PHARMAC
TE PĀTAKA WHAIORANGA

Quarter Four Performance Report

April to June 2026

1. Introduction

The Quarterly Report provides a summary of key achievements and progress against Pharmac's strategic priorities and annual commitments for 2025/26. These commitments are documented in the 2025/26 Statement of Performance Expectations (SPE).

The appendices provide summaries of medicines spending highlights, progress against the 2025/26 Letter of Expectations and results, where known at this time, for 2025/26 SPE performance measures.

Overall, Pharmac has successfully delivered multiple programmes of work during 2025/26 and has met or substantially achieved the significant majority of expectations for the year. Several longer-term initiatives will continue into 2026/27 as part of Pharmac's ongoing improvement programme.

2. Highlights for the quarter

Pharmac successfully completed its 12-month Reset Programme and established a Programme Delivery Office to lead the next phase of organisational improvement. The Programme Delivery Office will oversee delivery of major improvement initiatives, including the Timely Assessment Improvement Programme ensuring improvements are embedded and sustained over the longer term.

Pharmac continued strengthening consumer and stakeholder participation in decision-making. More than 30 consumer and patient groups were engaged during the annual tender process, and a review of Pharmac's consumer advisory function concluded. The Board approved establishment of an Interim Consumer Advisory Committee from 1 August 2026 to ensure continuity of consumer advice while a new Community and Patient Advisory Committee is established.

Pharmac published its Statement of Intent 2026/27–2029/30 and Statement of Performance Expectations 2026/27, introducing a new organisational vision, Healthier futures. With you. For you. | He rongoā pai, He ahu pae ora, and four new strategic priorities: Informed choices, Timely access, Wise investments, and Delivery excellence.

Pharmac also received the 2026/27 Letter of Expectations from the Associate Minister of Health. The Letter acknowledges progress made through Pharmac's organisational reset programme and sets expectations for continued improvements in access to medicines and medical devices, timeliness, stakeholder partnerships, transparency, and organisational capability.

Recent funding announcements, which will help New Zealanders access a wider range of treatments, include:

- widening access to nivolumab and ipilimumab for people with a type of skin cancer – *melanoma* (from 1 May 2026)
- funding letermovir to reduce complications following donor stem cell transplants – *allogenic haematopoietic stem cell transplantation* (from 1 May 2026)
- funding two new combination treatments and widening access to another treatment for people with a type of blood cancer – *chronic lymphocytic leukaemia* (from 1 May 2026)

- funding an additional brand of methylphenidate to improve treatment choice and supply resilience for people with ADHD (from 1 October 2026)
- widening access to rosuvastatin following successful commercial negotiations through the annual tender process, medication used to treat high cholesterol and prevent heart attacks and strokes (from 1 October 2026).

Pharmac consulted on proposed changes to funded diabetes medicines access criteria, including the removal of ethnicity-based eligibility criteria and widening access to more New Zealanders at risk of heart disease. Approximately 1,900 submissions were received during consultation. The Pharmac Board will consider feedback received and make decisions at its July 2026 meeting.

Pharmac continued to improve the timeliness of medicines assessment and decision-making with the backlog of funding applications awaiting assessment and ranking now sitting at 191 applications (reduced from 249 at July 2025). A new Timely Assessment Improvement Programme has been established to build on this progress and further improve the timeliness, consistency, and transparency of Pharmac's assessment processes.

Pharmac confirmed funding of medicines used by ambulance providers from 1 July 2026 and widened access to emergency medicines for community-based emergency services, including PRIME providers, improving access to emergency treatment in rural and remote communities.

Pharmac secured a new procurement agreement for coronary drug-eluting stents, expected to generate savings of approximately $1.2 million annually for Health NZ while maintaining access to clinically appropriate devices in public hospitals.

Pharmac completed phase one consultation on the Exceptional Circumstances Framework review, receiving extensive stakeholder feedback through submissions, webinars, hospital visits, and targeted clinical engagement. Feedback highlighted opportunities to improve clarity, transparency, consistency, equity considerations, and consumer understanding of exception pathways, including the Named Patient Pharmaceutical Assessment process.

Pharmac joined the EuroScan International Network, strengthening access to international intelligence on emerging health technologies and supporting enhanced horizon scanning capability.

3. Strategic priorities and work programme

The following sections describe progress made against the strategic priorities documented in the 2025/26 SPE. Pharmac’s current strategy is built around improving the way we manage and invest in medicines and medical devices. Pharmac’s three strategic priorities are:

- ***Enhanced assessment and decision making:*** Improving our assessment and decision-making processes by increasing consumer input and participation; improving timeliness and transparency; increasing efficiency; and updating our approach to include wider fiscal impacts to the whole of Government – and consider societal impacts.
- ***Strategic management of the medicines budget:*** Planning and managing our budget over the medium-term to achieve the best health outcomes and deliver value for the public.
- ***Strategic management of medical devices:*** Developing and implementing an

integrated approach to hospital medical devices to drive better value and more consistent and equitable access.

Pharmac's strategic priorities are underpinned by priority areas under 'Organisational Excellence.'

The table below illustrates the alignment – as well as how they align against the Minister's 2025/26 Letter of Expectations (LoE).

Strategic priority	**Sections in this report**	**LoE alignment[1]**
Strategic Priority One: Enhanced Assessment & Decision-making	Building Horizon scanning capability	Building Productive Partnerships
	Assessment & decision-making	Improving access to medicines and medical technologies Building Productive Partnerships
Strategic Priority Two: Strategic Management of Medicines	Medicines Funding	Improving access to medicines and medical technologies
Strategic Priority Three: Strategic Management of Medical Devices	Medical Devices	Improving access to medicines and medical technologies
Organisational Excellence	Reset programme	Improving access to medicines and medical technologies Building Productive Partnerships Continuous Improvement of Organisational Culture
	Engagement Strategy	Building Productive Partnerships
	Data & Digital	Continuous Improvement of Organisational Culture
	Health Needs	Continuous Improvement of Organisational Culture
	Organisational Culture	Continuous Improvement of Organisational Culture

[1] An update against all expectations in the LoE is included as Appendix B

4. Strategic priority one: enhanced assessment & decision making

4.1. Horizon scanning

Pharmac continues to explore opportunities to further enhance horizon scanning activities. One immediate activity that has been progressed is that we have formally joined the EuroScan International Network (a global early awareness network that connects agencies to share practical intelligence on emerging health technologies).

Pharmac will also continue to engage with the Ministry of Health to discuss opportunities for an improved, co-ordinated, and structured approach to horizon scanning across the health system. As requested, the Minister has received a briefing on our horizon scanning activities and is happy with the progress.

4.2. Improvements to assessment & decision-making

A dedicated internal taskforce has led improvements to the advice and assessment of medicine funding applications during the year. Work has included simplifying and standardising assessment processes, improved measurement and reporting, and developing new assessment timeframe measures.

Reducing the historic funding application backlog has been a priority. There are currently 191 applications awaiting assessment and ranking, a 23% reduction from July 2025 (249 applications). We are also making progress in addressing older applications, with the number received in 2024 or earlier reducing by 23% over the past six months, from 173 to 133 applications.

A programme delivery office has been established to lead the next phase of Pharmac's improvement work from 1 July 2026. This includes the Timely Assessment Improvement Programme focussed on advice and assessment of medicine funding applications. The internal Task Force is being reformed to support this longer-term programme.

4.3. Low risk assessment pathway (previously fast track assessment pathway)

Since March 2026, 23 low-budget, low-risk applications have been prioritised through the Low Risk Assessment Pathway. Seven (7) were assessed through the initial pilot, with the remaining 16 applications progressed this past quarter. These assessments take about five (5) days FTE to complete, compared with up to six (6) weeks for a standard assessment, enabling lower-risk applications to be progressed faster while reducing the opportunity cost of resources that can instead be directed to higher-impact proposals.

4.4. Cost Resource Manual

Current data on key costs and prices that Pharmac regularly use in cost-utility analyses (CUAs) and budget impact analyses (BIAs) are published on Pharmac's website. This is so that stakeholders when producing funding applications can use the same data as we do in their economic assessments. The manual was first published in 2012.

As part of joint work with Health NZ to improve how we work better together on future budget bids, we have been working with Health NZ to agree for the first time a joint cost resource manual that will include cost information for primary, community, and hospital services. The benefits of having a joint cost resource manual are:

- improved transparency of cost information

- support suppliers and other stakeholders to make better funding applications
- a way to reduce the criticism we sometimes get about the costs used in our modelling
- supports health sector researchers to produce better work on the costs and benefits of different interventions across the health sector. We know our limited and old cost-resource manual is already used for this purpose
- provides a platform for continuous improvement.

We are in the process of finalising an information sharing schedule to our relationship agreement with Health NZ that will outline responsibilities of both agencies on what cost information we will provide and share with each other. We expect to finalise this in August. We then intend to publish a new joint cost resource manual well in advance of Budget 2027.

4.5. Consultation process

One of the workstreams agreed as part of our Reset Programme was to improve how consultation is delivered to provide greater transparency and consistency in how Pharmac engages with the public on decisions that affect their health and wellbeing. The objectives of the consultation workstream were to:

- develop clear, consistent guidelines that reflect best practice for when and how Pharmac consults with consumers across all areas of work, including medicines, medical devices, and strategic or policy initiatives.
- deliver a technology enabler that will automate much of the effort of conducting a consultation process, support consistent practice and the new guidelines and improve the user experience for consumers submitting feedback in the consultation process.

A new policy has been developed, and a technology enabler (Citizen Space) has been procured and successfully piloted for four recent public consultations. We are now working through implementation of a new consultation process which we hope to have completed by September.

4.6. Review of Exceptional Circumstances Framework

Pharmac commenced a comprehensive review of the Exceptional Circumstances Framework, including the Named Patient Pharmaceutical Assessment (NPPA) policy, in March 2026. The first phase of public consultation has now concluded, generating significant stakeholder feedback. Submissions were received through Citizen Space, direct email correspondence, and meetings with stakeholders.

Engagement activities included stakeholder meetings, four well-attended public webinars targeted at consumers and clinicians/suppliers, and site visits to five Te Whatu Ora hospitals. These visits incorporated participation in Grand Rounds, Medicine Committee meetings and targeted engagement with clinical teams.

Feedback was broadly consistent across stakeholder groups. Key themes included the structure and clarity of the Framework, transparency of decision-making, equity considerations, and the need for improved education and guidance on exceptional circumstances process.

A comprehensive thematic analysis is underway, with initial findings to be presented to the Board in July. Further Board engagement is planned for September ahead of a second consultation phase in October 2026. A Summary of Submissions document will be published at the beginning of the next phase, and this will focus on testing proposed improvements to the Framework.

4.7. Societal impacts work

Pharmac is using societal perspective assessments to support future Budget bids by better showing the wider value of selected medicine and vaccine investments, particularly where the case for investment depends partly on benefits outside the medicines budget.

Following earlier pilot work, Pharmac has commissioned three further societal perspective assessments from the Institute for Medical Technology Assessment at Erasmus University in the Netherlands. The assessments cover one cancer treatment, one rare disorder treatment area, and one vaccine-related proposal.

The findings are expected from September and will then be incorporated into Pharmac's health economic evaluation work, with the full implications expected to be known in early October. The work will strengthen the evidence base on wider spillover benefits and support future Budget bids where medicines or vaccines may generate savings or benefits for other parts of government and wider society.

Pharmac will also work with the Social Investment Agency and other government agencies in parallel to explore ways to continue refining its Budget bid process, including how wider public sector costs, savings, and societal impacts can be reflected where relevant.

5. Strategic priority two - strategic management of medicines

5.1. Supply chain management

5.1.1. All of Government response – Middle East

Pharmac is part of an all of government (AOG) response, initiated by MBIE, to ensure a coordinated response to the conflict in the Middle East. This situation has the potential to cause disruptions to global supply chains, including the supply of medicines and medical devices to New Zealand, particularly where manufacturing, shipping routes, or freight logistics are affected. There are no medicine or medical device supply issues, due to the conflict, at present.

5.2. Medicines funding

5.2.1. Improving access to medicines

In April, Pharmac announced funding of two combination treatments (venetoclax in combination with ibrutinib, and venetoclax in combination with obinutuzumab) and widened access to another treatment (second-line treatment with ibrutinib) for people with blood cancer (chronic lymphocytic leukaemia) from 1 May 2026.

Also in April, Pharmac announced funding of letermovir from 1 May 2026 to reduce the risk of cytomegalovirus infection in people who have had an allogenic haematopoietic stem cell transplant and for a small number of other people with severe immunosuppression.

From 1 May 2026, access to nivolumab and ipilimumab was also widened for eligible people with resectable stage IIIB to IV melanoma.

During the quarter, Pharmac consulted on proposed changes to access criteria for funded type 2 diabetes medicines that would widen access for more New Zealanders and remove ethnicity-based eligibility criteria. Pharmac received over 1900 consultation responses and is currently working through these before deciding.

Pharmac also announced funding of an additional brand of methylphenidate to support medicine supply and treatment choice for people with ADHD and widened access to rosuvastatin following commercial arrangements secured through the Annual Tender process.

5.2.2. Budget 2026

Following Budget 2026 announcements in May, Pharmac received an additional $54 million over four years for the medicines budget. Joint Ministers have subsequently agreed that we can use $2 million per annum for our operating budget, a total of $8 million over the four-year period. This means that a total of $46 million over four years ($11.5 million per annum) will be available for the medicines budget.

Planning is also underway for the proactive release of Budget 2026 material to support transparency and public understanding of medicines budget investment decisions.

5.2.3. Implementation of 12-month prescriptions

Pharmac continues to work closely with Health NZ and the Ministry of Health on implementation of the Government's 12-month prescribing policy. During the quarter, agencies progressed operational and funding arrangements to support implementation and ensure continued access to medicines for New Zealanders.

5.2.4. Funding ambulance medicines

Pharmac has assumed responsibility for funding ambulance medicines from 1 July 2026 and has made amendments to the Pharmaceutical Schedule to support this change. Pharmac is working closely with Health NZ and ambulance service providers to ensure a smooth transition to new funding arrangements.

5.2.5. Updating commercial approaches

Pharmac continued work to prepare for emerging medicines and health technologies that may require new funding, assessment, and implementation approaches. During the quarter, Pharmac contributed to cross-agency work on advanced cellular therapies, including CAR-T therapies, and completed a review of horizon scanning activities to identify opportunities to improve planning for emerging medicines and medical technologies. Pharmac also continued engagement with suppliers and international partners to support future funding and investment decisions.

6. Strategic priority three: strategic management of medical devices

We continue to make steady progress in implementing the national medical devices procurement approach and embedding the new operating model set out in the Joint Ministerial Letter of Expectations. Collaboration between Pharmac, Health NZ, and the Ministry of Health remains strong, with a focus on ensuring the system is well-positioned for the next phase of delivery.

A major milestone was achieved during the quarter with the transition of more than 90 medical device contracts to Health New Zealand substantially completed, delivering one of the key implementation requirements of the new national medical devices operating model.

Pharmac and Health NZ have established a list of procurement activities for the new financial year, in line with the new lead category approach. There are a wide range of activities from equipment renewal to standardisation approaches to improve efficiency. We will continue to improve the procurement planning work, with quarterly reviews of the activity plan.

Pharmac has completed a significant procurement and category management activity that has resulted in Principal Supply agreement for drug-eluting stents with estimated savings of $1.2 million per year for Health NZ. Additional estimated savings of $360,000 will also be realised from alternative drug-eluting stents within the Alternative Brand Allowance.

Pharmac has released a Future Procurement Opportunity for anaesthetic vaporisers. This signals our intent to establish new funding and supply arrangements for these vaporiser devices which will now be procured separately from the anaesthetic gases.

Several additional expert advisory groups have been established to support our commercial activities including in wound care and electrophysiology categories. There has been a strong clinical interest and response from clinical stakeholders to be part of these groups and contribute to our work in these areas.

Work continues with Health NZ to design and operationalise a national advice and assessment pathway for medical devices. This will support more consistent and transparent consideration of new and emerging technologies. The focus of work is on a single-entry point across both Pharmac and Health NZ and that device assessments are well integrated into wider system priorities and decision-making.

To date, Health NZ has commissioned Pharmac to undertake two HTAs under the Service Level Agreement. These have both been delivered by Pharmac.

The Chief Executive and Director Medical Devices presented at the Health Tech Week events at the end of June that are led by Medical Technology Association of New Zealand (MTANZ) which is the main annual event for Medical Devices suppliers. Presentations were well received and appreciated the progress made in collaboration between Pharmac and Health NZ.

The Pharmac-Health NZ Medical Devices Supplier Reference Group held its second meeting in May 2026. The group was established to provide structured supplier insights to support the transition to a coordinated national procurement model. Co-chaired by both agencies, the Group brings together a mix of suppliers and manufacturers.

7. Organisational excellence

7.1. Reset programme update

The 12-month Reset Programme has now been successfully completed. The programme delivered a broad range of improvements designed to support Pharmac becoming a more outward-focused, transparent, and collaborative organisation that actively engages with consumers, patients, and stakeholders.

Key achievements over the year included:

- establishment of the Consumer and Patient Working Group to provide consumer insight and advice to the programme
- establishment of a Supplier Advisory Panel to provide supplier insight and advice to the programme

- established the Consumer Relations team
- development of Pharmac's new vision, values, strategic priorities, Statement of Intent, and Statement of Performance Expectations
- the new vision and strategic priorities have been supported by the development of a suite of communication and engagement materials (refer to Appendix D).
- strengthened consumer participation across assessment, decision-making, consultation, and procurement processes
- increased transparency through improvements to publication and reporting processes
- progress on reducing the medicines application backlog and improving assessment timeliness
- piloted new assessment pathways
- agreed an 18-month timeframe target for assessments
- completion of reviews of Pharmac's consumer advisory function and Exceptional Circumstances Framework.

Following completion of the Reset Programme, work has transitioned into Pharmac's new Timely Assessment Improvement Programme, which will focus on improving the timeliness, transparency, and effectiveness of assessment and decision-making processes.

7.2. Interim Consumer Transition Committee

Following the end of the Consumer and Patient Working Group on 30 June 2026 that supported the 12-month Reset Programme and with the current Consumer Advisory Committee (CAC) to be formally disestablished on 31 July 2026, the Board have agreed to establish a new Community and Patient Advisory Committee (CPAC).

Under section 71 of the Pae Ora (Healthy Futures) Act 2022, the Board must ensure there is a consumer advisory committee to provide input from a consumer and patient perspective.

To ensure continuity of consumer advice, the Board have agreed to establish an Interim Consumer Advisory Committee which will operate for a period of up to six months from 1 August 2026. This will enable Pharmac to continue meeting this statutory requirement while the new CPAC is established which is expected to be from January 2027.

Membership of the Interim committee has been designed to maintain continuity while bringing together experience from both CAC and the Consumer and Patient Working Group. The final membership is:

Member	Current Group
LJ Apaipo	CAC
Pui-Yi Cheng	CAC
Tim Edmonds	CAP Working Group
Chris Higgins	CAP Working Group

Georgina Johnson (Co-Chair)	CAC
Malcolm Mulholland (Co-Chair)	CAP Working Group
Tracy Tierney	CAP Working Group

To support continuity and shared leadership during the transition period, Dr Malcolm Mulholland will serve as Co-Chair representing the CAP Working Group and Georgina Johnson as Co-Chair representing the CAC.

7.3. Consumer relations team

The consumer relations team has now been operational for six (6) months and is making significant progress to build strong relationships with consumer and patient representatives. From April to June 2026, the team led 76 engagements with consumer advocates. Discussions focussed on the annual tender, exceptional circumstances framework review, supply issues and building ongoing partnerships.

7.4. Health equity

Pharmac continues to implement its revised Equity Policy which sets out Pharmac's operating context, legislative obligations, and role in the wider health sector. Recognising that Pharmac has limited direct levers to achieve health equity, we work in partnership with other health and public sector agencies to support the Government's health priorities. We are working closely with the Ministry of Health on the development of their health-needs guidance in response to Cabinet Circular (24) 5.

7.5. Communications approach

In March Pharmac agreed its communications approach for 2026-2030 which outlines our communications objectives and how we will achieve them. It gives effect to what the public and key stakeholders expect of Pharmac when we communicate externally.

7.6. Data and digital programme

Implementation of Pharmac's Data and Digital Programme continued to accelerate during the quarter. The programme is focused on modernising core systems, improving user experience, strengthening data capability, and supporting more efficient and transparent ways of working across the organisation.

7.6.1. Redevelopment of Pharmaceutical Schedule

During the quarter, Pharmac reviewed delivery of the Schedule Redevelopment Project following feedback from health sector stakeholders and software vendors. As a result, Pharmac and Health NZ agreed not to proceed with a combined go-live alongside the new Special Authority system in late 2027. Pharmac is now considering a phased delivery approach while continuing work with Health NZ and sector partners on the next stage of redevelopment.

Redevelopment of the Pharmaceutical Schedule remains a significant strategic priority and will modernise a core piece of national health infrastructure that has supported medicines funding for more than 30 years. The new platform will improve usability, support faster and more reliable updates, and provide greater integration with the wider health system.

7.6.2. Development of funding entitlements system

Health NZ continued progressing the development of the new funding entitlements

system. Pharmac remains closely involved to ensure alignment between the Pharmaceutical Schedule and funding entitlement processes.

7.6.3. New contract management system

Discovery work has commenced for a new contract management system. The project will support modernisation of contract and supplier management processes and improve management of Pharmac's supplier and commercial arrangements.

7.7. Using artificial intelligence (AI)

Pharmac continued to explore opportunities for the responsible use of AI to support organisational performance, efficiency, and decision-making. During the quarter, further work was undertaken to identify potential use cases across Pharmac's functions and to establish appropriate governance, policy settings, and safeguards for future adoption.

This work aligns with broader expectations outlined in Pharmac's 2026/27 Letter of Expectations and supports Pharmac's wider digital transformation programme.

8. Organisational capability

8.1. People and capability strategy

The People and Capability Strategy continues to progress across its leadership, culture and employee experience pillars.

During the quarter, Pharmac strengthened leadership capability through feedback and coaching clinics for people leaders, which increased confidence in conducting effective feedback conversations and reinforced a culture of open communication. An engaged employee fireside chat with the Board Chair enhanced connection to organisational priorities, while new management planning sessions improved alignment between directorate plans and Pharmac's strategic objectives.

The employee experience initiatives also continued, including organisation-wide feedback workshops, a well-supported recognition programme (He Kahui Whetū), and professional supervision for employees working with emotionally demanding content to support wellbeing and resilience. The next 90 days will focus on annual performance and remuneration reviews, engagement survey planning, policy refreshes, and continued development of performance and capability practices across the organisation.

8.2. Workforce

Workforce initiatives during the quarter centred on remuneration, employment frameworks, and industrial relations. Pharmac successfully implemented the transition from a total remuneration model to a base salary approach with employer KiwiSaver contributions paid on top, completing all required agreement variations ahead of legislative deadlines and achieving strong employee engagement throughout the process.

The Joint Working Group with the PSA completed its agreed programme of remuneration-related work, establishing a strong foundation for collective bargaining, which formally commences in July. In addition, Pharmac completed a comprehensive review of Individual Employment Agreements, with 97% of employees transitioning to updated agreements, improving consistency and market alignment.

Looking ahead, key workforce priorities include PSA collective bargaining, the ongoing job banding and remuneration benchmarking project, and strengthening attraction and

retention practices through a more robust job sizing and remuneration framework.

9. Appendices

Appendix A:	Medicines budget highlights.
Appendix B:	Progress against 2025/26 Letter of Expectations.
Appendix C:	SPE Performance measures 2025/26.
Appendix D:	New Vision and Strategic Priorities.

APPENDIX A - MEDICINES BUDGET HIGHLIGHTS

1. Investments for implementation in the 2025/26 financial year

Pharmac has invested in 28 access widenings and eight new listings for implementation in 2025/26 (as of 30 June 2026).

Decision type	No. of pharmaceuticals	Estimated new patients 2025/26	Estimated Gross spending 2025/26
Widened access[2]	28	219,431	$26,622,000
New listing[3]	8	143,014	$11,079,000
Total	36	362,445	$37,701,000

2. Medicines spending highlights

2.1. Funding two treatment combinations and widened access to ibrutinib for chronic lymphocytic leukaemia (CLL)

In April we made the decision to fund two combination treatments, venetoclax with ibrutinib and venetoclax with obinutuzumab for people with CLL from 1 May 2026. As part of this decision, access was also widened to ibrutinib so it can be used on its own as a second line treatment for people who need it.

In response to consultation feedback, changes were made to the wording of the Special Authority criteria to improve clarity for clinicians. We also removed the need for a renewal application and made changes to allow people who have been self-funding venetoclax or ibrutinib to switch to the funded combination treatment.

We anticipate that around 110 people each year will benefit from one of the combination treatments, and around 30 people each year will benefit from widened access to ibrutinib.

2.2. Funding of letermovir for prevention of cytomegalovirus infection

From 1 May 2026, letermovir tablets were funded for people who have undergone an allogenic haematopoietic stem cell transplant (allo-HSCT), or who are severely immunosuppressed, and need it to prevent cytomegalovirus (CMV) infection.

In response to consultation feedback, minor changes were made to the wording of the funding restrictions to improve clarity. We anticipate that up to 87 people will benefit from funding of letermovir in the first year, growing to 90 people per year by year five.

[2] Changes in access criteria for existing funded medicines, making them more accessible and/or available for a wider patient population(s).

[3] Any medicine not currently listed on the Pharmaceutical Schedule and any new presentations (eg tablet, infusion, injection) that represent a significant shift in treatment options for patients.

APPENDIX B – PROGRESS AGAINST 2025/26 LETTER OF EXPECTATIONS

1. Improving access to medicines and medical technology

Expectation		How we plan to meet the expectation	Quarterly progress
1	How the current statutory objectives and functions of Pharmac are working with a view to updating. Any updates could include reflecting the wider fiscal impacts to government, and broader societal and non-health outcomes, of funding medicines and medical devices. Please report back to me on this work in December 2025.	We will work with the Ministry of Health to explore opportunities for updating the legislation with respect to Pharmac.	Completed The Government completed its consideration of Pharmac's statutory objective and functions as part of amendments to the Pae Ora (Healthy Futures) Act. Following advice from Pharmac, stakeholder engagement, and consideration by the Health Select Committee, no changes were made to Pharmac's statutory objective or functions.
2	Updating Pharmac's assessment methodologies and approach, including: a. The wider fiscal impacts to the government of funding medicines and medical devices, and how you consider societal impacts. b. Appropriate processes and methodologies for ensuring that those living with a disease, and their carers and family, can participate and provide input into the decision-making processes.	In line with our Enhanced Assessment and Decision-making strategic priority, we will: • pursue opportunities for Budget 2026 (assessing fiscal and societal impacts) • revise our methods for cost-utility analysis to enable us to consider wider fiscal impacts to government and societal impacts • review how we seek expert advice • report on how we have increased consumer participation across our assessment and decision-making processes.	Ongoing (2a) Pharmac continued work to strengthen its assessment methodologies, including consideration of wider fiscal and societal impacts. This included supporting Budget 2026, progressing work with health sector partners on measuring broader system impacts, and engaging internationally on emerging assessment approaches and best practice. Accelerated and ongoing (2b) Pharmac continued to strengthen consumer and patient participation across its assessment and decision-making processes. During the quarter, Pharmac completed its review of the consumer advisory function, commenced transition arrangements for a new Community and Patient Advisory Committee, and expanded opportunities for consumer input through consultation, engagement, and advisory processes.

Expectation		How we plan to meet the expectation	Quarterly progress
3	Evaluating and evolving the different roles Pharmac undertakes in relation to health technology assessment and procurement to ensure they are fit-for-purpose.	We will continue to explore international funding models and best practice for assessment and procurement. This will include progressing work on societal impacts, utilising expertise from the Netherlands.	Accelerated and ongoing Pharmac continued to evolve its assessment and procurement approaches to improve timeliness, transparency, and efficiency. Following evaluation of the fast-track assessment pilot, work progressed on a low-risk assessment pathway, and planning commenced for the Timely Assessment Improvement Programme. Pharmac also continued supporting Health NZ through delivery of medical device health technology assessments.
4	Pharmac making budget requests to me as its responsible Minister, in a manner which maintains independence but supports additional investment. This should include exploring with stakeholders different methods for funding medicines.	We will work with you, the Ministry of Health and Treasury to pursue opportunities for progressing budget requests in the lead up to Budget 2026. This will include next steps for assessing wider fiscal impacts and societal impacts.	Completed Pharmac worked closely with the Ministry of Health throughout the Budget 2026 process to identify opportunities for additional investment in medicines and medical technologies. Budget 2026 included an additional $54 million over four years for the medicines budget, supporting improved access to medicines for New Zealanders.

2. Building Productive Partnerships

Expectation		How we plan to meet the expectation	Quarterly progress
5	Prioritising improvements in the timeliness of assessment and decision-making and publication processes. I expect you to continue to report results publicly.	Pharmac will continue to report publicly on the progress of our timeliness measures. Improvement steps include: • developing and testing new approaches for the publication of expert advisory meeting records/provisional recommendations • reducing the backlog of funding applications waiting for assessment (reduced by 7%) • testing/piloting rapid assessment processes • streamlining assessment process with suppliers (and reflect this in updated guidelines).	<u>Accelerated and continued improvements planned.</u> Pharmac continued implementing initiatives to improve the timeliness and transparency of its advice and assessment processes. During the year, Pharmac introduced new timeliness measures, reduced the backlog of funding applications awaiting assessment, established publication targets for advisory committee recommendations, completed a pilot of a low-risk assessment pathway, and established a supplier reference group to support ongoing process improvements.
6	Partnership and engagement work being strengthened to ensure all stakeholders understand what Pharmac does and how it works. This should include identifying opportunities for collaboration including: • Supporting the implementation of the rare disorder's strategy. • Contributing to a medicines and medical devices strategy.	We will continue to report on how we are increasing consumer participation across our assessment and decision-making processes. This will include the establishment of the Consumer Working Group and ongoing work with the Consumer Advisory Committee. We will also work with the Ministry of Health and Health NZ on the Rare Disorders, Medicines, and Medical Devices strategies and policies.	<u>Ongoing</u> Pharmac continued to strengthen partnerships and stakeholder engagement across the health sector. Progress during the year included supporting implementation of the Rare Disorders Strategy, updating Pharmac's rare disorders policy settings, strengthening consumer participation through the Consumer and Patient Working Group, and working with health sector partners on medicines, vaccines, and medical devices priorities.
7	Partnering with government and non-government stakeholders, including the medicines and medical devices industries, to identify and pursue opportunities that improve horizon scanning, enable process efficiencies, support funding, and planning for emerging technologies, and ultimately deliver better health outcomes.	Pharmac undertakes multiple horizon-scanning activities across its work. Collectively, these activities form a substantial foundation for anticipating innovations and their system impacts. There are however opportunities to further enhance horizon scanning activities within Pharmac and this will be explored as part of our planning for 2026/27 and outyears.	<u>Ongoing</u> Pharmac completed a review of its horizon-scanning activities, including consideration of international approaches and opportunities to strengthen collaboration across the health system. This work informed advice to the Associate Minister of Health and will support future improvements to the identification, assessment and planning of emerging medicines and medical technologies.

3. Continuous Improvement of Organisational culture

Expectation		How we plan to meet the expectation	Quarterly progress
8	Progress is made on implementing recommendations from the Board commissioned external reviews into workplace culture and consumer engagement. This should include initiatives such as a consumer reference group. This should include the involvement of patient groups.	We have established a 12 month "reset" programme to respond to recent external reviews. This includes the establishment of the Consumer Working Group to support the programme, alongside our ongoing commitment to increase consumer input and voice in our assessment and decision-making.	Accelerated and ongoing Pharmac successfully completed its 12-month Reset Programme. Key achievements included establishment of the Consumer and Patient Working Group, development of a new organisational vision and strategic priorities, and implementation of initiatives to strengthen consumer participation, stakeholder engagement, governance, capability, and organisational performance.
9	A new vision and strategy is developed that supports the organisation to be more outwardly stakeholder focused including ensuring this is reflected in the annual Statement of Performance Expectations, and a revised Statement of Intent by June 2026.	We will work with stakeholders to revise our vision and strategy by June 2026.	Completed Pharmac's new vision and strategic priorities were approved by the Board and incorporated into the 2026/27 Statement of Performance Expectations and 2026/27–2029/30 Statement of Intent. These documents were published in June 2026 and provide a clear framework for Pharmac's future direction.
10	Pharmac is investing in data and digital infrastructure to enhance core functions and improve decision making, collaboration and transparency.	Our Data and Digital strategy reflects the steps ahead. Investments over the next 12 months will include the scoping and development of enhancements for the Pharmaceutical Schedule and other externally facing systems as budget allows.	Accelerated and ongoing Pharmac continued delivery of its data and digital work programme, including redevelopment of the Pharmaceutical Schedule and planning for new digital tools to improve efficiency, transparency, collaboration and user experience. Pharmac is also exploring opportunities to leverage emerging technologies, including artificial intelligence, to support organisational performance.
11	Pharmac continues to contribute to the Government's health priorities including: a. The Government Policy Statement on Health 2024-2027. b. National health targets. c. New Zealand Health Plan and associated Pae Ora strategies.	Our commitments to the Government Policy Statement, national health targets, and associated plans and strategies, are reflected in our statutory reports (Statement of Intent and annual Statement of Performance Expectations).	Ongoing Pharmac continued to support the Government Policy Statement on Health, national health targets, and the New Zealand Health Plan. During the year this included improving access to medicines, progressing initiatives to improve timeliness, and strengthening consumer participation in decision-making. These priorities are reflected in Pharmac's 2026/27 Statement of Performance Expectations and Statement of Intent.
12	Pharmac's work gives effect to the Cabinet Circular (24) 5: *Needs-based Service*	We will revise our policies and procedures to ensure alignment with Cabinet Circular (24) 5:	Ongoing Pharmac continued to align its

Expectation		How we plan to meet the expectation	Quarterly progress
	Provision, to meet the Government's expectations for how the targeting, commissioning and design of public services should be based on the needs of all New Zealanders.	Needs-based Service Provision.	policies and processes with the Government's expectations for needs-based service provision. During the year, Pharmac formalised its Access Criteria policy and updated related policies to support clear, fair, and transparent access to medicines and health technologies.
	Pharmac is delivering the agreed outcomes from the medical devices review including working collaboratively with the Ministry of Health, Health NZ, medical devices industry and other stakeholders.	We are implementing the joint national procurement model in line with the Joint Ministerial Letter of Expectations. A transitional implementation plan has been agreed with Health NZ and is now being delivered, including the commencement of supplier contract transitions.	Accelerated and ongoing Pharmac and Health New Zealand continued implementation of the joint national medical devices operating model. Progress during the year included strengthening joint governance arrangements, progressing procurement and contract transition activities, and embedding a more coordinated national approach to medical device evaluation and procurement.

APPENDIX C - SPE PERFORMANCE MEASURES 2025/26

1. Strategic Priority One: Enhanced Assessment and Decision-making

SPE Performance measure	2024/25 result	2025/26 Annual Target (from SPE)	Q4 Result/Status	Commentary
A reduction in the average time to assess and rank new applications – average for last 5 years	27.2 months	< 21.5 months (proposals received in last 5 years).	27 months (indicative)	Historic applications continue to influence this measure. During 2025/26 Pharmac reduced the backlog of applications awaiting assessment and ranking from 249 at the start of the year to 191 at quarter 4. The increase in time to rank therefore was expected as older funding applications are ranked.
A reduction in the average time to assess and rank new applications – average for all proposals	40.7 months	< 39.3 months (all proposals).	43 months (indicative)	Historic applications continue to influence this measure. During 2025/26 Pharmac reduced the backlog of applications awaiting assessment and ranking from 249 at the start of the year to 191 at quarter 4. The increase in time to rank therefore was expected as older funding applications are ranked.
A reduction in average time to publish Pharmacology and Therapeutics Advisory Committee (PTAC) records.	PTAC = 82 days	< 60 days.	87 days (indicative)	This measure remains influenced by a historic backlog of records requiring publication. During 2025/26 Pharmac introduced publication of provisional recommendations within 30 business days, significantly improving transparency and providing earlier access to committee advice while longer-term publication improvements continue through the Timely Assessment Improvement Programme.
A reduction in average time to publish Advisory Committee records (SACs).	SAC = 97 days	< 90 days.	100 days (indicative)	This measure remains influenced by a historic backlog of records requiring publication. During 2025/26 Pharmac introduced publication of provisional recommendations within 30 business days, significantly improving transparency and providing earlier access to committee advice while longer-term publication improvements continue through the Timely Assessment Improvement

SPE Performance measure	2024/25 result	2025/26 Annual Target (from SPE)	Q4 Result/Status	Commentary
				Programme.
A reduction in average time to publish provisional record recommendations (for PTAC and Advisory Committee records)	New measure (not measured in 2024/25).	Achieved PTAC: Average time of less than 30 days. Advisory committees: Average time of less than 30 days.	Achieved (100%) Average publication time of 23 days (PTAC: 19 days; SAC: 24 days), meeting the target of less than 30 business days.	Achieved New measure.
A reduction in the number of applications yet to be ranked (backlog)	N/A	< 150 applications	Jul 2026 = 249 Q1 = 232 Q2 = 224 Q3 = 213 Q4 = 191 (indicative)	While the year-end target of fewer than 150 applications is unlikely to be achieved, significant progress has been made to reduce the backlog. Work completed through the Reset Programme and the new Timely Assessment Improvement Programme provides a foundation for further reductions in 2026/27.
The number of medicines (volume) and the range of medicines (mix) have increased over time within budget[4]	Volume and mix go up compared to previous years.	Volume and mix go up compared to previous years.	Reporting pending Indicative year-end results are not yet available. Confirmed results will be reported in Pharmac's 2025/26 Annual Report.	From 2015, the number of medicines (volume) and the range of medicines (mix) have increased over time, meaning we are seeing more, and varied medicines funded in New Zealand. Over the same period, the average subsidies paid have gone down, signalling that Pharmac is managing overall costs while still expanding access.

2. Strategic Priority Two: Strategic Management of Medicines Budget

SPE Performance measure	2024/25 result	2025/26 Annual Target (from SPE)	Q4 Result/Status	Commentary
Increase in the number of New Zealanders receiving funded medicines.	4,102,683 people.	>0 (Total number is accumulated during the year as decisions come into effect.)5	4,145,314 (indicative)	Likely to be achieved. We will continue to track the number of people receiving funded medicines throughout the year.

[4] Measure is influenced by work undertaken for both strategic priority 1 (Strategic Management of Medicines) and strategic priority 2 (Assessment & Decision-making).

[5] Volume based targets are not set for these measures. This is due to our statutory objective (to get the best health

SPE Performance measure	2024/25 result	2025/26 Annual Target (from SPE)	Q4 Result/Status	Commentary
Increase in the number of new medicines funded.	52	>0 (Total number is accumulated during the year as decisions are made)2	8 (indicative)	Likely to be achieved
Access is widened to an increased number of medicines that are already funded.	31	>0 (Total number is accumulated during the year as decisions come into effect.)2	28 (indicative)	Likely to be achieved
Increase the estimated number of New Zealanders benefitting from new medicines funded.	89,436 people	>0 (Total number is accumulated during the year as decisions come into effect.)2	143,014 people (indicative)	Likely to be achieved
Average time from funding application received to first decision date.	Average all = 95 months Average for last 5 years = 36 months	No target set. Many decisions rely on factors outside of Pharmac's control (such as budget availability).	Average all = 40 months. (indicative) Average for last 5 years = 29 months (indicative)	Dependent on available funds in the medicines budget.
Percentage of decisions on initial Named Patient Pharmaceutical Applications (NPPA) made within 10 working days.	79%	>75%	59% (indicative)	Increased application volumes and resource constraints have impacted performance against the 10-working-day target. However, while 59% of initial NPPA applications were decided within 10 working days, 79% were decided within 15 working days, demonstrating that most applications continue to be processed within a short period of receipt. Work is underway to address capacity constraints and improve responsiveness.

3. Strategic Priority Three: Strategic Management of Medical Devices

SPE Performance measure	2024/25 result	2025/26 Annual Target (from SPE)	Q4 Result/Status	Commentary
Manage expenditure on hospital medical devices under Pharmac	0.44 percent	To within 1%	0.28% (indicative)	Likely to be achieved. Price movement is tracking at 0.28%, and to date we are

outcomes we can) rather than to fund medicines for the most people we can. How we define "best health outcomes" is captured in our Factors for Consideration.

SPE Performance measure	2024/25 result	2025/26 Annual Target (from SPE)	Q4 Result/Status	Commentary
contract to within 1% of budget for the year. (New measure in 24/25)				on track to remain within the target.

4. Organisational Excellence

SPE Performance measure	2024/25 result	2025/26 Annual Target (from SPE)	Q4 Result/Status	Commentary
Increased public trust in Pharmac. Sourced from an external survey.	60	>60	61	Achieved Published in May 2026.
Assessment of consumer engagement (based on the Consumer Quality Safety Marker (CQSM) self-assessment).	In March 2025, our self-assessment score was an overall 2 out of 4. With a 2, 2, and 3 rating across the three domains.	Seek to attain a score of 3 or more across the three CQSM domains.	Pharmac submitted a mission statement to HQSC in March 2026, in line with HQSC's revised CQSM process for 2025/26. A full self-assessment score was not required this year	Partially Achieved In September 2025, our self-assessment score was an overall 2 out of 4. With a 2, 2, and 3 rating across the three domains.

Our vision

Tō mātou whakakitenga

Healthier futures.
With you. For you.

He rongoā pai,
He ahu pae ora.

Delivering medicines and health technologies people need

Our vision shows Pharmac's commitment to helping improve the health of everyone in New Zealand. We do this by making sure people can get the medicines and health technologies that really make a difference in their lives.

"With You" means we listen and work closely with patients, whānau, health professionals, suppliers, and others across the health system so we can understand what people need and make better informed decisions together.

"For You" means we focus on making sure people can access effective medicines and health technologies in a fair and sustainable way. We use evidence, people's lived experiences, commercial expertise, and careful management of public funds to deliver the best possible health outcomes.

Pharmac helps create a healthier future by bringing together insights, research, commercial skills, and strong partnerships across the health system. This helps ensure people can access the medicines and health technologies they need now and in the future. By being transparent in how we make decisions, using best practice approaches, and committing to service excellence, we help build a health system where people can trust that the medicines and health technologies are carefully chosen, fairly managed, and designed to benefit everyone.

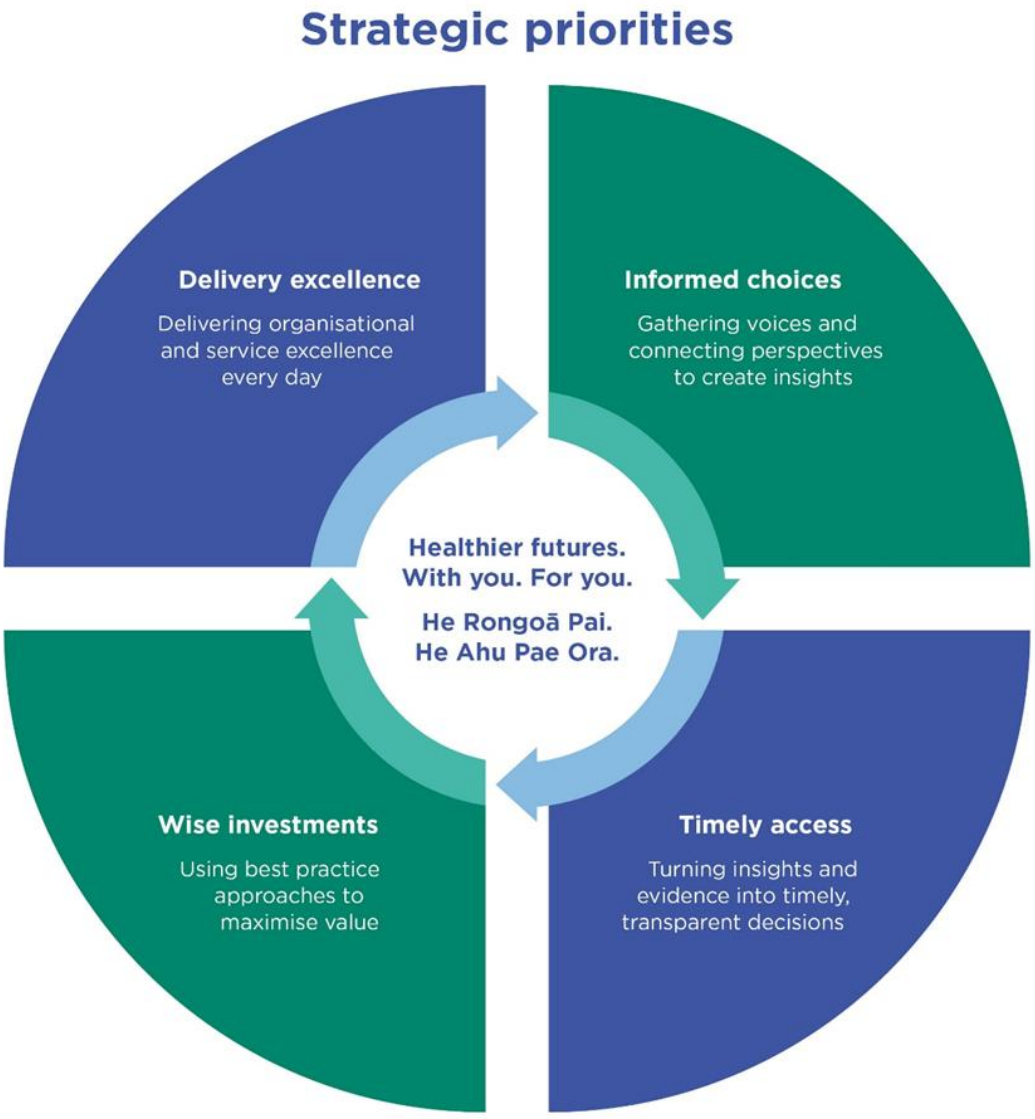
Our strategic priorities

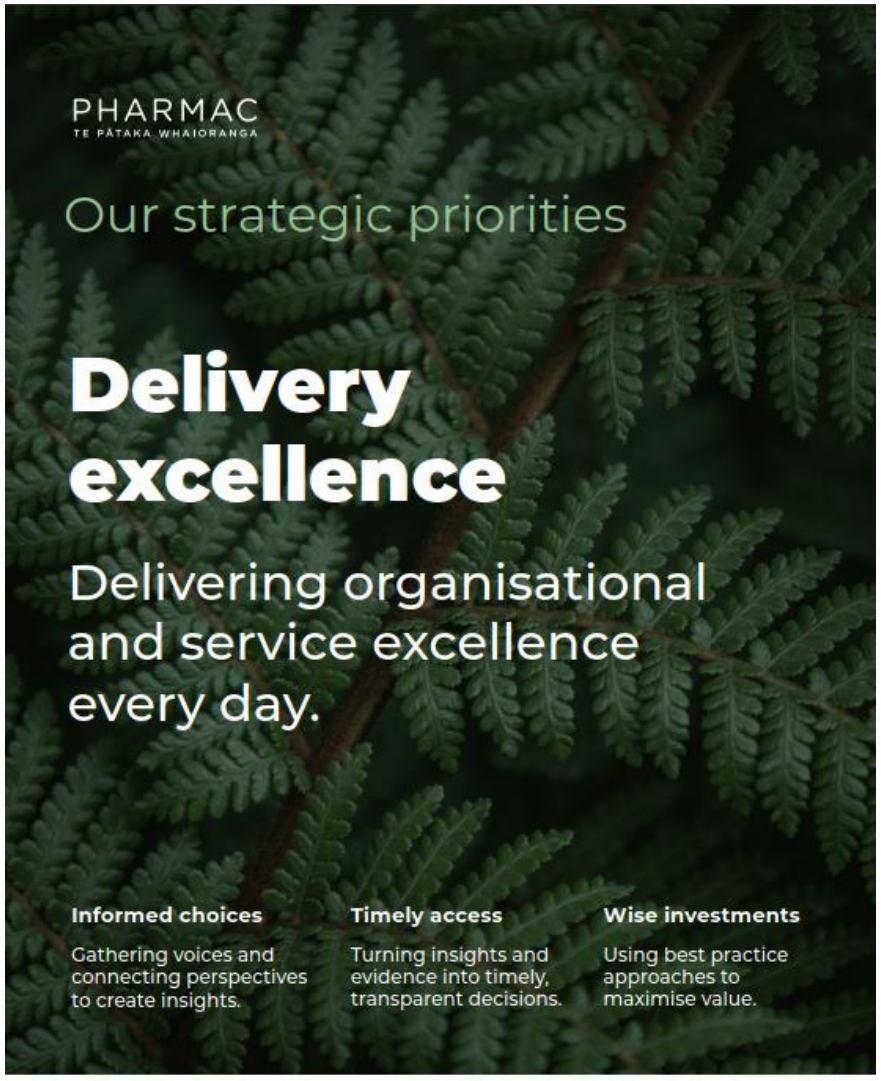
Ā mātou whāinga matua

Our current strategy, as outlined in our Statement of Intent, is built around two fundamental elements:

- improving how we manage and invest in medicines and maximise value for medical devices in a timely and transparent way
- working together to be a more outward-focussed, collaborative, and transparent organisation that values and actively engages with patients, consumers and stakeholders

To deliver improvements across our work we have four strategic priorities below.





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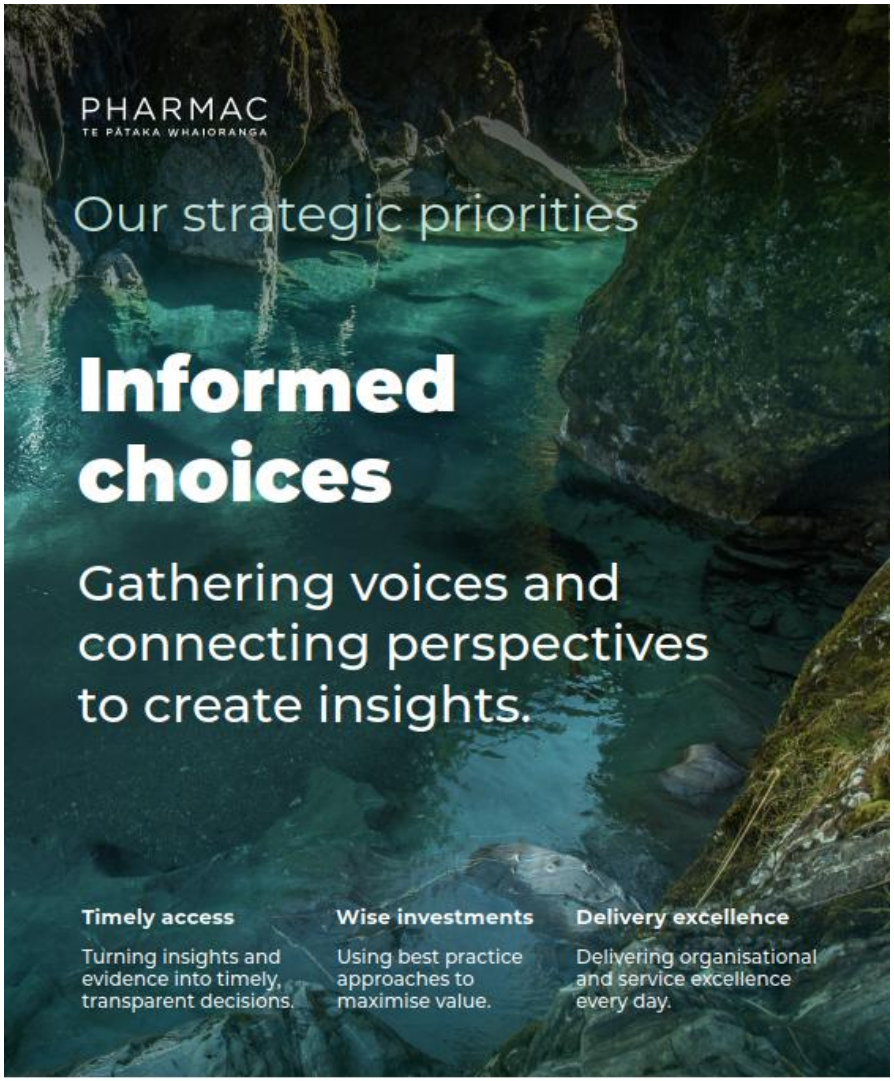

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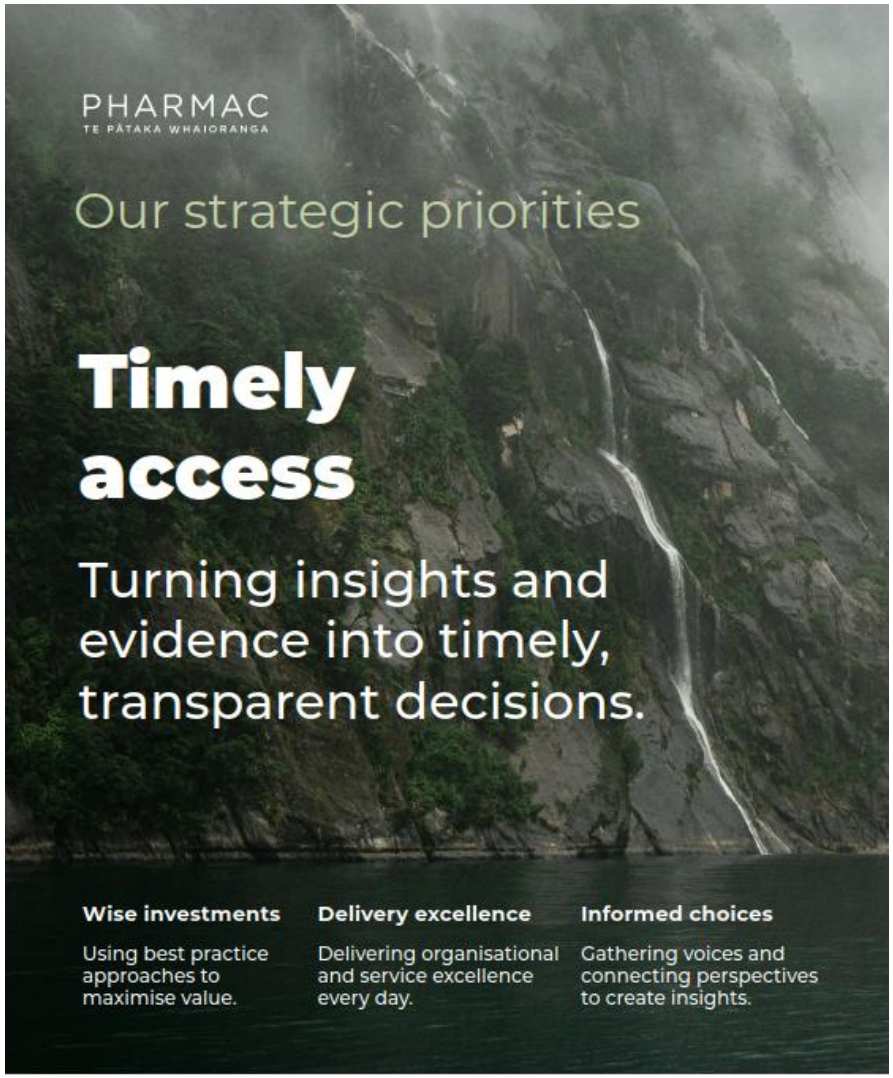

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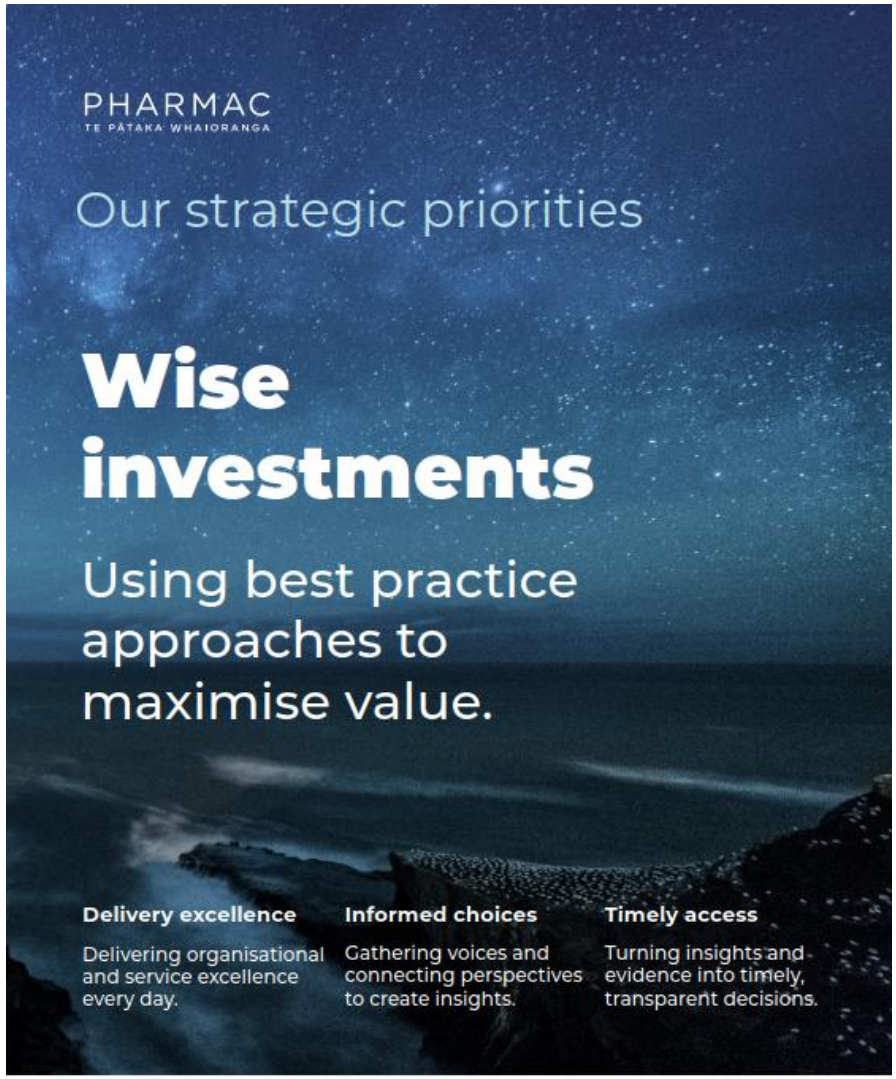

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