stakeholders disagreed with one another on the role and performance of PHARMAC and various stakeholder groups had different perspectives.

# Actions arising from *Medicines New Zealand*

The Ministry of Health published *Medicines New Zealand*, a strategy for the New Zealand medicines system, in December 2007 shortly after the Forum was held. The Strategy's Action Plan identifies activities that PHARMAC will be either leading or responding to with other agencies over the coming months. Most of these activities align with our commitments in response to the PHARMAC Forum.

**All the actions from Medicines New Zealand that relate to PHARMAC are included below. All the actions that are also included in this Forum feedback document are marked ● below.**

Actions PHARMAC will lead:

- PHARMAC will hold a regular forum for interested stakeholders to comment on PHARMAC's operation, including PHARMAC's stakeholder engagement activity.
- Funding applicants will be formally invited to meet with PHARMAC at the beginning of the funding application process.
- Other stakeholders, including consumers, will be encouraged to provide their views on medicines-funding applications, which will then be considered in the application process.
- Opportunities for stakeholder input will be publicised and consumers will be provided with guidance on how to contribute to PHARMAC's decisions.
- PHARMAC will publish public summaries of decisions on medicines funding applications.
- Consult broadly on changes to PTAC's Operational Guidelines to ensure optimal arrangements are in place for PTAC to provide free and frank advice to the PHARMAC Board.
- Review the Consumer Advisory Committee's (CAC) Terms of Reference to ensure optimal arrangements for CAC to undertake its legislative role.
- Changing medicines brands can be an issue for some people. PHARMAC will seek to develop a mechanism that will, when decisions give rise to brand changes, enable people to access funding for their existing brand of medicine in defined circumstances.
- Review the Exceptional Circumstances funding and criteria to ensure that they continue to fulfill the purpose of the Exceptional Circumstances Scheme.
- Undertake ongoing review of and, where appropriate, removal of specialist restrictions on prescribing specified Pharmaceutical Schedule medicines.

# Medicines Strategy

## initiatives PHARMAC will contribute to

- District Health Boards (DHBs) and PHARMAC will move to a principles-based approach for setting the community pharmaceutical budget, which aims to maximise health outcomes across pharmaceuticals and other health services.
- Update the DHB/Pharmac Memoranda of Understanding so there is a clear structure and processes for how the organisations work together.
- The Ministry of Health and PHARMAC will review the Pharmacology and Therapeutics Advisory Committee (PTAC) appointment protocol to ensure that it supports the independent appointment process required by the New Zealand Public Health and Disability Act 2000.
- Develop user friendly and linked websites across the medicines system so stakeholders can easily navigate the medicines system and find the information they require.
- The Ministry of Health will hold a stakeholder forum every two years. This will give stakeholders, including consumers, a formal opportunity to contribute to the implementation of Medicines New Zealand and to respond to new issues that arise during the monitoring and evaluation of the medicines strategy.
- The Ministry of Health will bring together agencies engaged in access-related activities to ensure a collaborative and cohesive approach to ensuring New Zealanders have access to the medicines they need.
- Consider and implement a mechanism to support a cohesive and co-coordinated approach to Optimal Use of medicines practices (including those that address inequalities). This would aim to build on the existing structures and agencies across all parts of the medicines sector..
- Explore the development and implementation of a national formulary (including an electronic prescription ordering system and New Zealand-specific guidelines) to support best practice prescribing. This would include examining links to a comprehensive medicines reference source and to the Pharmaceutical Schedule.

# Forum feedback

## and PHARMAC's operating environment

We take the feedback from our stakeholders very seriously and will be taking actions where we can in response to comments we have heard.

At the same time, PHARMAC continues to be governed by legislation that defines its role and structure clearly and these won't be changing, as advocated by some at the Forum (more on that below).

We're also aware that there is an inherent tension between the needs and priorities of some stakeholders and PHARMAC's role. For example, pharmaceutical companies are profit-driven so prefer high sales and high prices. PHARMAC, by contrast, is interested in getting the best value from pharmaceutical spending so has a preference for obtaining lower prices.

Consumer groups also play an important role in the funding environment, but their incentives may also differ from PHARMAC's if they are focussed on one particular health area. PHARMAC's job is to think about the impact of its decisions on all New Zealanders.

While it is understandable that there is sometimes very vocal support for funding one particular treatment, the impacts on others must also be taken into account. Every decision to fund a medicine means another may not be funded, irrespective of how big the budget is. In that context, all New Zealanders have an interest in good decisions being made that lead to the best health outcomes.

Given these differing interests, we accept that there will be differences of opinion between PHARMAC and its stakeholders. This is a feature of the operating environment that can be better understood but cannot fundamentally be changed. Such differences, however, need not get in the way of fully understanding each other's views and working effectively together; something PHARMAC is strongly focussed on and committed too.

# The Themes

## and Summary of responses

In all the Forum feedback can be summarised under six themes:

- **Make improvements to the pharmaceutical funding process**
- **Stakeholder input into PHARMAC's work**
- **Optimal input from advisory groups**
- **Communication about the funding process**
- **Improved stakeholder relationships**
- **Optimal use of medicines and reducing inequalities.**

PHARMAC will be undertaking work to improve its performance in all six of these areas, described in detail on the following pages.

The strongest message to emerge from the Forum was a desire to see the size of the pharmaceutical budget increased. A similar message came through the Medicines New Zealand consultation. Responding to this we have committed to working with District Health Boards to move towards a principles-based approach to setting the community pharmaceutical budget.

This work may or may not lead to larger increases in the size of the pharmaceutical budget. But regardless of its size, the fact that a budget exists means that choices will have to be made about how to spend it. So even if there was a budget increase, PHARMAC's job of making the difficult choices of how to allocate resources, with all the inherent tensions and trade-offs this involves, would remain.

Our work with DHBs around the budget is captured in the funding process improvements theme, outlined below.

## The top five priority actions in response to the Forum are:

1. **Providing more information on PHARMAC** and its activities. This move to even more openness needs to be balanced against the need to maintain confidentiality and privacy of some information we hold so that we have a strong negotiating position.
2. **Improving our consultation processes** to assist people to contribute to the funding process.
3. **Getting out and about more** – we need to engage more with our stakeholders face to face to understand their views, and to be better understood.
4. **Improving how we get advice** from our clinical and consumer committees.
5. **Improving understanding** of the budget setting and budget management processes.

# Summary

## Summary of PHARMAC's activity arising from 2007 Forum and Medicines New Zealand

<b>We will start...</b>	
Investigating a mechanism to include early public input to the medicine funding process.	By 31 December 2008.
Investigating the use of longer consultation periods, when appropriate.	By 31 December 2008.
Making greater use of email and electronic formats to seek consultation responses.	Underway, to be rolled out progressively.
Publishing guidance for stakeholders on how to be involved in the decision-making process.	By 31 December 2008.
Enabling pharmaceutical suppliers to present funding submissions to PHARMAC face-to-face.	Underway.
Reviewing the Terms of Reference of the Consumer Advisory Committee.	By 30 June 2009.
Having the chair of the Consumer Advisory Committee attend PHARMAC Board meetings as an observer.	Underway.
Reviewing the PTAC appointment protocol (led by the Ministry of Health).	Underway (to be completed by 31 December 2008).
Consulting broadly on changes to the PTAC operational guidelines.	Underway (to be completed by 31 December 2008).
Providing more information about PHARMAC's decisions, for example in decision summaries.	By 30 June 2009.
Producing a suite of information sheets about PHARMAC and its activities.	By 31 December 2008.
Developing Memoranda of Understanding between PHARMAC and DHBs to clearly convey our respective roles (including in setting the Community Pharmaceutical Budget).	By 30 June 2009.
Improving information about applications progressing through the funding process.	31 December 2009.
With DHBs, refining a principles-based approach for setting the community pharmaceutical budget.	We will be providing input to the Ministry of Health and DHBs as required within agreed timeframes.
Publicising the forward budget path agreed with DHBs.	30 June 2008.
Reviewing the Exceptional Circumstances Schemes.	Consult by 31 December 2008.

# Summary

## Summary of PHARMAC's activity arising from 2007 Forum and Medicines New Zealand

### We will continue...

Actively managing the consultation database to ensure appropriate groups are identified for consultation.

Making improvements to our consultation and notification letters.

Where practicable, providing feedback to people on their individual submissions and the outcome of decisions.

Improving the PHARMAC website to provide better access to information.

Evaluating options to minimise the impact of brand changes on consumers.

Providing PHARMAC Staff training to continually improve our ability to communicate clearly with stakeholders.

Working with other agencies in the sector to ensure a cohesive and co-ordinated approach to optimal use activities.

Investing in projects that provide health benefits for New Zealanders, including Maori and Pacific people.

Implementing our Access and Optimal Use programmes that aim to ensure medicines are well prescribed and well used by patients.

Conducting research around optimal use activities, evaluating the effectiveness of programmes, and making the results publicly available.

Being respectful in our references to stakeholders in our communications.

Funding for health professional training services (such as the Seminar Series).

Reviewing and, where appropriate, removing specialist restrictions on prescribing some Pharmaceutical Schedule medicines.

# Summary

## of PHARMAC's activity arising from 2007 Forum

### We won't be...

Lobbying for a bigger pharmaceutical budget – our job is to manage the funding set aside by DHBs and approved by the Minister. We will be working harder with DHBs to improve our horizon-scanning and working on improvements to the budget-setting process with the Ministry of Health and DHBs.

Ceasing access and optimal use activity – this is one of PHARMAC's legislative functions (responsible use of medicines). We do need to better explain why we undertake this work, and the benefits that arise from it.

Stopping using some of our budget-management tools, such as sole supply – we will be looking at ways we can improve our use of these tools, for example by better considering when to use sole supply.

Disbanding the Consumer Advisory Committee – under its legislation PHARMAC is required to have a Consumer Advisory Committee to provide a consumer perspective. The Committee plays an important role but we need to ensure the Committee's role is optimal and better communicate to stakeholders what the Committee does.

Part-subsidising new medicines – many people still won't be able to afford new medicines, even if they are part-funded. This gives rise to inequities, working against government health policy as a 'universal access' scheme.

Introducing an appeal process for funding decisions, similar to the Australian model – it is not PHARMAC's role, nor within its mandate, to establish such a body.

Removing our exemption from the Commerce Act – this is a matter of policy for the Government and ultimately Parliament to determine. In PHARMAC's view, the exemption has public good benefits and the costs of the exemption alleged by some stakeholders do not seem to be significant.

## 1. Ongoing funding process improvement

Forum comment	PHARMAC response	Action
<p><b>Increase the Community Pharmaceuticals Budget. Horizon-scan to ensure the budget is realistic in light of anticipated new medicines.</b></p>	<p>This theme also emerged during the development of Medicines New Zealand.</p> <p>As a result, PHARMAC and DHBs will move towards clearly defining principles involved in budget-setting, and make these publicly available.</p> <p>Regardless of the size of the budget, choices will need to be made about how to allocate funding.</p> <p>In addition, its not just the size of the budget but how effectively we use it, for example making best use of the medicines available and supporting best practice prescribing to get the best outcomes from the medicines available.</p> <p>When considering the level of the pharmaceutical budget, DHBs need to consider this funding stream alongside other potential uses of funding.</p> <p>In developing its recommendation for the budget, PHARMAC looks to what potential new investments might be available in the future as part of its forecasting of pharmaceutical expenditure.</p> <p>This horizon-scanning is an integral part of identifying future opportunities for pharmaceutical investment. PHARMAC routinely takes into account the potential impact of new medicines.</p>	<p>DHBs and PHARMAC will move to a principles-based approach for setting the community pharmaceutical budget.</p> <hr/> <p>PHARMAC-DHB Memoranda of Understanding will describe roles and responsibilities in the budget setting process.</p>
<p><b>Separate baseline funding (of already-funded medicines) from funding set aside specifically for new investments.</b></p>	<p>In making its recommendations on the budget to DHBs, PHARMAC estimates the funding required for already-funded medicines (including any possible efficiency gains), and identifies how much might be needed to fund priority new medicines.</p> <p>Ultimately, DHBs decide how much funding to allocate to pharmaceuticals. Any funding for new medicines is a product of both increases in the budget (above the amount required to fund existing medicines) and any savings PHARMAC can generate.</p>	<p>Investigate pros and cons of separating baseline from new medicine funding as part of budget setting process.</p>

## 1. Ongoing funding process improvement

Forum comment	PHARMAC response	Action
<p><b>Increase the budgeting cycle to three years.</b></p>	<p>PHARMAC and DHBs agree a three-year funding track, with a specific figure for the first year and a predicted range for the following two years.</p>	<p>Publicise the forward budget path agreed by the Minister of Health.</p>
<p><b>Reduce the time it takes to make funding decisions.</b></p>	<p>We do aim to progress funding decisions as quickly as possible.</p> <p>Requests for greater consultation times for decisions may make decision-making timeframes longer.</p> <p>Regardless of the size of the budget, choices will need to be made about how to allocate funding.</p> <p>It is not always possible to give timeframes for the progression of funding proposals, as these may be superseded by other, more pressing, demands on resources.</p> <p>The decisions PHARMAC makes are usually to fund 'in perpetuity' so it is appropriate that we take time to reach decisions, given they have long-term effects.</p>	<p>Continue to prioritise and progress funding applications as quickly as possible.</p> <hr/> <p>Where possible, provide updates on the progress of funding applications.</p>
<p><b>There was a perception expressed that PHARMAC appears to 'pick and choose' evidence, and does not include 'negative evidence' in its considerations.</b></p>	<p>PHARMAC takes into account all relevant evidence in its pharmaceutical funding decisions.</p> <p>We can provide more clarity about the factors taken into account and how these have been incorporated into our decisions.</p>	<p>Provide more information about PHARMAC's decisions, for example decision summaries.</p>

## 1. Ongoing funding process improvement

Forum comment	PHARMAC response	Action
<p><b>Periodically review PHARMAC's decision-making criteria to ensure decisions are as fair as possible.</b></p>	<p>PHARMAC's Operating Policies and Procedures include a definition of our decision-criteria, and these have been reviewed on a number of occasions. This most recently occurred in 2005-06.</p>	<p>Produce a suite of information to increase understanding about PHARMAC and its activities.</p>
	<p>Periodic reviews are desirable to ensure structures continue to meet the needs of New Zealanders.</p> <p>While we don't always expect stakeholders to agree with our decisions, we want the decisions to be understood and it is important that the methods we use are robust and well understood by people.</p>	<p>Ensure people can access up-to-date information about PHARMAC's decision criteria.</p>
<p><b>Introduce an appeals process for funding decisions, similar to the Australian model.</b></p>	<p>An efficient and rigorous review mechanism already exists in the form of judicial review by the High Court.</p> <p>Judicial review enables any person or organisation to apply for a review of the process used to make a decision and ensure that all public law requirements have been complied with.</p> <p>PHARMAC implements policy and if any such mechanism was required by Government, PHARMAC would implement it.</p>	<p>No action is proposed by PHARMAC.</p>

## 1. Ongoing funding process improvement

Forum comment	PHARMAC response	Action
<p><b>PHARMAC should stop using some of the tools that it currently applies, for example sole supply and bundled deals.</b></p>	<p>PHARMAC uses a range of tools to manage pharmaceutical funding, to ensure the greatest health gains are achieved. These tools, such as tendering, are common in many areas of commerce and are accepted ways to encourage and obtain the benefits of competition.</p> <p>Any reduction in the tools used needs to be considered in light of the potential effect this might have on its ability to get the greatest health gain from pharmaceutical funding.</p> <p>We recognise that sole supply limits consumer choice – this trade-off is made as it achieves considerable savings that enable more treatments to be funded overall.</p> <p>As part of our response to Medicines New Zealand, we will be identifying how to minimise the impact of brand changes on consumers.</p>	<p>Seek to develop a mechanism to minimise the impact of brand changes on consumers.</p>
<p><b>Use part-funding approach for some medicines, rather than fully funding all medicines.</b></p>	<p>One of the underlying principles of the NZ pharmaceutical funding environment is equity of access, regardless of an individual's ability to pay. In recent years, the Government has further moved to lower cost barriers through its Primary Health Care Strategy (through lower fees for doctor's visits and reduced prescription costs).</p> <p>Any move to institute a policy of part-funding some medicines would not be equitable. Cost barriers would continue to exist for many people.</p> <p>We recognise that some medicines do become part-funded, for example as a result of reference pricing where the supplier does not reduce its price. PHARMAC is careful, in these circumstances, to ensure a fully funded treatment option remains.</p>	<p>No action is proposed, other than to make people aware of the reasons for our approach.</p>

## 1. Ongoing funding process improvement

Forum comment	PHARMAC response	Action
<p><b>PHARMAC should not have exemption from the Commerce Act.</b></p>	<p>This matter was considered by Parliament in 2006 when a Member's Bill proposed removal of the exemption. This Bill was not referred to Select Committee for further debate. While Government policy is to keep exemptions to the Commerce Act to a minimum, Parliament recognised that some activities have benefits that outweigh the promotion of competition. In determining breaches, the Commerce Commission considers harm to consumers and to the public from various actions as well as to the competitive process. PHARMAC's actions are consistent with the Commerce Act in that it also seeks to ensure that consumers benefit from the lowest prices possible. PHARMAC is not a profit making entity nor does it compete against other entities given its activity is to establish public subsidies.</p> <p>The exemption protects organisations who have agreed to supply PHARMAC. It also ensures that New Zealand consumers capture the reduced transaction costs that flow from having a centralised body with significant influence managing Government funded subsidies on their behalf. Some of the mechanisms PHARMAC uses to achieve the best prices such as reference pricing and cross deals/bundling could be challenged were the exemption not to remain. Such litigation would have significant direct and indirect costs, including impacting on the Pharmaceutical budget and on suppliers' willingness to enter into arrangements with PHARMAC for fear of challenge.</p>	<p>No action is proposed.</p>
<p><b>When deciding what to fund, PHARMAC should better consider issues such as taste and ease of swallowing to assist medicine compliance.</b></p>	<p>PHARMAC already considers issues such as taste, tablet size, pill colour when it is considering changing medicine brands. We seek advice about this from the tender medical committee, which comprises clinicians and pharmacists.</p> <p>We seek to minimise the impact on patients as much as possible. We also need to balance the impact on patients with the size of savings that are achievable, which may make it possible to fund further new medicines. This is one of the difficult trade-offs PHARMAC has to consider – for example, how much extra should we pay for a red pill instead of a green one?</p>	<p>Continue to seek clinical and other appropriate advice on changes to medicines.</p>

## 2. Stakeholder input into PHARMAC's work

Forum comment	PHARMAC response	Action
<p><b>PHARMAC should give stakeholders the opportunity to provide earlier input to medicine funding decisions.</b></p>	<p>We agree that this is a step that could be taken to improve the opportunities for people to provide input into our funding assessment process.</p>	<p>Investigate a mechanism to seek early public input to the medicine funding process.</p>
<p><b>PHARMAC should improve stakeholders' awareness of, and access to, consultation information and do more to encourage stakeholder submissions on decisions.</b></p> <p><b>PHARMAC should ensure it proactively identifies and provides information to the appropriate stakeholder groups for each decision.</b></p> <p><b>Stakeholders asked for consultation documents to be provided in electronic format.</b></p>	<p>We maintain a consultation database and aim to keep this as up to date as possible. People can also receive consultation documents through our website.</p> <p>The database is only as useful as we make it so it is important the appropriate groups are identified and involved in consultation.</p> <p>Our current approach is to send consultation documents via fax, and to post them on our website. There is no barrier to using an email distribution system, other than our ability to construct and maintain comprehensive email contact lists.</p>	<p>Continue to actively manage the consultation database and ensure appropriate groups are identified for consultation.</p> <p>Make better use of electronic channels to distribute documents and information.</p>
<p><b>Consultation documents should be improved so they identify the key issues associated with a decision, and more information such as the impact of decisions on consumers.</b></p>	<p>Our consultation letters are already widely distributed, and provided through our website, but we can make changes to better identify key issues in a proposal and include further information where possible.</p> <p>We have already implemented some changes to clearly outline our proposals and their likely effects, and to distinguish our consultation letters from other PHARMAC documents.</p>	<p>Make continual improvements to our consultation letters.</p>

## 2. Stakeholder input into PHARMAC's work

Forum comment	PHARMAC response	Action
<b>Templates could be provided to assist consumers in making submissions on PHARMAC's decisions.</b>	Templates are a good idea but may also be a restrictive format. Our preferred approach is to provide guidance to people seeking to make a submission on the type of information being sought.	Publish guidance for stakeholders seeking to make submissions to consultations.
<b>Have a longer timeframe for consultation.</b>	We routinely consult for about two weeks but can adjust this timeframe as necessary. Any increase in the consultation timeframe can slow down the decision-making process. In the context of funding medicines, longer consultation can have a significant financial cost and forego health outcomes.	Continue to consider when to have longer consultation timeframes and investigate routinely providing stakeholders with more time to make submissions.
<b>Pharmaceutical suppliers sought more input into written submissions to PHARMAC, and the opportunity to present face to face.</b>	We recognise that this is a step sought by pharmaceutical companies to provide their view on funding applications. This is an activity included in <i>Actioning Medicines New Zealand</i> .	Enable pharmaceutical suppliers to present funding submissions to PHARMAC face-to-face.

### 3. Optimal input from PHARMAC’s advisory committees

Forum comment	PHARMAC response	Action
<p><b>PHARMAC’s Consumer Advisory Committee “should go” as it does not adequately represent the views of consumers and may work outside its Terms of Reference.</b></p>	<p>Under its governing legislation, PHARMAC is required to have a consumer advisory committee. We want stakeholders to have confidence in the advice received from the Consumer Advisory Committee and for it to provide optimal input on consumer issues.</p> <p>A review of the Committee’s Terms of Reference is specified in <i>Actioning Medicines New Zealand</i>.</p>	<p>Review the Terms of Reference of the Consumer Advisory Committee.</p>
<p><b>The CAC Chair should sit on the PHARMAC Board.</b></p>	<p>Members of the PHARMAC Board are appointed by the Minister of Health. Observers are able to attend Board meetings, and this regularly happens with a District Health Boards representative and the chair of PTAC. More recently the Chair of CAC has also begun attending.</p>	<p>Chair of CAC to continue to attend PHARMAC Board meetings as an observer.</p>
<p><b>There should be greater stakeholder involvement in deciding PTAC membership. Some stakeholders commented that a consumer voice on PTAC would be desirable.</b></p>	<p>As with the CAC, we want stakeholders to have confidence in the quality of the advice received from PTAC. Members of PTAC are currently appointed by the Director-General of Health. As part of Actioning Medicines New Zealand, there is a review of the PTAC appointment protocol, and of the PTAC guidelines. Nominations for PTAC are publicly advertised and consumers are able to make nominations.</p>	<p>Review the PTAC appointment protocol (with the Ministry of Health).</p> <p>Consult broadly on changes to the PTAC guidelines.</p>
<p><b>PTAC should be separate from PHARMAC and DHBs and should focus on the clinical aspects of an application, not the costs.</b></p>	<p>The question of PTAC’s optimal role and structure was explicitly considered as part of the Medicines New Zealand strategy development. Overall, the review found the current arrangements to be sound.</p> <p>While PTAC provides advice based on the same nine decision criteria as PHARMAC, they provide their advice from a clinical perspective.</p> <p>As outlined above, we want stakeholders to have confidence in the robustness of advice received from PTAC.</p>	<p>Consult broadly on changes to the PTAC guidelines.</p>

## 4. Communication about the funding process

Forum comment	PHARMAC response	Action
<p>PHARMAC should avoid `spin` and be more honest in press releases.</p> <p>In this context, it was suggested that PHARMAC should stop confidential rebates and be clear about the cost of pharmaceuticals. It was noted that currently PHARMAC does not take rebates into account when commenting on funding, and some attendees expressed the view that this creates false impressions of PHARMAC's funding decisions.</p>	<p>PHARMAC has no intent to mislead the public on its communications and will continue to be vigilant.</p> <p>We do not expect our stakeholders to always agree with our perspectives. It is, however, vital that our communications are factual, accurate and clearly written.</p> <p>Rebates have been a very effective mechanism for negotiating low prices on pharmaceuticals. Not all rebates are confidential but PHARMAC has taken the approach that, because some are, then all expenditure figures are expressed exclusive of rebates.</p>	<p>Clearly indicate when expenditure figures include or exclude rebates.</p>
<p>PHARMAC should make more effort to get more `good news` stories out.</p>	<p>PHARMAC currently publicises funding decisions but there is scope to better promote health messages through access and optimal use work, or to conduct and publish more research on pharmaceutical use.</p>	<p>Seek further opportunities to promote `good news` stories.</p>
<p>Have greater transparency in the decision-making process.</p> <p>Be more proactive in providing detailed information on how the pharmaceutical funding processes work, including how the pharmaceutical budget is set; how PTAC's advice is considered; and how cost-utility analysis is undertaken.</p>	<p>This was a theme that also came through strongly in consultation on the development of <i>Medicines New Zealand</i> and has resulted in a number of actions for PHARMAC.</p> <p>We are committed to improving transparency in the decision-making process where possible.</p> <p>PHARMAC already produces considerable information about its decisions and processes. While we can provide even more information and present it better, there are limits to transparency.</p> <p>Getting the best health outcomes from the funding available depends partly on PHARMAC's maintaining a strong negotiation position. To preserve this there is some information that PHARMAC is unable to release.</p> <p>Greater transparency also needs to be balanced against the need to maintain the confidence of our suppliers by preserving confidentiality.</p>	<p>Provide more information about PHARMAC's decisions, for example decision summaries.</p> <p>Produce information sheets about PHARMAC and its activities.</p> <p>Provide clear information about the constraints on Pharmac in publishing all information.</p> <p>Improve the PHARMAC website to provide better access to information.</p> <p>Develop Memoranda of Understanding with DHBs to clearly convey respective roles of these agencies, including in budget-setting process.</p>

## 4. Communication about the funding process

Forum comment	PHARMAC response	Action
<p><b>Provide more information about the process used to set the budget.</b></p>	<p>This was one of the clearest messages from the Forum – that stakeholders do not have a clear understanding of the process used to set the community pharmaceutical budget.</p> <p>We will be working to address this lack of understanding.</p>	<p>Produce a suite of plain English information about PHARMAC and its activities (including information on the budget-setting process).</p>
<p><b>Publish more information about the details of funding applications and their progress through the PHARMAC system (including anticipated timeframes).</b></p>	<p>We acknowledge that there is a desire for more information on how pharmaceutical funding applications are progressing.</p> <p>As outlined above, there are limits to how much information about funding applications – which usually involve sensitive commercial information – can be published.</p> <p>It is not always possible to give timeframes for the progression of funding proposals, as these may be superseded by other, more pressing, demands on resources.</p>	<p>Investigate the development of a web-based pharmaceutical funding applications ‘tracker’.</p>
<p><b>Publish information about what isn’t funded and why, and indicate the relative priorities of funding applications.</b></p>	<p>A considerable amount of PHARMAC’s work is devoted to deciding where our funding priorities should be.</p> <p>We do not routinely publish our prioritisation list. This is because it would give a clear signal of our funding intentions and dilute our ability to negotiate robustly with suppliers.</p>	<p>Provide more information about PHARMAC’s decisions, for example decision summaries.</p>
<p><b>Improve communications by using less complex language, and not using ‘market’ language to describe funding functions (e.g. investment in new medicines vs. funding decisions).</b></p> <p><b>Plain English explanations that describe PHARMAC’s processes (cost-utility analysis in particular) would be useful.</b></p>	<p>We want our written communications to be as clear as possible, and accessible to a wide range of readers.</p> <p>Reducing jargon and more simply explaining decisions and processes are both desirable steps to take to improve our communications.</p>	<p>Improve PHARMAC’s communications capability.</p> <p>Produce a suite of plain-English information about PHARMAC and its activities.</p> <p>Improve the PHARMAC website to provide better access to information.</p>

## 4. Communication about the funding process

Forum comment	PHARMAC response	Action
<p><b>Notification letters could be more user-friendly and provided in a consistent format.</b></p>	<p>Improving our notification letters (on funding decisions) is a further way we can improve our overall written communications</p> <p>We have made some improvements to better explain the decisions we make and how we have taken consultation responses into account, and to distinguish these from other PHARMAC documents. We welcome continued feedback on these so they can continue to improve.</p>	<p>Continue to make improvements to notification letters.</p>
<p><b>Publish information around funding applications, such as committee minutes, more quickly.</b></p>	<p>There is an established process for signing off and publishing PTAC minutes, which includes giving suppliers an opportunity to comment on publication of the minute.</p> <p>People can subscribe to the PHARMAC website to be informed when these minutes are published.</p> <p>A web-based device to enable people to `track` funding applications would be a useful tool to help people see where a medicine is in the funding process.</p>	<p>Investigate the development of a web-based pharmaceutical funding applications `tracker`.</p>
<p><b>Greater use of electronic formats for communication.</b></p>	<p>Our consultation database uses a fax system, and we also mail out notification letters to stakeholders.</p> <p>We can do more to build an email database to enable us to use electronic channels – this is now people’s preferred format, and use electronic channels to distribute information.</p> <p>The improvements we’ve made to PHARMAC’s website will also help people to access information, and we will continue to make refinements.</p>	<p>Make better use of electronic channels to distribute documents and information (including through the PHARMAC website).</p>

#### 4. Communication about the funding process

Forum comment	PHARMAC response	Action
<p><b>The PHARMAC website is outdated and needs to be improved, and the content kept current.</b></p>	<p>The website is the main way stakeholders interact with PHARMAC, so it's important it provides clear and up to date information in an accessible way.</p>	<p>Improve the PHARMAC website to provide better access to information.</p>
	<p>We've taken steps to update the website following feedback from stakeholders. The site will continue to evolve and be more actively managed so it contains current information.</p>	<p>Actively manage the site to ensure information is up-to-date.</p>
<p><b>People who have made submissions to consultation should be informed of the outcome directly (rather than through general notification letters or other communications).</b></p>	<p>We already do this in many instances. However, some consultations attract large numbers of submissions (one recent one had over 200). This can make personal communications administratively difficult.</p>	<p>Where practicable, provide feedback to people on their individual submissions and the outcome of decisions.</p>

## 5. Improved stakeholder relationships

Forum comment	PHARMAC response	Action
<p><b>PHARMAC needs to ensure it engages and consults with, and listens and provides feedback to, all stakeholders.</b></p>	<p>PHARMAC is committed to improving its relationships with stakeholders, and this work is multi-faceted. This includes increasing PHARMAC staff capability to engage with stakeholders, improving our written communications for language, style and tone, and getting out and about more to meet stakeholders face to face.</p>	<p>Develop a comprehensive stakeholder engagement plan to ensure PHARMAC engages with, and is responsive to, stakeholders.</p>
		<p>Hold a regular PHARMAC Forum to seek stakeholders' views.</p>
		<p>Continue to actively manage the consultation database and ensure appropriate groups are identified for consultation.</p>
		<p>Investigate a mechanism to include early public input to the medicine funding process.</p>
<p><b>Consumers, clinicians, academics and the media were identified as groups that PHARMAC should work to maintain relationships with.</b></p>	<p>In 2007 we conducted a survey of our stakeholders, and this indicated that our relationships were weaker than desirable with pharmacists, clinicians and consumers. We have identified these as our priority stakeholder groups for improving our engagement.</p>	<p>Develop a comprehensive stakeholder engagement plan to ensure PHARMAC engages with, and is responsive to, stakeholders.</p>

## 5. Improved stakeholder relationships

Forum comment	PHARMAC response	Action
<p>The accessibility of PHARMAC staff through face-to-face meetings and phone calls was identified as a useful feature that should be continued.</p> <p>Stakeholders also commented that PHARMAC should retain the Contract Manager role.</p>	<p>We value having face-to-face contact with stakeholders and will be working to be more visible as part of our work to improve overall stakeholder relationships.</p> <p>The Contract Manager role will be maintained.</p>	<p>Develop an engagement plan to improve relationships with priority stakeholders.</p>
<p>PHARMAC should not personalise conflicts, for example by portraying pharmaceutical companies as ‘the bad guys’.</p>	<p>Historically PHARMAC has had a combative relationship with the pharmaceutical industry. However, in recent years relationships have matured.</p> <p>The pharmaceutical industry plays an important role in the medicines system. PHARMAC recognises that we need positive working relationships with pharmaceutical companies so that we can continue to have access to medicines for New Zealanders.</p> <p>The incentives of the industry and PHARMAC are not always aligned. We recognise and respect our different roles within the medicines system. Our focus is to take actions consistent with our mandate.</p>	<p>Be respectful in our references to stakeholders in our communications.</p>

## 6. Greater focus on optimal use and reducing inequalities

Forum comment	PHARMAC response	Action
<p><b>PHARMAC is not the best-placed agency to undertake Optimal Use work and may be conflicted in undertaking both optimal use and funding activities.</b></p>	<p>Optimal (responsible) use of medicines is a function of PHARMAC as defined in its governing legislation, the NZ Public Health and Disability Act 2000.</p> <p>PHARMAC has a role in providing medicines information to clinicians and consumers to support best practice prescribing and optimal use of medicines. This work aims to ensure that the medicines that are available are used appropriately so that the best possible health outcomes are achieved overall.</p> <p>PHARMAC's demand side activity is led by its Access and Optimal Use team, who develop prescriber or patient-focussed initiatives to address areas where medicines might be overused, underused or misused.</p> <p>A number of Government and health sector agencies are engaged in optimal use activities. As part of responding to Medicines New Zealand, we will be participating in work to better co-ordinate optimal use activities across the medicines sector, and working more closely with District Health Boards.</p>	<p>Work with other agencies in the sector to ensure a cohesive and co-ordinated approach to optimal use activities.</p>
<p><b>PHARMAC should continue optimal use initiatives, including continued investment in work focussed on Maori and Pacific health.</b></p>	<p>We have a number of projects that are responsive to the needs of Maori and Pacific peoples. These include One Heart Many Lives, and our asthma management campaigns.</p> <p>PHARMAC's responsiveness to Maori has improved since it put its Maori Responsiveness Strategy in place in 2002. A specific project, He Rongoa Pai; He Oranga Whanau, is designed to improve Maori access to and use of medicines.</p>	<p>We will continue to invest in projects that provide health benefits for New Zealanders, including Maori and Pacific people.</p>
<p><b>Monitor medicines use more closely and take steps to reduce wastage.</b></p>	<p>It is important that people use the medicines as intended to ensure they obtain the health benefits from medicines. We want individuals to get the best health outcomes from medicines and for the community to get value for money from our investment in medicines.</p> <p>While there are limits to monitoring medicines usage, it is desirable that Government funding on medicines is not wasted.</p>	<p>Continue to implement our Access and Optimal Use programmes that aim to ensure medicines are well prescribed and well used by patients.</p>

## 6. Greater focus on optimal use and reducing inequalities

Forum comment	PHARMAC response	Action
<p><b>Overall, there should be an evidence base to optimal use campaigns. This should include evaluation to determine their effectiveness.</b></p>	<p>We routinely conduct or commission research to determine the need for optimal use interventions. For example, the Gut Reaction campaign is driven by NZ and international research showing over-prescribing of proton pump inhibitor medicines.</p> <p>We evaluate our optimal use campaigns to ensure they are effective.</p>	<p>Continue to conduct research and evaluation of our optimal use activities, to ensure they are effective. We will publish the results of this research.</p>
<p><b>PHARMAC should communicate optimal use messages through different media (TV, advertising, text messaging) and through use of different languages.</b></p>	<p>We already use some of these channels, to varying degrees. TV advertisements have been developed as part of our antibiotics and cardiovascular disease campaigns. The One Heart Many Lives campaign has also used a text-based system to promote health messages.</p>	<p>Continue to explore innovative approaches to promoting health messages.</p>
<p><b>Increase partnerships across the sector, e.g. with practice nurses, pharmacists, Maori/Pacific providers and explore channels for promoting health messages, such as developing information for schools, use community opinion leaders e.g. mothers, kuia etc.</b></p>	<p>We recognise that many health professionals and health providers have a role to play in promoting health messages.</p> <p>We already use a variety of non-traditional channels in some of our campaigns (e.g. a Pacific Island church as part of One Heart Many Lives), and will consider other avenues to promote health messages.</p>	<p>Work with communities to explore effective ways of communicating health messages and to improve access to, and optimal use of, medicines.</p> <p>Continue to explore innovative approaches to promoting health messages.</p>
<p><b>Develop resources with simple messages – including patient-friendly summaries of NZ Guidelines.</b></p>	<p>We do develop information for consumers through Access and Optimal Use campaigns, and for specific purposes (for example, as part of brand changes). Campaign materials are usually based on best-practice guidance such as documents produced by the NZ Guidelines Group.</p>	<p>Continue to develop high-quality, plain language information for consumers.</p>

## 6. Greater focus on optimal use and reducing inequalities

Forum comment	PHARMAC response	Action
<p><b>Develop better education resources for patients and health professionals.</b></p>	<p>PHARMAC's educational role is primarily aimed at ensuring clinicians and patients have information to ensure medicines are used optimally.</p>	<p>Continue funding for health professional training services.</p>
	<p>PHARMAC already funds some services to provide information and training for health professionals, for example funding bpacNZ and the Seminar Series.</p>	<p>Continue providing resources for patients and health practitioners.</p>
<p><b>Develop a national drug formulary with consumer information on all medicines.</b></p>	<p>This is a project we are currently working on with stakeholders, including the Ministry of Health.</p>	<p>Continue working with other stakeholders on the development of a National Formulary.</p>
<p><b>Share information with DHBs and establish more partnerships.</b></p>	<p>Building effective and collaborative working relationships across the sector is identified as one of the actions under Medicines New Zealand. PHARMAC is committed to doing this and we have already begun to strengthen our relationships within the sector.</p>	<p>Develop Memoranda of Understanding with DHBs.</p>
	<p>PHARMAC has a special relationship with DHBs and will be moving to formalise this through the development of Memoranda of Understanding.</p> <p>We will also continue to take a collaborative approach with DHBs around Access and Optimal Use campaigns.</p>	<p>Work with other agencies in the sector to ensure a cohesive and co-ordinated approach to optimal use activities.</p>

## 6. Greater focus on optimal use and reducing inequalities

Forum comment	PHARMAC response	Action
<p><b>Provide information to let people know what is happening across the country (and ensure nationally consistent use of medicines).</b></p>	<p>A number of agencies across the medicines system are responsible for optimal use of medicines activities. Medicines New Zealand provides a platform to bring these agencies together to ensure that medicines are used effectively.</p> <p>As part of responding to <i>Medicines New Zealand</i>, we will be participating in work to better co-ordinate optimal use activities across the sector, and working more closely with District Health Boards.</p> <p>We have already conducted some work in this area, for example through our We Can Make a Difference workshops.</p>	<p>Work with other agencies in the sector to ensure a cohesive and co-ordinated approach to optimal use activities.</p>
<p><b>Funding 'discharge' prescriptions that people collect when leaving hospital.</b></p>	<p>Currently people pay more for discharge prescriptions than they do for those that are prescribed by a health practitioner in their PHO. The Ministry of Health, rather than PHARMAC, reimburses prescribers for prescriptions.</p> <p>The Ministry has recognised the desirability of consistency in prescription costs and states in <i>Medicines New Zealand</i> that it "will look to extend the Primary Health Care Strategy initiative that introduces reduced prescription charges to people moving from secondary health care services back into the community". Funding for secondary and after-hours prescriptions was included in Budget 2008 through the Primary Health Care Strategy.</p>	<p>No action is proposed by PHARMAC.</p> <p>Reduced prescription charges will be implemented in the near future.</p>

# Forum feedback

## Next steps

The Forum was a new initiative for PHARMAC and we were aware that, having started down this path, there would be raised expectations on us to deliver. However, that's a challenge we're willing to accept and we hope that in the coming months people will see our commitment to change demonstrated in tangible ways.

The feedback we received has been extremely valuable and we have taken care to capture and summarise it carefully. It will be used to inform our activities into the future.

Our Statement of Intent will be published later this month and will be a further step in defining PHARMAC's activity around stakeholder engagement. There will be close alignment between our SOI and the intentions and activities outlined in this document.

We will be holding a further PHARMAC Forum in the coming financial year, and this will involve a report-back to a broad spectrum of stakeholders on the progress PHARMAC has made, and will provide an opportunity to raise any further issues.

We look forward to that and to also having more face-to-face contact with stakeholders to improve our mutual understanding.