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## **Joint Letter of Expectations to Health NZ and Pharmac on Medical Device Procurement**

Dear Paula and Lester,

Cabinet has now approved a new approach in relation to the evaluation and procurement of hospital medical devices. We are writing to set out our expectations for Pharmac and Health New Zealand (Health NZ) in how this new approach is delivered. We will be releasing this letter publicly.

The Government is committed to policies that improve the lives of New Zealanders and address the healthcare challenges they face. The medical devices sector is seeing ever accelerating innovation, and there will be trade-offs between adopting this new innovation and managing costs, which will need to be specifically addressed.

Despite a difficult fiscal and economic environment, Pharmac and Health NZ are well placed in relation to medical devices to deliver better health outcomes, innovation, efficiencies, clinical support, and develop productive partnerships with the health sector. This new approach is also designed to leverage the strengths of each agency.

We also know that both agencies appreciate that current arrangements have been frustrating for stakeholders and, at times, for your respective teams. It is critical that the new approach meets the needs of all parties and delivers a better result for patients. We expect all medical device stakeholders to be treated professionally and with respect, and appropriate opportunities for partnership identified and pursued.

We acknowledge the collaborative effort across Pharmac, Health NZ and the Ministry of Health (the Ministry) to clarify roles, agree the split of responsibilities across device

categories, and design the joint operating arrangements. This has laid a strong foundation for a simpler market interface for suppliers and a more consistent experience for clinicians and patients.

### **Lead responsibilities by hospital medical device category**

Under the agreed arrangements, responsibility for hospital medical device evaluation and procurement is divided by category so that each agency leads where it adds the most value:

- Pharmac will lead primary procurement activities for 27 of the 55 device categories. These are primarily devices that have direct therapeutic impacts on patients, for example orthopaedic implants.
- Health NZ will lead primary procurement for 28 of the 55 categories, focusing on devices that are less therapeutically intensive and require integration with infrastructure and models of care, for example, beds, imaging and diagnostics.

Attached as Appendix One is a full list of the categories noting which agency is the lead for each.

We expect both agencies to transparently plan and execute their evaluation and procurement roles in close partnership with one another, using jointly agreed priorities and premarket plans, and maintaining clear points of contact for industry and other stakeholders.

To support the sector, Pharmac and Health NZ will need to develop clear, accessible public facing information, so suppliers and clinicians know who to engage for each device category.

Health NZ remains the funding authority for hospital medical devices, and these arrangements do not authorise Pharmac to incur any financial obligations on behalf of Health NZ. This arrangement does not alter Pharmac's statutory function under the Pae Ora (Health Futures) Act 2022 to maintain and manage the Pharmaceutical Schedule.

### **Joint operational approach and medical device strategy**

We expect Pharmac and Health NZ to work together, with Ministry oversight, to:

- Undertake joint priority-setting and a shared evaluation and procurement pipeline that is refreshed annually.
- Develop an annual Medical Devices Plan that includes category strategies, timelines, and data requirements.
- Create pathways for early engagement with suppliers and clinicians to accelerate adoption of medical devices that deliver measurable improvements in patient care and productivity in the health system.
- Agree evaluation and procurement briefs, aligned with priorities, confirming the commercial approach, specifications and success measures.
- Ensure processes involve clinicians, and where appropriate patients, directly in specification development, evaluation and adoption decisions.

- Coordinated supplier engagement to reduce duplication and confusion, and improve satisfaction and partnership.

### **Health Technology Assessments (HTAs): commissioning and funding**

The approach confirms Pharmac's role in delivering independent HTAs to inform adoption, procurement and investment decisions. These assessments should integrate clinical effectiveness, patient voice, cost, utility, budget impact, implementation considerations and equity impacts, and align with Health NZ's service planning and system priorities.

We expect Pharmac and Health NZ to:

- Establish and maintain a joint HTA pipeline aligned to agreed priorities.
- Apply consistent, transparent HTA standards and publish (or share) appropriate summaries to support sector understanding and trust.
- Engage clinicians, consumers and suppliers in fit for purpose ways throughout HTA scoping, evidence review and consultation.

Where HTAs are commissioned for agreed devices, Health NZ will fund Pharmac to deliver these assessments via Service Level Agreements (SLAs). An SLA should specify scope, deliverables, milestones, performance standards, pricing, reporting, audit rights and issue resolution processes.

We expect Pharmac and Health NZ to:

- Stand up an initial SLA for HTAs on the priority devices by the end of October 2025, with regular reporting to the oversight group.
- Support the Ministry's six-month report back by providing information on HTA throughput, timeliness, quality assurance and stakeholder satisfaction.

### **Oversight and assurance**

The Government expects measurable improvements in innovation adoption, value for money, patient outcomes and supplier experience. The Ministry will chair a cross-agency oversight group to assure delivery of this approach. The group will:

- Endorse joint priorities and the Medical Devices Plan.
- Monitor the benefits including innovation adoption, financial savings, supply resilience, supplier satisfaction, equity and innovation.
- Direct risk management and issue resolution.

The Ministry will provide a concise report every six months against an agreed measurement framework informed by the cross-agency oversight group.

Pharmac and Health NZ are expected to participate fully and constructively in this cross-agency oversight group, including data sharing and coordinated communications. As this

approach is implemented, we expect agencies to maintain a steady cadence of joint planning, to resolve operational issues and to engage industry confidently and consistently.

We appreciate Pharmac and Health NZ's commitment to making this approach work to ensure New Zealanders get timely access to medical devices. As the responsible Ministers, we will also be closely monitoring progress to ensure the new approach is in fact delivering for all parties.

Thank you to you and the staff at Pharmac and Health NZ for your collaborative efforts with the Ministry to establish a new, clearer and more integrated approach.

Yours sincerely,



**Hon Simeon Brown**  
Minister of Health



**Hon David Seymour**  
Associate Minister of Health

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## Annex One - Lead agency for procurement of medical device categories



Health New Zealand led		
Clinical Equipment		
1	Ward & General Ambulatory equipment	Beds, mattresses and patient transfer devices
2	Ward & General Ambulatory equipment	Rehabilitation equipment (inc hoists and bariatric)
3	Ward & General Ambulatory equipment	Medications equipment (medical refrigeration, robots and dispensing)
4	Surgical equipment	Sterilisation and decontamination equipment and servicing
5	Surgical equipment	Theatre equipment and servicing
6	Medical equipment	Incubators and infant warmers
7	Medical equipment	Lights, pendants and operating tables
8	Imaging equipment	Major imaging (CT, Spec CT, MRI, DSA, Cath Lab and Linac)
9	Imaging equipment	Minor imaging (XR, ultrasound, image intensifier, mammography, fluoroscopy)
10	Imaging equipment	Ultrasounds
11	Laboratory Equipment	Diagnostic/labs equipment (inc POC testing)
12	Laboratory Equipment	Microscopes
13	Laboratory Equipment	Laboratory equipment, calibration and certification, maintenance, service and repair
Clinical Consumables		
14	Surgical Services consumables	Drapes, gowns and surgical gloves
15	Surgical Services consumables	Sterile wraps and sterile services consumables
16	Ward & General Ambulatory consumables	Patient monitoring (inc pulse oximetry and ECG electrodes)
17	Ward & General Ambulatory consumables	Needles and syringes
18	Ward & General Ambulatory consumables	Sharps disposal containers
19	Clinical Consumables	Personal protective equipment (inc non sterile gloves, gowns, masks, eyewear)
20	Ward & General Ambulatory consumables	Point of care testing (inc thermometers and other diagnostic supplies)
21	Imaging consumables	Radiology consumables
22	Laboratory consumables	Biochemistry
23	Laboratory consumables	Diagnostic genetics
24	Laboratory consumables	Haematology
25	Laboratory consumables	Histology
26	Laboratory consumables	Reagents and solvents
27	Laboratory consumables	Virology and Immunology
28	Ward & General Ambulatory consumables	Continence

Pharmac led		
Clinical Equipment		
1	Surgical equipment	Cardiology equipment (inc defibs, ECG, echos and perfusion)
2	Surgical equipment	General and specialist surgical instrumentation, power tools,
3	Surgical equipment	Anaesthetic machines
4	Medical equipment	Ventilation and respiratory equipment
5	Medical equipment	Dental and oral health equipment
6	Medical equipment	Gastroenterology, endoscopy, lap towers and scopes
7	Medical equipment	ENT and ophthalmology equipment
8	Medical equipment	Infusion pumps, PCA pumps, syringe drivers
9	Medical equipment	Monitoring, electrophysiology and neurophysiology equipment
10	Medical equipment	Renal dialysis equipment
Clinical Consumables		
11	Surgical Services consumables	Anaesthesia and respiratory consumables and resuscitation products
12	Surgical Services consumables	Customised and non customised procedure packs
13	Surgical Services consumables	General surgery/perioperative consumables (other)
14	Surgical Services consumables	Orthopaedic implants and cement
15	Surgical Services consumables	Other surgical implants and mesh
16	Surgical Services consumables	Surgical suction and chest drainage
17	Surgical Services consumables	Sutures and glues, closure devices, skin tissue and vessel stapler-sealants
18	Medical Services consumables	Audiology aids and new born hearing consumables, ophthalmology
19	Medical Services consumables	Dental and oral health supplies and implants
20	Medical Services consumables	Endomechanical, electrosurgical and laparoscopic devices
21	Medical Services consumables	IV equipment, consumables and IV fluids
22	Medical Services consumables	Renal fluids and dialysis supplies
23	Ward & General Ambulatory consumables	Medical, patient and treatment consumables inc orthotics (other)
24	Ward & General Ambulatory consumables	Urology, ostomy
25	Ward & General Ambulatory consumables	Women's health and maternity, obstetrics and gynaecology
26	Ward & General Ambulatory consumables	Wound care consumables,( inc casting, NPWT consumables and rental, VTE prevention)
27	Imaging consumables	Cardiac and interventional cardiology and interventional radiology consumables (inc heart valves, ICD and pacemakers, stents, perfusion, grafts)