

22 August 2024

Hon David Seymour
Associate Minister of Health
Parliament Buildings
Wellington

Dear Minister

Annual Letter of Expectations for Pharmac for 2024/25

Further to my letter of 17 June 2024, please find attached information on how we intend to meet your expectations for 2024/25 and how we will report our progress.

I would be pleased to discuss this with you further and am happy to provide more information on any of the areas outlined.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paula Bennett', with a stylized flourish at the end.

Hon Paula Bennett
Board Chair

How Pharmac will meet its 2024/25 Expectations

Organisational Culture (and collaboration)

Expectation	How we plan to meet the expectation	How we will report
<p>1 Partnership work is strengthened to ensure stakeholders understand how Pharmac operates, that its legitimacy, credibility, and trust is enhanced, and that all feedback and ideas are dealt with respectfully and valued</p>	<p>Our 2024/25 Statement of Performance Expectations outlines our commitments to strengthening engagement and collaboration (through our engagement strategy); improving the transparency of our assessment and decision-making; and enhancing our website - making it easier for New Zealanders to find the information they are looking for.</p>	<p>We will report on progress through our quarterly performance reporting – and against annual performance measures for both public trust, and Māori trust and confidence in Pharmac (Annual Report).</p>
<p>2 Priority is given to identifying and pursuing any opportunities to work collaboratively and collectively with other entities, government and non-government, where this partnership will result in process improvements, health gains, or enable efficiencies</p>	<p>Our 2024/25 Statement of Performance Expectations outlines our commitments to improving stakeholder input (eg through our external advisory committees); strengthening engagement and collaboration with the health sector; and seeking opportunities to enhance international collaboration.</p> <p>We will also work with Government to identify and pursue opportunities to progress areas with a potential strong return of investment (such as for hospital medical devices)</p>	<p>We will report on progress through our quarterly performance reporting and in our Annual Report.</p>
<p>3 Pharmac regularly reports to me on how it is tracking in relation to organisational culture and stakeholder sentiment, and what actions are being undertaken to address any issues identified.</p>	<p>Commitments made in our 2024/25 Statement of Performance Expectations include a refresh of our People and Capability strategy.</p> <p>We also use engagement surveys to track internal culture.</p>	<p>We will report on progress through our quarterly performance reporting – and against annual performance measures for both public trust, and Māori trust and confidence in Pharmac (Annual Report).</p> <p>We would be pleased to report progress to you at regular intervals and/or on request.</p>

4	Executive staff are providing the right information to enable the Board to make strategy decisions, and to undertake assessment and learning activities to improve the performance of your Board members in their important role.	An annual Board meeting agenda is in place which summarizes for the year the priority areas of focus for each Board meeting, key items and regular reports to be considered by the Board. The Board undertakes an annual self-assessment to identify opportunities for improvement	Progress will be reflected in our Board meeting papers. You meet regularly with the Board Chair and Chief Executive, and this provides opportunity for discussion on relevant issues.
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Role of Pharmac

	Expectation	How we plan to meet the expectation	How we will report
5	How the current statutory objectives and functions of Pharmac could be updated to ensure that the organisation is operating in a way which ensures the optimisation of health outcomes which can be provided by medical technologies.	We will work with the Ministry of Health to explore opportunities for updating the legislation with respect to Pharmac. We have also updated key aspects of our 2024/25 Statement of Performance Expectations, giving greater effect to focusing on the health need of priority populations (strategic priorities) and exploring options for updating the funding model (Assessment & Decision-making priority).	Work with the Ministry of Health to provide input as required. Ministerial briefings as required.
6	Would New Zealand's needs be better served by a clear delineation of the roles of value assessment and procurement in the area of medical technologies.	We would be pleased to explore and discuss opportunities for improvement. Our 2024/25 Statement of Performance Expectations also outlines a commitment, through the Enhanced Assessment and Decision-making strategic priority, to explore funding model options. This will include reviewing international models and best practice for assessment and procurement.	Ministerial briefings as required.

7	The role that Pharmac is playing in the value assessment and procurement of medical devices.	<p>We are working to apply the full Pharmac model to maximise health benefits for New Zealanders for hospital medical devices. Our 2024/25 Statement of Performance Expectations outlines our commitments for hospital medical devices for the year ahead.</p> <p>We are working with the Ministry of Health on the provision of advice to Ministers.</p>	<p>We will report on progress through our quarterly performance reporting and in our Annual Report.</p> <p>Ministerial briefings as required.</p>
8	How can Pharmac put forward medical technology budget requests to its responsible Minister in a manner which maintains independence but supports additional investment.	We will work with you, the Ministry of Health's Vote Health team and Treasury to identify opportunities for improving budget request in the lead up to Budget 2025.	Through Ministerial briefings as required and Vote Health correspondence as required.

Methods and Processes

Expectation		How we plan to meet the expectation	How we will report
9	Has appropriate processes and methodologies for ensuring that those living with a disease, and their carers and families, can participate and provide input into the decision-making processes. This should include the involvement of patient groups.	<p>Our 2024/25 Statement of Performance Expectations outlines our commitment, through the Enhanced Assessment and Decision-making strategic priority, to ensure stronger input to our assessment and decision-making processes. This includes capturing the voices of consumers and those with lived experiences.</p> <p>We are planning to progress a series of consumer focused workshops by the end of 2024 to explore options for increasing patient voice and engagement across our work.</p>	We will report on progress through our quarterly performance reporting and Annual Report.
10	Continues to act in accordance with the <i>Code of expectations for health entities' engagement with consumers and whanau.</i>	In line with our <i>Engagement Strategy</i> we are aligning our practice to accord with the <i>Code of expectations for health entities' engagement with consumer and whanau.</i>	We will report our consumer engagement score (drawn from the self-assessments) in our Annual Report. This is a newly established annual performance measure for Pharmac.

		To support this work, we will also undertake two self-assessments against the code in 2024/25 – as outlined in our 2024/25 Statement of Performance Expectations.	We will report on progress through our quarterly performance reporting
11	Reports publicly, at a minimum annually, on how it is progressing in relation to numbers 9 and 10 above.	Pharmac will report the progress of both initiatives in our Annual Report (published at year end and tabled in Parliament) and quarterly performance reports (published on the Pharmac website).	Progress to be reported in our quarterly performance reporting and Annual Report.
12	Updates its decision-making and evaluation models to include the wider fiscal impact of funding or not funding a medicine or medical device to the whole of government and has tools to consider the wider societal impact.	<p>We intend to work with your office and the Ministry of Health to both understand the changes sought, discuss options that are available, and develop a suitable work programme to take this work forward.</p> <p>In the meantime, our 2024/25 Statement of Performance Expectation outlines our commitment, through the Enhanced Assessment and Decision-making strategic priority, to explore options for how the funding model can:</p> <ul style="list-style-type: none"> • take into account positive fiscal impacts for the Crown • benefit from wider assessment of societal impacts. 	Via briefings, as required, to the Minister.
13	Publishes in a timely manner agendas and minutes for all meetings of the Board, advisory committees, and other relevant groups.	<p>Our 2024/25 Statement of Performance Expectation outlines our commitment, through the Enhanced Assessment and Decision-making strategic priority, to make our assessment and decision-making processes faster.</p> <p>We also report an annual performance measure on the average time to publish Pharmacology and Therapeutics Advisory Committee (PTAC) and sub-committee records.</p>	<p>We will publish information regularly on Pharmac’s website.</p> <p>We will report on progress through our quarterly performance reporting and Annual Report.</p>
14	Publicly provide reporting on timeliness from the receipt of an application for a medical technology, its assessment period, and then placement on one of the three priority lists.	Pharmac reports an annual performance measure on the “time to assess and rank applications”. This measure will be reported publicly.	We will report on progress through our quarterly performance reporting and Annual Report.

Health System Priorities

Expectation	How we plan to meet the expectation	How we will report
15 Outline how you will give effect to the Government Policy Statement on Health 2024 – 2027 (GPS).	Our 2024/25 Statement of Performance Expectations aligns with the GPS.	We will report on progress through our quarterly performance reporting and Annual Report.
16 Consider how you can support the progress against the Government’s targets in focus areas. I note that improving child immunisation rates will be critically dependent on Pharmac’s role in vaccines.	<p>In line with the GPS, Pharmac will help Government:</p> <ul style="list-style-type: none"> • deliver <i>Objective 1.5: Faster access to medicines and devices</i> – through improving the timeliness of processes related to accessing medicines • deliver <i>Objective 3.3 Strengthen processes for quality improvement</i> – through enhancing the Pharmac model • work alongside the sector to deliver the broader objectives identified (eg for Workforce and Infrastructure related priorities) <p>Our 2024/25 Statement of Performance Expectations outlines our commitment to participating in cross sector activity to support Government immunisation priorities.</p>	We will report on progress through our quarterly performance reporting and Annual Report.
17 Work with Health New Zealand as it develops the New Zealand Health Plan.	Pharmac is currently working alongside and providing input to the development of the NZ Health Plan.	Work with Health NZ to provide all reporting obligations as required
18 Work with the Ministry of Health as it develops the rare disorders strategy.	We will work with the Ministry of Health to support implementation of actions from the Rare Disorders Strategy	Work with the Ministry of Health to provide all reporting obligations as required.

Accountability

Expectation		How we plan to meet the expectation	How we will report
19	Draft a new Statement of Performance Expectations for 2024/25, with a revised draft to be provided to your contact at the Ministry of Health by 1 July 2024.	A revised 2024/25 Statement of Performance Expectations was provided to you and the Ministry for Health by 30 June 2024.	Provide 2024/25 Statement of Performance Expectations by 30 June 2024.
20	An update to your Statement of Intent to reflect the new priorities of this Government. An updated Statement of Intent should be provided to your contact at the Ministry of Health by 31 October 2024.	A revised Statement of Intent will be provided to you and the Ministry for Health by 31 October 2024.	Engagement with you and Ministry of Health will be undertaken in the July to September 2024 quarter.
21	Continue to outline how Pharmac is implementing the 2022 Pharmac Review including implementation timelines.	<p>Pharmac has worked to integrate the recommendations from the 2022 Pharmac Review (specifically focusing on actions agreed in the formal Government response) within its 2024/25 Statement of Performance Expectations.</p> <p>This provides strong public accountability against the commitments made – with progress reporting reflected in Pharmac’s statutory reporting obligations.</p>	We will report on progress through our quarterly performance reporting and Annual Report.