

## Assessing societal impacts (pilot programme) – investment in medicines budget

Category	New initiative					
Description:						
	\$m – increase/(decrease)					
Funding (\$m)	2024/25	2025/26	2026/27	2027/28	2028/28 & outyears	Total over the forecast period
Total operating	-	8.070	11.050	13.700	16.080	48.900
Total capital	-	-	-	-	-	-

### What the initiative is buying

This initiative will ...

- Support Pharmac to undertake a pilot programme to assess the wider societal impacts from funding medicines.
- Increase the medicines budget to provide more medicines for more New Zealanders as part of the pilot programme.
- Help Pharmac to refine and adapt its methods and processes to ensure it has the tools to consider societal impacts when assessing medicines.

### Expected impacts

This funding will...

- Enable more new medicines to be funded for more New Zealanders.
- Estimated number of patients positively impacted will be 2,300 in year one rising to 6,200 by year four.

### Expected outcomes

This funding will

- Provide health benefits for the different patient groups impacted by the newly funded medicines.
- Have positive societal and economic impacts (eg improved productivity) from funding new medicines.

### Key population groups

- The initiative will have positive impacts on the different patient groups with the health conditions.
- The initiative will impact patient groups with high health needs.

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### **Alignment with the Government Policy Statement on Health (GPS) 2024–2027**

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- 'Continue to develop Pharmac's model to ensure patient voice and wide-ranging societal consequences are taken into account' is a specific action for Pharmac in the GPS 2024-2027.

Through increased access to new medicines, this initiative:

- Contributes to improved health outcomes and broader social outcomes are supported by good health, such as employment.
- Improves quality of life through improved access to medicines.
- Contributes to the health system's financial sustainability as improved access is more effective in limiting preventable escalation of health issues.

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### **Alignment with Government targets**

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- N/A

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### **Broader government impact**

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- Support delivery of effective and fiscally sustainable public services.
- Supports government's priority to accelerate implementation of social investment.
- Coalition agreement with ACT to 'update Pharmac's decision making model to ensure it appropriately takes patient voice into account and reform the funding model to account for positive fiscal impacts on the Crown of funding more medicines'.
- Coalition agreement with NZ First to 'increase funding for Pharmac every year'.

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### **Regulatory / legislative impact**

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- None.

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### **Key messages**

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- Pharmac's current approach for assessing new medicines is undertaken from a healthcare perspective.
- The pilot programme enables Pharmac, health sector and other agencies to assess and better understand potential new approaches in line with Ministerial expectations to consider wider societal impacts.
- The Government are committed to fund more medicines for more New Zealanders.
- Pharmac has made significant progress over recent months to increase access to more funded medicines following Government funding boost of \$604 million over years.
- Pharmac's medicines budget will be a record \$1.XXX billion in 2025/26.

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### **Q&A**

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#### **Which of the Budget priorities does this initiative support and how?**

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- Delivering effective and fiscally sustainable public services.

#### **Why is the Government not providing more funding for the medicines budget?**

- There are always more medicines to fund than available budget.
- In June 2024 the Government provided funding of \$604 million over four years to increase the medicines budget.
- Pharmac has funded X new medicines and widened access to X medicines to date, benefitting XX,000 New Zealanders.

#### **How will this initiative be implemented?**

- Pharmac will through its usual assessment and decision-making processes fund a small number of medicines that as well as health benefits will have wider societal impacts.
- They have engaged international experts from the Netherlands to support their assessment of the medicines from a societal perspective.
- Pharmac will undertake an initial evaluation after 12 months to measure whether the funded medicines had the forecasted societal impact (or not).
- Undertaking a pilot programme enables Pharmac to understand and assess the value and wider societal impacts of funding a small number of medicines when considered alongside Pharmac's current assessment model.
- The pilot will also help inform broader work underway by Pharmac on how societal impacts could be considered when assessing medicine applications and subsequent funding.

#### **What are the expected benefits for people?**

- There will be health benefits for people with the health conditions that the medicines impact.
- This will improve people's quality of life.

#### **Why is it not possible to measure societal impacts using medicines already funded?**

- Significant workload to retrospectively assess the thousands of medicines that are funded.
- Pharmac are using the pilot to adapt and refine its methods and processes to ensure it has the tools to consider societal impacts when assessing medicines.
- Availability of data (or lack of) across government to measure societal impacts.

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#### **Key costing assumptions**

Current forecasted costs of small number of medicines based. Actual costs may change pending final negotiations and confirmation of contractual agreements with suppliers.

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#### **Risks and mitigations**

Risks	Mitigations
Implementation across the health and disability sector	Early engagement and collaboration with the health sector to understand if there are any implementation issues (eg workforce, capacity).

Availability of data to fully measure impacts	Work with the Social Investment Agency and/or Ministry of Health to develop a measurement framework using such tools as the Integrated Data Infrastructure (IDI) so that broader benefits including increased productivity can be monitored alongside health improvements.
Continuation costs and activities (and/or transformation) subsequent to the pilot programme, should Government wish to fully adopt a societal impacts approach for Pharmac's assessment and decision-making	Pharmac to undertake impact assessment to better understand impacts of fully adopting a societal impact approach to its assessment and decision-making.

- Are any policy decisions required, i.e., whether a Cabinet is required to start or significantly change a programme? No
- Is Budget night legislation is required? No

#### Key contacts

Michael Johnson, Director Strategy, Policy and Performance, Pharmac – 021 870 190

#### To help with consistency across templates, please apply the following:

- Answers should be succinct, between 1 – 4 bullet points.
- Size 10, Segoe UI
- Overall costs to be presented in \$m, decimal points to 3 DP
- Please avoid acronyms where possible
- Health NZ (rather than HNZ or Health New Zealand)
- If talking about costs, please specify whether the amount is a total over the forecast period or per annum figure. Where possible, please use the forecast period figure (total costs out to 2028/29)

## Annex 1: Budget 2025 Cost Pressures and New Spending Template

### Section 1: Overview

Section 1A: Basic initiative information										
Initiative title (max 120 characters)	Assessing Societal Impacts (Pilot Programme) – Investment in Medicines Budget.									
Lead Minister	Hon David Seymour	Agency	Pharmac							
Initiative description (max 800 characters)	This initiative supports Pharmac to undertake a pilot programme to assess the wider societal impacts of funding a small number of medicines.									
Priority Area (PA) Objective	<input checked="" type="checkbox"/> New Spending Commitments	<input type="checkbox"/> Capital Investments								
	<input type="checkbox"/> Cost Pressures	<input type="checkbox"/> Capital Cost Escalation								
	<input type="checkbox"/> Performance Plan Scrutiny									
Is this a cross-Vote initiative?	No	If yes, indicate which other Votes are affected								
Does this require legislative change?	No									
Agency contact	Name: Phone: Email:		Treasury contact (Vote Analyst)	Name: Phone: Email:						
Section 1B: Summary of funding profile										
Operating costs associated with initiative (\$m)										
2024/25	2025/26	2026/27	2027/28	2028/29 & outyears*	Total					
-	8.070	11.050	13.700	16.080	48.900					
*For irregular outyears, add additional rows above to display the full profile of the initiative. Delete "& outyears" for time-limited funding. See the Budget 2025 Uploading Initiatives to CFISnet for more information on entering outyears into CFISnet.										
Capital costs associated with initiative (\$m)										
24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	31/32	33/34*	Total
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
*Extend the profile above if funding is needed beyond 2033/34.										

## Section 2: Alignment and options analysis

There are **specific sections to complete based on the PA Objective** of the Initiative (feel free to delete non-relevant sections of the template):

- Cost Pressures, Capital Cost Escalations and Performance Plan Scrutiny: **Section 2A and 2C**
- New Spending Commitments and Capital Investments: **Section 2B and 2C**

### Section 2B: Problem definition – New Spending

The answer to each question must not exceed 1-2 paragraphs

<p><b>What is the problem that this initiative is trying to solve and why does it need to be solved now?</b></p>	<p><i>Describe the problem the initiative is trying to solve by outlining its root cause(s) and consequence(s), and explain why the problem needs to be solved now. The problem should be framed in terms of current and/or future outcome(s) for New Zealanders.</i></p> <p><i>The investment enables Pharmac, through a pilot programme, to understand and assess the value and wider societal impacts of funding a small number of medicines when considered alongside Pharmac's current assessment model.</i></p> <p><i>The initiative is in line with Government expectations (via Minister's 2024/25 Letter of Expectations) to consider the wider fiscal impact of funding or not funding a medicine to the whole of government, and the wider societal impacts.</i></p> <p><i>Describe the existing arrangements for the asset or service, including (where applicable):</i></p> <ul style="list-style-type: none"> <li>- How services are currently organised and provided;</li> <li>- The associated throughput, turnover, and existing cost; and</li> <li>- Current asset or service availability, utilisation, and condition.</li> </ul> <p><i>Agencies should be able to demonstrate why the existing arrangements (if there are any) are insufficient to address the problem outlined above.</i></p> <p><i>Pharmac's current assessment is undertaken from a healthcare perspective. Pharmac consider costs and benefits of a proposed medicine within the health system including hospital and primary health care costs and savings.</i></p> <p><i>To broaden that assessment to consider wider societal impacts would require investment and change in Pharmac's core methodology, tools, and decision-making frameworks.</i></p> <p><i>Undertaking a pilot programme enables Pharmac to understand and assess the value and wider societal impacts of funding a small number of medicines when considered alongside Pharmac's current assessment model. This will also help inform broader work underway by Pharmac on how societal impacts could be considered when assessing medicine applications and subsequent funding.</i></p> <p><i>Outline specifically what needs to change or be improved (relative to existing arrangements) to address the problem.</i></p> <p><i>To undertake the pilot programme, Pharmac would select a small number of medicines on its Options for Investment (OFI) List (a confidential prioritised list of potential medicine investments) that would likely have a broader societal impact. Additional medicines budget funding (via the Combined Pharmaceutical Budget) will be required to fund the new medicines. Due to commercially sensitive nature of Pharmac's OFI, Pharmac cannot disclose the specific medicines being considered.</i></p> <p><i>Once funded Pharmac would look to evaluate and measure whether the medicines had the forecasted societal impact/outcomes (or not). Pharmac only received the assessment report from the Dutch team on 24 December 2024 and are in the process of analysing information provided to inform options for evaluating the pilot programme.</i></p> <p><i>What is the rationale for central Government intervention and how does the initiative/investment proposal fit with the Agency's mandate, and is the Agency the best one to deliver this intervention?</i></p>
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## BUDGET-SENSITIVE

	<p>Is another organisation (e.g., NGOs, iwi/Māori organisations, private sector) better placed to deliver this initiative, and are there alternative funding arrangements that should be considered?</p> <p>What are the implications of this initiative for the operational/service delivery aspects of the agency?</p> <p>Societal impact or outcomes refers to the effect an organisation's actions have on the wellbeing of the wider community. It involves making a positive difference in society, such as improving health, education, and/or the environment. The impact may be positive or negative, intended or unintended, and may occur directly or indirectly. It may not be possible to directly attribute impact to an intervention, program or organisation, or medicine/medical device, however it may be possible and relevant to build a compelling argument for contribution towards an impact through a combination of direct and indirect evidence.</p> <p>This innovative pilot approach supports the Government's approach to accelerate the implementation of social investment. The initiative is in line with Ministerial expectations for Pharmac to consider wider societal impacts as part of its assessment and decision-making processes.</p> <p>What key partners/stakeholders/customers (including other relevant Agencies, and iwi and Māori) have been engaged to understand the problem and develop the initiative? How have you worked with them and how has their input affected the understanding of the problem? You may wish to reference here the <a href="#">key principles of He Ara Waiora</a>. What was the rationale for the level of engagement and are there any risks arising from this?</p> <p>The pilot programme is the only initiative, thus far, within the health and disability system to explore a wider social investment-based approach. Early engagement is underway with the Social Investment Agency and Ministry of Health. The initiative will require collaboration with the health sector to support the practical implementation of funding the medicines as well as how we will assess the and measure the impact of funding the new medicines.</p>			
<b>Alignment to Government Priorities</b> (if alignment to multiple Priorities is possible, select the most relevant)	<input type="checkbox"/>	Addressing the rising cost of living	<input checked="" type="checkbox"/>	Delivering effective and fiscally sustainable public services
	<input type="checkbox"/>	Building for growth and enabling private enterprise	<input type="checkbox"/>	Not Aligned
	How would this initiative deliver on the Government's priorities? Are there linkages or dependencies with other priorities?			
<b>Does this initiative relate to one of the Government's focus areas for Budget 2025?</b>	<input type="checkbox"/>	Economic Growth (invitation only)	<input checked="" type="checkbox"/>	Not Applicable
<b>Section 2C: Options analysis</b>				
The answer to each question must not exceed 1-2 paragraphs				
<b>What was the range of options considered?</b>	<p>Briefly summarise other options considered (including non-funding options), and describe whether and how each shortlisted option would affect the service or asset would achieve the initiative's intended outcome under existing policy settings.</p> <p>For cost pressures, please indicate whether delivery via a another organisation (e.g., NGOs, iwi/Māori organisations, private sector), or other alternate funding arrangements or policy changes were considered.</p> <p>Pharmac's current approach for assessing potential new medicines is undertaken from a healthcare perspective. We have no experience of taking into account predicted impacts beyond the healthcare system. The pilot programme enables Pharmac, health sector and other agencies to assess and better understand potential new approaches in line with Ministerial expectations to consider wider societal impacts.</p>			



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	<p>There are no other feasible options. The pilot will require additional funding for the medicines budget (Combined Pharmaceutical Budget) as without this funding Pharmac would have to reprioritise expenditure from other planned medicines investment. This would mean Pharmac would be unable to meet commitments made following the funding uplift of \$604 million over four years made by the Government in June 2024.</p>
What was the process used to select the preferred option?	<p>This section should detail the framework and process for determining the preferred option. Describe:</p> <ul style="list-style-type: none"> <li>- Analyses, methodologies and/or frameworks that were used to evaluate other options – you may wish to attach any further options analysis, cost benefit analysis, and/or climate impacts analysis, and set out any He Ara Waiora and/or Living Standards Framework considerations.</li> <li>- How engagement/consultation with partners/stakeholders/customers (including iwi and Māori) informed the identification and quantification of costs and benefits. If you have not engaged, please identify why you have not done so.</li> <li>- What sensitivity analysis was undertaken and how did it influence the choice of preferred option?</li> <li>- If a Detailed Business Case has not been provided for a capital investment, explain why not, and describe the proposed investment pathway to undertake options analysis.</li> </ul> <p>To prepare for the pilot programme, Pharmac explored international approaches to health assessment that adopted a wider societal impacts approach. We have now received expert feedback to help inform our future approach.</p> <p>Pharmac has also engaged experts from the Netherlands, who are the only country in the world that have been assessing societal impacts as part of its funding of medicines for a number of years, to test the wider costs and benefits associated with a small number of medicines.</p> <p>For each medicine, the Dutch team are modelling predicted impacts on productivity and informal caregiver costs using the information Pharmac provided and other information they are gathering in line with their procedures.</p> <p>Pharmac received the assessment report from the Dutch team on 24 December 2024 and are in the process of analysing information provided to inform next steps for both Pharmac Board consideration and to align with Budget 2025 timelines and process.</p>
Interaction with savings proposals	<p>Please describe any interdependencies or interactions with savings proposals submitted through Budget 2025.</p> <ul style="list-style-type: none"> <li>- Does the continued delivery of this activity in its current form hinge on the continuation of a function proposed as a savings measure?</li> <li>- Does the delivery of the new activity depend on the continuation of a function or workforce proposed as a savings measure?</li> </ul> <p>If relevant, please indicate the relevant savings initiative.</p> <p>There is no interaction with savings proposals. Pending the future assessment of the pilot programme there may be wider societal impacts benefits or savings.</p>

## Section 3: Costs and Benefits Analysis

**All initiatives** need to complete section 3A and 3B.

**All initiatives except those submitted by:**

- agencies provided with an envelope, or
- economic growth initiatives that are asked to provide a fiscally neutral option

are required to complete section 3C.

### Section 3A: Benefits and non-fiscal costs

The answer to each question must not exceed 1-2 paragraphs.

What outcome(s) would the initiative achieve?	What are the identifiable and measurable social, economic and/or environmental benefits and costs associated with this initiative? Describe how the expected benefits will be realised.
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	<p>Are there specific populations that this initiative is intended to serve?</p> <p>What is the specific impact or difference that funding this initiative will achieve? How likely is it that these outcomes will be achieved? What are the risks to this not being achieved?</p> <p>What are the risks associated with this initiative (e.g. non-fiscal costs/potential unintended consequences) and how will these be avoided or mitigated)?</p> <p>The pilot programme is expected to identify the health benefits for patients as well as how the proposed medicines may contribute to wider societal impacts, for example improved productivity. The pilot programme will also specifically help Pharmac to refine and adopt its methods and processes to ensure it has the tools to consider wider societal impacts when assessing medicines.</p>		
How will these outcomes be measured and evaluated?	<p>What does success of this initiative look like? What is the evaluation plan to measure the success of this initiative?</p> <p>The benefits and positive impacts noted above will be identified and reported as a part of the programme. To support this, we propose working with the Social Investment Agency to develop a measurement framework using such tools as the Integrated Data Infrastructure (IDI) so that broader benefits including increased productivity can be monitored alongside health improvements.</p> <p>We envisage that we will undertake an initial evaluation report after 12 months (pending data availability) with a more substantive report to follow. There is always a time-lag of at least 3 months for receipt of prescribing data which will be required to support any evaluation. Any form of evaluation within a shorter timeframe would be impractical.</p>		
Evidence and assumptions	<p>Provide key evidence (data/other information) and key assumptions to support the existence and timeframes of the identified benefits, including any gaps or uncertainties, including with the quality of evidence.</p> <p>For new spending proposals with a cost of \$100 million or more over the forecast period or if so directed, you must demonstrate value for money by a modelled cost benefit analysis (CBA). Except where an exception and alternative analysis has been agreed with your Treasury vote team, this should be monetised through the Treasury's CBAX model.</p> <p>For new spending proposals with a cost of less than \$100 million over the forecast period, you must identify impacts (costs and benefits) and to the extent feasible quantify and monetise these impacts. Again, monetisation should be implemented through the CBAX model.</p> <p>All new spending proposals should include:</p> <ul style="list-style-type: none"> <li>- intervention logic. That is, how does the proposal lead to the costs and intended benefits?</li> <li>- whether benefits exceed costs (whether monetised or not).</li> </ul> <p>In developing the initiative, Pharmac has assessed the number of patients that will be positively impacted by the programme (2,300 patients in year one – rising to 6,200 patients by year four). The health benefits and costs of the proposed pilot medicines have been established using Pharmac's health economic assessment process. The broader societal impacts, particularly on increased productivity and changes to the need for unpaid carers are being assessed in collaboration with health economists from the Netherlands who have been using their model for a number of years.</p> <p>Pharmac received the assessment report from the Dutch team on 24 December 2024 and are in the process of analysing information provided to inform next steps for both Pharmac Board consideration and to align with Budget 2025 timelines and process.</p>		
Climate impact	<input type="checkbox"/> Yes – emissions impacts (positive or negative)	<input type="checkbox"/> Yes – climate adaptation or resilience impacts (positive or negative)	<input checked="" type="checkbox"/> No impact
<p>Possible climate impacts (positive and negative) should be considered for all initiatives, not only those linked to climate objectives. In particular, this should describe:</p> <ul style="list-style-type: none"> <li>- the impact the initiative could have on our ability to achieve our emissions budgets and targets,</li> </ul>			

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- where possible, include a Climate Implications of Policy Assessment (CIPA) or, for those initiatives that do not meet the CIPA threshold outlined in CO (20) 3), quantification aligned with CIPA guidance, and/or
- how the initiative is expected to help mitigate or adapt to the physical impacts of climate change (e.g. storms, floods). For investments, indicate if these may be exposed to physical climate impacts (now or in the future) and how any significant impacts will be mitigated.

No impact to climate

### Section 3B: Expenditure profile and cost breakdown

The answer to each question must not exceed 1-2 paragraphs.

<b>Formula and assumptions underlying costings</b>	<p>What assumptions have been used to prepare the costings for this initiative? E.g. for new FTE, salary assumptions, role/seniority, associated overheads. See the Budget 2025 Guidance for common assumptions.</p> <p>If there is an inflation assumption, state the percentage here. Inflation adjustments should be entered as their own line(s) and specific to particular inputs in the expenditure profile template below. If there is a singular inflation adjustment line being entered, it should reflect the aggregate cost increase for all inputs (excluding demand changes), and not additional to increased costs for inputs.</p> <p>Inflation adjustments should only apply to the 2025/26 year, flatlining into future years, unless a different approach has been agreed with your Vote Analyst.</p> <p>For initiatives with personnel expenditure, please refer to and adhere to the guidance in the Budget 2025 Guidance. If your approach differs, please contact your Vote Analyst and the Public Service Commission (if relevant to bargaining or remuneration).</p> <p>An increase in funding for the medicines budget would be required to support the funding of new medicines. The assessment process and collaboration costs with experts in the Netherlands has been met within Pharmac's existing operational budget.</p> <p>Provide any formula that has been used to support the calculation of the costings. Alternatively, a spreadsheet of the costing that demonstrates the formula used to calculate the costing can be attached.</p>
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Provide a breakdown of existing and additional funding sought by individual expense category and agency. Add additional rows as appropriate for additional expense categories.

#### Operating expenses (\$m)

#### Existing operating funding (\$m)

Operating expense category	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears	Total
[Type of funding currently allocated or set aside in contingency. E.g. current baseline funding allocated.] – [Agency / Crown Entity etc.]	-	-	-	-	-	-

#### Operating costs associated with initiative (\$m)

Operating expense category	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears	Total
National Pharmaceuticals Purchasing (Medicines Budget)	-	8.070	11.050	13.700	16.080	48.900

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Inflation adjustment for [insert input] – [Agency / Crown Entity etc.]	[•]	[•]	[•]	[•]	[•]	[•]
Depreciation and/or capital charge (if relevant) – [Agency / Crown Entity etc.]	[•]	[•]	[•]	[•]	[•]	[•]
<b>Personnel expenditure (\$m) – please state impact at the initiative level</b>						
Net FTE funding	[•]	[•]	[•]	[•]	[•]	[•]
Net contractor/consultant funding	[•]	[•]	[•]	[•]	[•]	[•]
Net FTE and contractor/consultant overhead funding	[•]	[•]	[•]	[•]	[•]	[•]
<b>Total operating expenses (\$m)</b>	-	8.070	11.050	13.700	16.080	48.900
*Extend the profile above to a “steady state” if funding into outyears is irregular. Delete “& outyears” for time-limited funding.						
<b>FTE implications – please state impact at the agency level</b>						
	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears	
Total # of net FTEs at Pharmac (employees)	-	-	-	-	-	
Total # of net FTEs at [Agency / Crown Entity / etc.] (contractors/consultants)	-	-	-	-	-	
<b>Total # of net FTEs (employees and contractors/consultant) over the forecast period</b>	-	-	-	-	-	
<b>Additional occupation breakdown of FTE changes (count) over the forecast period</b>						
<b>Occupation</b>	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears	
Managers	[•]	[•]	[•]	[•]	[•]	
Policy Analyst	[•]	[•]	[•]	[•]	[•]	
Information Professionals	[•]	[•]	[•]	[•]	[•]	
Social, Health and Education Workers	[•]	[•]	[•]	[•]	[•]	
ICT Professionals and Technicians	[•]	[•]	[•]	[•]	[•]	
Legal, HR and Finance Professionals	[•]	[•]	[•]	[•]	[•]	
Other Professionals not included elsewhere						
Inspectors and Regulatory Officers	[•]	[•]	[•]	[•]	[•]	
Contact Centre Workers	[•]	[•]	[•]	[•]	[•]	

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Clerical and Administrative Workers	[•]	[•]	[•]	[•]	[•]
Other Occupations	[•]	[•]	[•]	[•]	[•]

**Would funding this initiative impact current employees?**

### Existing capital funding (\$m)

Capital expense category	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34*	Total
[Type of funding currently allocated or set aside in contingency. E.g. current baseline funding allocated.] - [Agency / Crown Entity etc.]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]

### Capital costs associated with initiative (\$m)

Capital expense category	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34*	Total
[Name of capital expense category] - [Agency / Crown Entity etc.]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
[Name of capital expense category] - [Agency / Crown Entity etc.]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
[Name/type of contingency] - [Agency / Crown Entity etc.]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
<b>Total (\$m)</b>	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]

\*Extend the profile above if funding is needed beyond 2033/34.

## Section 3C: Scaled and/or Reprioritisation Options to meet 75%, 50% and 25%

### Operating expenses (\$m)

Operating expenses and reprioritisation (\$m)	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears	Total
[Total cost of full or scaled option]	[•]	[•]	[•]	[•]	[•]	[•]
[Reprioritisation Option – please state the corresponding initiative ID and Title]	[•]	[•]	[•]	[•]	[•]	[•]
<b>Net Total (\$m) – 75%</b>	[•]	[•]	[•]	[•]	[•]	[•]
[Total cost of full or scaled option]	[•]	[•]	[•]	[•]	[•]	[•]
[Reprioritisation Option – please state the corresponding initiative ID and Title]	[•]	[•]	[•]	[•]	[•]	[•]
<b>Net Total (\$m) – 50%</b>	[•]	[•]	[•]	[•]	[•]	[•]

## BUDGET-SENSITIVE

[Total cost of full or scaled option]	[•]	[•]	[•]	[•]	[•]	[•]
[Reprioritisation Option – please state the corresponding initiative ID and Title]	[•]	[•]	[•]	[•]	[•]	[•]
<b>Net Total (\$m) – 25%</b>	[•]	[•]	[•]	[•]	[•]	[•]

Capital expenses (\$m)											
Capital expense category	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34 *	Total
[Name of capital expense category]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
[Name of capital expense category]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
[Name/type of contingency]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Total (\$m)	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]

\*Extend the profile above if funding is needed beyond 2032/33.

<b>Scaling of initiative</b>	<p>What are the expense categories being scaled to achieve the scaled options described above?</p> <p><i>Detail:</i></p> <ul style="list-style-type: none"> <li>- The main expense category being changed and the impact on the initiative's output.</li> <li>- Any significant changes to workforce implications of the initiative (both numbers and the occupational roles)</li> </ul> <p>Pharmac has not considered any scaling of the initiative.</p> <p>Treasury have indicated that a one-year pilot be considered. This would see the small number of medicines funded for one-year and then pending the evaluation of the impact of the medicines, decisions made to either continue or stop funding the medicines.</p>
<b>What are the main risks of the options presented above?</b>	<p>What are the implications of the proposed scaled/reprioritisation options proposed above. Including potential implications if the initiative was funded through reprioritisation only. <i>Detail:</i></p> <ul style="list-style-type: none"> <li>- Any risks or impacts if the affected reprioritisation activity is stopped, deferred or rescope</li> <li>- Any trade-offs required (e.g., changing policy settings for existing arrangements, choosing to reduce either output or quality of an existing service), including reprioritising existing funding.</li> <li>- Any flow-on implications this may have (e.g., impacts on service delivery, failure to meet legislative or contractual obligations, future cost pressures).</li> </ul> <p>Any risks to the effectiveness and resilience of regulatory systems (e.g., risks of regulatory failures)?</p> <p>A one-year pilot and potentially stopping funding the medicines would be unique (never previously occurred) and a significant change for medicines funding in New Zealand. Typically, when a medicine is publicly funded it is on an ongoing basis, with changes only being made by Pharmac in exceptional circumstances. For example, a new better cost-effective alternative medicine being available.</p> <p>If the funding was time-limited and stopped, new patients (ie those not accessing medicines in the year one) would not be able to access medicines for their clinical condition. This would cause significant public and clinical concerns being raised.</p>

## Section 4: Delivery

There are **specific sections to complete based on the PA Objective** of the Initiative (feel free to delete non-relevant sections of the template):

- Cost Pressures, Capital Cost Escalations and Performance Plan Scrutiny: **Section 4A and 4D**
- New Spending Commitments and Capital Investments: **All sections**

### Section 4A: Procurement

The answer to each question must not exceed 1-2 paragraphs.

<p><b>What is the initiative purchasing/funding?</b></p>	<p>Describe the key resources (workforce, goods, assets, and services) that need to be sourced, including any ancillary services, and how sourcing these resources will address the cost pressure or deliver the initiative. The answer should align with the initiative description and the problem definition in Section 1A and Section 2A (for cost pressures ) /2B (for new spending) respectively. Please also describe any significant changes to the key resources because of scaling/reprioritisation options presented in Section 4. Attach the Procurement Plan for the initiative (if there is one).</p> <p>The investment enables Pharmac, through a pilot programme, to assess the wider societal impacts of funding a small number of medicines.</p>
<p><b>What market constraints or other delivery risks exist?</b></p>	<p>Briefly describe key market constraints/conditions (including capacity and capability), dependencies or other delivery risks that may prevent delivering the outcome sought, and whether there are any possible mitigations.</p> <p>Describe the likelihood of additional funding being needed in the future, with reference to the original cost pressure drivers and any anticipated timeframes for when future pressure will materialise.</p> <p>Implementation will require collaboration with the health and disability sector – under existing resource levels.</p>
<p><b>Government Procurement Rules</b></p>	<p>How does the proposed procurement approach align with Government Procurements, Principles, Rules and related guidance?</p> <p>Pharmac conforms with current Government procurement guidelines.</p>

### Section 4B: Risks, constraints, and dependencies

The answer to each question must not exceed 1-2 paragraphs

<p><b>What are the main risks?</b></p>	<p>Describe the main risks associated with this initiative and the proposed mitigations to address these. What are the potential and likely consequences of risks being realised? Focus on the 20% of risks which are likely to provide 80% of the initiative's risk values. Attach the risk register for the initiative (if there is one).</p> <p>You should state whether the initiative will have any revenue implications for your agencies, for other agencies, or for the crown.</p> <p>The main risks are:</p> <ul style="list-style-type: none"> <li>• Implementation across the health and disability sector (mitigated through early engagement and collaboration with the health sector)</li> <li>• Availability of data to fully measure impacts.</li> <li>• Continuation costs and activities (and/or transformation) subsequent to the pilot programme, should Government wish to fully adopt a societal impacts approach for Pharmac's assessment and decision-making (which will require future Budget based discussion)</li> </ul>
<p><b>What are the key constraints?</b></p>	<p>Describe any key constraints that have been and/or could be placed on the initiative.</p> <p>Key constraints include:</p>



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	<ul style="list-style-type: none"> <li>• Pressure on the health and disability sector to support the implementation</li> <li>• A lack of available data in the public sector (on social and economic impact) and lack of access to routine health outcome measurement</li> </ul> <p>As mentioned above, we intend to develop a measurement framework.</p>
What are the key dependencies?	<p>Describe any key dependencies that are outside the scope of the initiative and may determine the initiative's success.</p> <p>None.</p>

### Section 4C: Governance and oversight

The answer to each question must not exceed 1-2 paragraphs.

What are the governance arrangements for this initiative?	<p>What is the proposed governance structure and the membership composition, including decision making and any advisory groups? Describe the accountability for delivery. It is optional to attach the Governance Diagram showing the governance structure.</p> <p>Pharmac will utilise existing Ministerial oversight and Crown Monitoring arrangements</p> <p>Explain how the proposed governance structure provides for input from partners/stakeholders/customers, including iwi and Māori?</p> <p>Input from stakeholders, including Māori, will occur via oversight/input from the Pharmac Board and External Advisory Groups.</p>
Timeframes and monitoring	<p>Outline key milestones and the expected timeframe for the delivery of these milestones. When will the lead Minister(s) receive information on implementation and delivery of this initiative?</p> <p>Both the funding of medicines and the progress of the pilot programme (and associated milestones) will be captured in Pharmac's statutory reporting – and reported regularly via current reporting arrangements with the Minister and Ministry of Health.</p>

### Section 4D: Demonstrating performance

The answer to each question must not exceed 1-2 paragraphs.

Is it part of an existing strategy / work programme / initiative with existing reporting, and if so what is it called and how is it monitored?

Outline the type (or types) of evaluation planned and their timeframe(s). Indicate what funding is proposed to be allocated for evaluation.

Indicate if the evaluation requires data/information to be produced or made available that is not included as part of this investment and would therefore need to be provided by other investment(s).

Describe the performance information that would be included in the Estimates if this initiative was funded, or if the performance information in the Estimates is not expected to change then describe the reasons for that decision.

The initiative forms a part of Pharmac's "Enhanced Assessment and Decision-making" strategic priority – and will be regularly detailed and reported against in Pharmac's statutory performance reports.

## Section 5: Equity

**All initiatives** need to complete this section.

The answer to each question must not exceed 1-2 paragraphs.

Timing of costs and benefits	<p>Indicate if the costs and benefits associated with this cost pressure or new spending initiative will accrue over the short term (&lt;5 years), medium term (5-10 years), long term (&gt;10 years) or inter-generationally. Indicate whether, and why, benefits and costs vary across different timeframes and the length of impact.</p>
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	The number of patients positively impact will accrue annually (currently estimated to be 2,300 patients in year one – rising to 6,200 patients by year four). Wider societal impacts will also be assessed on an ongoing basis as a part of the pilot programme.			
Treaty of Waitangi (Te Tiriti o Waitangi) Obligations	Y/N	Are there any Treaty-related implications or legislative risks in relation to Treaty settlements, including Treaty settlement commitments relevant to your Agency? Describe any specific implications and outline how these implications can be mitigated. Guidance on applying the Treaty to policy work can be found <a href="#">here</a> and <a href="#">here</a> .		
		The initiative aligns with intentions and objectives of the Pae Ora (Healthy Futures) Act.		
		Are there any opportunities in relation to conducting the Government's obligations under the Treaty of Waitangi? Describe any specific opportunities and outline how these arise. Guidance on applying the Treaty to policy work can be found <a href="#">here</a> and <a href="#">here</a> .		
		The initiative aligns with intentions and objectives of the Pae Ora (Healthy Futures) Act.		
Specific implications regarding human rights	Y/N	If you have indicated Yes, describe any specific implications that this initiative has for consistency with domestic human rights legislation and New Zealand's international human rights obligations. Guidance on how to consider human rights in policy, and more information about the core human rights treaties, can be found <a href="#">here</a> and <a href="#">here</a> .  Economic, social and cultural rights (such as the rights to adequate housing, education, health, social security, and work) may be particularly relevant for initiatives. More information about these rights can be found <a href="#">here</a> .  There are no implications regarding human rights		
Does the initiative have a larger impact on any of the following groups of New Zealanders than on the population as a whole?	Māori	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Pasifika	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Other minority ethnic groups	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Rural Populations	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Seniors	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Disabled Peoples	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Women and girls	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Low-income individuals / families	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Children and Young People	Yes - Positive <input checked="" type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
	Other groups (please specify)	Yes - Positive <input type="checkbox"/>	Yes - Negative <input type="checkbox"/>	No impact <input type="checkbox"/>
Distributional Impacts	Please set out any impacts associated with the above question. Possible distributional impacts and the likelihood of it eventuating (positive and negative) should be considered for all initiatives. Where there are different or disproportionate impacts from this cost pressure or new spending initiative on different groups of people in New Zealand, please outline whether the impacts are direct or indirect, and whether these are intended e.g. from a more targeted policy, the original policy being targeted to this group, or an unintended consequence. If you have indicated that this initiative impacts other minority groups, please state the relevant group.  The initiative is expected to have a positive impact on patient groups and including those with some high health need.			