

Our place in the medicines system

Our roles

As a medicine funder and decision-maker, PHARMAC plays a role within the New Zealand Medicines System, which is a subset of the health system. Our effectiveness depends significantly on the work of others. We need pharmaceutical companies to supply effective products; Medsafe to approve medicines for use; and we rely on optimal prescribing decisions, dispensing services and consumer use to get the best health outcomes from medicines.

Medicines New Zealand is the Government's strategy for the medicines system. It defines three main outcomes for the medicine system:

- Access: New Zealanders have access to the medicines they need, including equity of access to medicines;
- Optimal Use: medicines are used to their best effect; and
- Quality: medicines that are safe and effective.

Medicines New Zealand

Medicines New Zealand provides an overall framework for PHARMAC's operations. The strategy, published in 2007, is intended to inform decision-making over the long term and to deliver a world-class medicines system for New Zealanders.

The strategy was accompanied by an action plan, *Actioning Medicines New Zealand*. We're committed to implementing the work identified in *Actioning Medicines New Zealand* to ensure the aims of the strategy are met.

PHARMAC has completed some of the projects initially identified in *Actioning Medicines New Zealand*, including:

- Reviewing the Terms of Reference of the Pharmacology and Therapeutics Advisory Committee (PTAC) – completed 2009.
- Reviewing the Terms of Reference of the Consumer Advisory Committee – completed 2010.
- Review of funding restrictions including Special Authority – under way and ongoing.
- Establish a regular Forum for consumers and other stakeholders to comment on PHARMAC's operations – established 2007, held every two years.

In addition, the 2009 update of the plan included the following actions for PHARMAC:

- continuing to improve PHARMAC's consumer engagement processes
- implementing improvements in the process for setting and managing the Community Pharmaceuticals Budget

- exploring the possibility of PHARMAC having a greater role in the medicines system, particularly hospital medicines, vaccines, and some medical devices
- considering the recommendations of the high-cost, highly specialised medicines panel on mechanisms to improve access to high-cost, highly specialised medicines (including a review of Exceptional Circumstances schemes).

Our relationships and accountabilities

We interact with a wide range of organisations in the health sector.

Minister of Health

We report directly to the Minister of Health. The Minister is ultimately responsible for PHARMAC's performance and, among other things, appointing the PHARMAC Board and setting expectations of PHARMAC.

Parliament and MPs

The Minister is accountable to Parliament for PHARMAC's actions and must respond to Parliamentary Questions, while performance is also scrutinised by Parliament's Health Select Committee.

District Health Boards (DHBs)

DHBs hold the funding for most health services provided by the Government, including the Combined Pharmaceutical Budget. To manage this budget, PHARMAC works on behalf of DHBs to negotiate prices for medicines, set subsidy levels and conditions, and ensure spending stays within budget.

PHARMAC has negotiated prices (and other supply terms) for some hospital medicines on behalf of District Health Boards since this new function was agreed to in 2001. These are listed in Section H of the Pharmaceutical Schedule. In 2010, the Government supported expanding this role to encompass all hospital medicines, so that in future PHARMAC will assess and negotiate nationwide supply terms for all hospital medicines.

As with community and cancer medicines, DHBs will continue to hold funding for hospital medicines.

Ministry of Health

The Ministry acts on behalf of the Minister, in monitoring PHARMAC's performance.

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Sector Services (formerly HealthPAC)

Sector Services is the Ministry of Health's claims processing unit, responsible for paying pharmacists for subsidised medicines on behalf of DHBs. Sector Services also processes Special Authority applications for medicines with subsidy access criteria.

Medsafe

Medsafe decides which pharmaceuticals are safe and effective for New Zealanders to use (often called 'medicines regulation'). We usually consider a medicine for subsidy only after it has been approved by Medsafe. Medsafe's web address is: <http://www.medsafe.govt.nz/>.

CARM

The Centre for Adverse Reactions Monitoring (CARM) in Dunedin is New Zealand's national monitoring centre for adverse reactions. CARM's web address is: <http://carm.otago.ac.nz>.

Health Sector Forum

The Government has created new bodies to perform functions following recommendations in the 2010 Ministerial Review Group report. These and other organisations (including PHARMAC) are brought together by the Ministry of Health as the Health Sector Forum. PHARMAC has important inter-linkages with these organisations:

- **Health Benefits Ltd (HBL)** – HBL is a Crown-owned company established to reduce costs and deliver savings in administrative, support and procurement services for the health sector.
- **Health Quality and Safety Commission** – The Health Quality & Safety Commission is a Crown entity that works with clinicians and providers of health services to improve the quality and safety of health and disability services.
- **National Health Committee** – This is an advisory committee to the Minister, providing independent advice on a broad spectrum of health and disability issues.
- **National Health Board** – The National Health Board was established in November 2009 as a business unit of the Ministry. Its role is to overcome the challenges facing our health system and improve the quality, safety and sustainability of health care, for New Zealanders.
- **IT Health Board** – The IT Health Board is part of the Ministry and provides leadership on the implementation and use of information systems across the Health and Disability Sector.

Clinicians and other prescribers

Clinicians, specialists and nurses (as well as other prescribers) are the health professionals who put the Pharmaceutical Schedule into practice.

Medical groups

We regularly meet with medical groups and seek their input through our consultation processes. We also work alongside some medical groups in developing our Access and Optimal Use activities.

Pharmacists

Pharmacists dispense prescriptions and advise patients on how and when to use the prescribed medicine. As with prescribers, we rely on feedback from pharmacists on the practicality of Schedule changes.

Consumer and patient groups

We are in regular contact with patient and consumer groups and welcome dialogue on medicine funding, or other issues. To make sure we are asking the right questions of the right people, we take advice from our Consumer Advisory Committee on our engagement plans and practices.

Pharmaceutical companies

We rely on pharmaceutical companies to provide medicines for New Zealanders. In most cases, when we fund a medicine we agree a supply contract with the company. In addition to supplying medicines, pharmaceutical companies are required to provide information on how a medicine works, its interactions and side effects. This information, which is provided both for clinicians and consumers, is available through Medsafe.

Contacting Us

Call us on **0800 66 00 50** (between 9am and 5pm, Monday to Friday),
Write to us at: **PHARMAC, PO Box 10 254, Wellington** – we respond to all letters
Email us at enquiry@pharmac.govt.nz – we respond to all emails

Information Sheets on various PHARMAC topics are available from our website: www.pharmac.govt.nz/patients/infosheets
If you have specific areas of interest (such as consultations, committees or vacancies), visit our website and subscribe to news feeds in the area(s) of interest to you: <http://pharmac.govt.nz/feeds>

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